

Hybu Cig Cymru-Meat Promotion Wales

Company Limited By Guarantee

Company Registration Number: 4635113

**Annual Report and
Financial Statements
Year Ended 31 March 2021**

**Hybu Cig Cymru-Meat Promotion Wales
Company Limited By Guarantee**

**Annual Report and
Financial Statements
Year Ended 31 March 2021**

Contents

Page:

1-9.	Annual Report
10-17.	Directors' Report
18-19.	Remuneration Report
20-23.	Auditor's Report
24.	Statement of Comprehensive Income
25.	Balance Sheet
26.	Statement of Cash Flows
27 – 41.	Notes and Accounting Policies

**Annual Report
Year Ended 31 March 2021**

The Directors present herewith their annual report, together with the audited financial statements of the company, for the year ended 31 March 2021. For the purpose of the narrative of this report, 'HCC' is used in place of Hybu Cig Cymru-Meat Promotion Wales for brevity.

Introduction

HCC is the strategic, statutory body for the promotion and development of the Welsh beef, lamb and pork industry and its mission is to develop profitable and sustainable markets for the benefit of all stakeholders in the supply chain in Wales.

HCC undertakes research and development, shares information and supports training relevant to each part of the supply chain, to ensure the Welsh red meat industry is in a position to improve quality, increase cost-effectiveness and add value to Welsh red meat products across the whole of our industry.

At home, HCC works with multiple retailers, independent butchers and foodservice providers undertaking regular promotional programmes for PGI Welsh Lamb, PGI Welsh Beef and pork from Wales. In other countries, it is HCC's role to develop existing markets and help access new markets for Welsh red meat. HCC also acts as the guardian of the PGI Welsh Lamb and PGI Welsh Beef brands.

HCC is the industry's "Knowledge House"; the centre of information-gathering and dissemination across the industry and government. HCC also informs levy-payers, stakeholders and the Welsh public at large about the positive contribution of the red meat industry to Wales' society and economy and of HCC's role in promoting and developing the industry.

This annual report is intended to give a short summary of the current strategic aims of HCC, the key risks to the achievement of those objectives, and its performance against those during the year.

Chief Executive's Report

During 2020-21, HCC and the entire agri-food sector was impacted by two crises which dominated the year and made for a highly uncertain context.

Brexit, and the possibility of ending the transition period with no trade deal, continued to be a political cloud over the industry as it had been during the previous year, only being partly resolved on Christmas Eve 2020 with the news of a trading agreement between the UK and EU which would avoid huge import tariffs on January 1, 2021.

Compounding this uncertainty was the global COVID-19 pandemic. This initially destabilised consumer demand for food and had a longer-term negative impact on the foodservice sector as lockdowns were imposed at home and abroad to control the virus. The pandemic also brought delivery challenges for HCC as many activities – trade shows, food fairs and events on farms and in abattoirs – were severely curtailed.

**Annual Report
Year Ended 31 March 2021**

Chief Executive's Report continued

In these circumstances, HCC responded with speed and flexibility. New consumer campaigns were designed and delivered to take advantage of changing consumer behaviour, both led by HCC and in collaboration with other levy boards, helping to drive a major rise in red meat purchases across all retailers in the UK. Similar work was undertaken in key export markets, and bespoke support was delivered to Welsh exporters to help them to be prepared for new post-Brexit export requirements.

HCC continued to deliver against ambitious aims outlined in its Vision 2025 document, against this challenging context. By adapting methods of delivery for COVID restrictions, significant progress on funded programmes was made to advance the resilience and efficiency of the industry, through the Red Meat Development Programme.

A major piece of work was undertaken examining the current sustainability credentials of Welsh livestock farming, and a roadmap for further improvement in future. The 'Welsh Way' vision was launched in late-2020, with a programme of work to communicate the distinctive story of Welsh red meat to a wider audience.

External reports and audits reaffirmed HCC's reputation for prudent governance and financial management, placing the organisation on the firmest possible footing for responding to a continually changing environment.

At the end of this financial year, the long-standing cross-border levy anomaly was rectified. Producer levy money from animals reared in Wales but slaughtered in England will now be returned, giving greater transparency and value for money for Welsh levy-payers.

Gwyn Howells

Context

The strategic aims of HCC were reviewed in the 2017-18 year, resulting in the launch of a new 'Vision 2025' document. Within an unchanged statutory remit, the organisation's key goals were defined as follows:-

1. Positioning red meat from Wales as a premium product.
2. Developing EU trade opportunities for Welsh red meat.
3. Optimising domestic (GB) consumption of red meat from Wales.
4. Seeking new consumers for Welsh red meat in established global markets.
5. Securing a greater percentage of Welsh red meat exports outside the EU.
6. Developing a competitive Welsh red meat industry.
7. Reducing the impact of Welsh red meat production and processing on the climate, the environment and waste.
8. Contingency planning in terms of future trade, production and processing post-Brexit.
9. Effective communication throughout the industry to ensure unity of purpose

**Annual Report
Year Ended 31 March 2021**

Red Meat Levy rates were unchanged for the year, with income projected to be similar to the previous period. While the mechanism for repatriating levy income for animals reared in Wales but slaughtered in England was developed (and subsequently enacted from 1 April 2021), this core income was supplemented by the Ring-Fenced Fund. The Fund existed within the budget of AHDB (Agriculture and Horticulture Development Board), and was jointly administered and spent on collaborative projects by AHDB, QMS (Quality Meat Scotland) and HCC.

HCC also has significant Welsh Government funding through the Enhanced Export Programme, and through the Welsh Government Rural Communities – Rural Development Programme 2014-2020, which is funded by the European Agricultural Fund for Rural Development and the Welsh Government, towards the achievement of industry development objectives.

Key issues and risks

HCC maintains a risk register which is reviewed regularly; the 2020-21 year necessitated revisiting this document frequently as new guidance was issued regarding COVID, the impact of the pandemic on the food and farming sector evolved, and as developments occurred with regards to Brexit.

The early part of this financial year saw HCC responding to rapid changes in consumer demand and market prices, while also changing modes of operational delivery to accommodate greatly increased home working and legal restrictions on planned activities.

COVID posed challenges for all aspects of HCC's operations – market development, industry-facing work, communications to keep stakeholders informed of rapidly changing circumstances, methods of PGI certification, along with finance and administration. More regular meetings of the Board were held over video conference, and changes to operational delivery and KPIs resulting from COVID restrictions were discussed in full.

As in 2019-20, the continuing discussions and uncertainty over Brexit continued. The risks to the red meat industry from a disorderly 'No Deal' outcome at the end of the transition period would be greater than for almost any other sector of the economy, given that WTO tariffs on beef and lamb exports range between 40-90%, combined with the lamb industry's particular dependence on international trade.

This uncertainty, coupled with the disruptive impact of COVID on international trade made reassuring European export customers an important challenge, as well as deciding where to prioritise broader market development work. For most of this period however, Sterling was relatively weak which helped competitiveness abroad. The continued problems posed by African Swine Fever in China as well as pandemic-related trade disruption accelerated the refocusing of some of our major international competitors' efforts towards the Asian market.

The possibility of a 'No Deal' outcome was finally removed on 24 December 2020, however the potential knock-on effects of Brexit are wider, and are not yet fully clear. Exporters face increased paperwork, and it is unclear how much this will impact on competitiveness in key European markets. Additionally, trade deals with other meat-producing countries could impact on the home UK market for Welsh meat.

**Annual Report
Year Ended 31 March 2021**

Key Issues and Risks continued

A new UK Geographical Indication (GI) scheme to replace PGI in the domestic market was implemented, however how the two schemes will operate in tandem over the coming years is a continuing source of uncertainty. In addition, Brexit will limit access to funding sources such as the Rural Development Fund and European monies linked to marketing Protected Food Name (PFN) products, and there is no clarity as yet how this funding may be replaced with domestic Welsh and UK schemes.

COVID served to mask or ameliorate some of the long-term challenges for HCC during this year, such as the evolution of consumer tastes towards more convenient and cheap sources of protein such as intensively farmed chicken and fish, the growth of the ‘meat-free’ retail sector, and broader social issues including health concerns and animal welfare, which are challenging for the red meat sector in general. It is difficult to predict with certainty how strongly such trends will re-emerge post-COVID.

Heightened concern around sustainability and the environment is a growing issue, to which HCC has continued to respond with consumer marketing campaigns and a major new policy document, backed up with independent scientific analysis, in order to provide leadership to the industry and evidence on the Welsh context.

Long-term challenges relating to the structure of the industry continued; these include a large number of very small businesses as primary producers; challenges to the viability of smaller processors; and the overall profitability of the beef sector.

Performance Analysis

In its business planning process, HCC develops a three-year Corporate Plan in line with its overriding Vision 2025 document. Key performance indicators (KPIs) are developed to measure progress against objectives in its Operational Plan, and reported on regularly to the Board of Directors and Welsh Ministers. Due to the challenges of COVID, some of these KPIs were adjusted during the year in the light of restrictions on the foodservice trade in many markets, the cancellation of events, and social distancing requirements.

Past work by HCC, focused on tailoring messages to target groups of consumers in the UK consumer market most likely to be influenced through social media, stood our red meat brands in good stead as the pandemic hit. Data on demographic ‘tribes’ and suites of digital content were already available that could be activated at short notice to appeal to consumers who were spending more time at home, and consuming more online media.

In the early phase of the pandemic, consumer behaviour shifted sharply towards ‘recessionary’ buying patterns, with panic-buying of cheaper staple goods. Together with the near-total closure of tourism and hospitality, this led to major challenges for the red meat sector due to a downturn in sales of premium cuts and a surge in demand for cheaper products such as mince.

**Annual Report
Year Ended 31 March 2021**

Performance Analysis (continued)

To support the industry during this crisis, HCC initiated a number of multi-media campaigns encouraging consumers to enjoy restaurant-style meals at home. This included videos featuring prominent chefs, advertising on radio, on-demand TV and via digital media, and a popular ‘steak sandwich’ competition.

Later in the spring and through the summer, HCC joined AHDB and QMS in initiating the ‘Make It’ campaign promoting beef and lamb. These campaigns included both broadcast and digital media elements, and again encouraged time-rich consumers to try to cook more ambitious meals using premium cuts.

Additional resources were put into communicating, mainly by digital means, with the industry and stakeholders in order to keep people informed of market conditions and HCC’s response. Communication of market intelligence information was increased substantially, and partnerships initiated with both broadcast and print media. Information was provided to media spokespeople from other industry organisations as well as HCC taking opportunities to inform the broader public of the challenges of the pandemic for the industry.

Existing resources were repackaged to cater for new lifestyles. These included downloadable resources on farming and nutrition geared towards home-schooled children, and new web directories and press material to publicise independent butchers who were offering delivery and ‘click & collect’ services.

During this year a number of familiar promotional tactics were not available due to COVID restrictions. No physical consumer events were possible, and during the height of lockdowns multiple retailers were also reluctant to introduce any point-of-sale advertising in store.

Marketing strategies therefore had to adapt, and continued to feature heavy use of digital media over the rest of the year. Further video and other material was produced for the Virtual Royal Welsh Show and for other seasonal campaigns. The traditional ‘Lamb Day’ on August 1 was held online featuring a competition with Michelin-starred chef Hywel Griffith, with digital content recording a 172% growth in impressions and 1,025% growth in video views compared to previous years. Partnerships were also developed with online media, enabling content to be promoted via news websites as well as traditional press adverts.

A Christmas marketing campaign promoting independent butchers and all three proteins – lamb, beef and pork – was initiated involving several partners including the Scarlets rugby region. This was followed by an online ‘porc week’ in partnership with Menter Moch in early 2021.

As retail restrictions were relaxed, more joint promotions were possible with multiple retailers, including an on-pack Welsh Lamb promotion with a leading premium retailer which delivered an increase in engagement of over 400% compared to similar activity in 2019. Long-term work with retailers to increase their branded Welsh red meat offerings was also intensified, bringing a number of successes such as a new UK-wide line of Welsh Lamb in one major retailer in the run-up to Easter 2021.

**Annual Report
Year Ended 31 March 2021**

Performance Analysis (continued)

Looking at retail trade data in the UK for 2020, the picture for beef represented a remarkable turnaround from the imbalanced demand during the early stages of the pandemic. By late-2020, retail sales were up almost 15% on the previous year, with particular growth seen in premium cuts such as steaks. 2020 was also a record year for lamb retail sales, with consumer spending up 10.8% on the previous year at £652million. This total came despite lower sales during Easter 2020 as fewer family gatherings were possible during the first lockdown. This strong retail sales performance contributed greatly to robust farmgate prices from summer 2020 through to the end of the financial year.

Over the course of the year, HCC exceeded a number of KPIs concerning engagement with online marketing, with Welsh Lamb website visits up 161% and new social media followers up 15%. The near-closure of foodservice made it a challenging year to maintain membership levels of the HCC Butchers' Club, but a programme of positive engagement was undertaken with butchers to establish the best means of support that the Club could offer in future.

In terms of exports, a trading environment which was already uncertain due to Brexit was made more problematic by the impact of COVID.

Patterns seen in the domestic market – a dramatic fall in foodservice custom but increasing demand from retail – were echoed in Welsh red meat's export business. Strong sales were seen in retail-driven markets such as Italy, where new business was developed including a listing with a 90-store retail chain in the south of the country. But exports fell to places where demand for Welsh Lamb and Welsh Beef had been particularly strong in the foodservice sector, such as Germany.

Through working with existing export agents and in partnership with the Welsh Government through the Enhanced Export Fund, new business was also secured in the burgeoning online grocery market in countries as diverse as Denmark, the UAE and Japan. HCC's campaigns in key export markets also shifted to be more digital in focus with videos produced in several languages.

Many trade events were of course cancelled, but a presence was maintained in virtual events in places such as Canada, and trade development activity was possible by working with locally-based Welsh Government staff in Japan and the Gulfood trade show in Dubai.

Inevitably, given COVID disruption and also the strong demand for product in the domestic UK retail market, overall exports were somewhat lower than in recent years (11% in the case of lamb and 13% for beef). However increases were still seen in some established markets (Italy and Hong Kong), some embryonic markets where HCC has worked hard to begin trading (Japan and Canada) and the success of 2019 in the Middle East continued. While the loss of foodservice trade hit lamb exports to Jordan, Welsh Lamb exports to the UAE recorded 600% growth, with strong increases too in Kuwait and Qatar. The Middle East market will continue to be a major strategic opportunity for Welsh Lamb and a focus for HCC investment.

**Annual Report
Year Ended 31 March 2021**

Performance Analysis (continued)

To take account of COVID and in preparation for further Brexit uncertainty toward the second half of 2020, HCC conducted work to model the impact of various scenarios on the sector, to help inform public policy. In addition, advertising was placed in trade journals throughout Europe to reassure customers of Wales's commitments to its established markets, and specialist support was commissioned to help exporters to be prepared for new paperwork requirements which came into effect on January 1.

During the year, progress continued to be made in partnership with the UK Export Certification Partnership to open new markets. While access for lamb to key markets such as the USA and China is still some way off, permission to export beef to the USA was secured during this year.

In terms of ensuring the integrity of the PGI Welsh Lamb and PGI Welsh Beef brands, HCC had to introduce alternative systems of auditing during the height of the pandemic. This work was still delivered. The partnership with scientific traceability specialists Oritain continued, which demonstrated a very robust supply chain for Welsh Lamb. Progress continued towards rolling out a similar system with regard to Welsh Beef.

During this year, HCC launched its new blueprint for sustainable farming – 'the Welsh Way'. This was the product of extensive independent research examining the current emissions footprint of livestock farming in Wales, based on the latest methodologies, as well as exploring ways to further reduce its environmental impact. The research found that Wales is already home to some of the most sustainable beef and lamb systems, and that there is the potential for the country to lead the world in low-emissions meat production.

At the beginning of December, a major programme of work was commenced to communicate the key messages of the Welsh Way document to journalists, opinion formers and key organisations throughout the UK. The work involved pro-active sell-in to media outlets, the organisation of virtual events, the preparation of a large new bank of social media resources, preparation of briefing materials, and press work.

The Welsh Way document was circulated to political actors including policy makers and third-sector organisations, and a number of follow-up meetings were arranged to discuss themes arising therefrom with varied stakeholders.

During the year HCC, sometimes alone and sometimes in concert with other levy bodies, took up various issues where red meat and sustainability had been misrepresented in the media. This led to a change in policy by BBC's Blue Peter programme, for instance, and HCC ensured that the industry's voice was heard on a documentary on sport and nutrition by securing and briefing a prominent rugby player to take part.

Opportunities were taken to present this work to external audiences via webinars and virtual events, notably the Environment Evidence Conference and the Wales Real Food and Farming Conference as well as stakeholder meetings. HCC continued to collaborate with WRAP (Waste and Resources Action Programme), becoming signatories to its 'Meat in a Net Zero World' policy paper and joining its food waste awareness campaign on social media. HCC also became members of the Global Roundtable on Sustainable Beef.

**Annual Report
Year Ended 31 March 2021**

Performance Analysis (continued)

Sustainability was also a central theme – alongside the future of trade and HCC’s activity to respond to COVID – of the HCC annual conference, held as a virtual event in November 2020. A virtual format offered significant challenges – in terms of technological options, promotion, and securing interest from audiences who are saturated with online events. It also offered opportunities to present a wider range of topics, invite overseas speakers, and engage new audiences. Participation in sessions ranged from 70-120 with plenty of interaction. Total registrations for the conference exceeded 300.

In terms of HCC’s work to equip the industry for future challenges, the EU and Welsh Government-funded Red Meat Development Programme progressed positively, despite adjustments in modes of delivery due to COVID restrictions.

This Programme involves three strategic projects designed to increase efficiency and sustainability within the industry as well as enhance the public perception of Welsh Lamb and Welsh Beef. These are; Stoc+, a project to promote pro-active flock and herd health planning; the Hill Ram Scheme, to use technology to encourage performance-recording in the hill sheep sector; and the Welsh Lamb Meat Quality project, which will study practices at all stages of the supply chain with the aim of establishing a blueprint of taste quality and consistency.

Within the Hill Ram Scheme a total of 17 TSU sampling and 6 manual recording flocks were recruited for 2020 bringing the total farms supported to 54 flocks, ensuring a critical mass of typical hill breed types and geographic representation. Nearly all new flocks were able to complete TSU sampling during the period despite COVID restrictions.

Work on the Stoc+ project continued to focus on bringing farmers and vets together to encourage pro-active animal health planning. The project supported diagnostic testing on a number of farms, and also organised online events to ‘train the trainer’, bringing industry experts together with vets to share latest research and best practice.

A first results report was released for the Welsh Lamb Meat Quality Project, in the form of a day of virtual events to engage stakeholders and media.

The results drew on data from consumer taste panels held in 2019 as well as scientific analysis of meat samples. Among the main conclusions were that the muscle cut had a significant effect with consumers preferring loin and chump compared to topside. Lamb gender or breed type were found not to be significantly different by the consumers. It was found that consumer preferences varied, but they were willing to pay for quality (with younger age groups willing to pay more than double for premium quality graded lamb).

Meetings were held with retailers and processors to update key stakeholders of the Welsh Lamb Meat Quality project on the project findings and results, and feature articles were placed within key industry publications.

For the next phase of the project, farms were selected to supply lambs for the second trial, and also to supply soil, forage and feed samples in order to assess the impact of animals’ diet on eating quality.

**Annual Report
Year Ended 31 March 2021**

Performance Analysis (continued)

The BeefQ project, also funded by the Rural Development Programme and led by IBERS at Aberystwyth University in collaboration with HCC and other stakeholders, also progressed. Its aim is to test Welsh Beef production and processing systems using the Meat Standards Australia (MSA) grading system, and work this year included analysis of 2019 consumer taste panel results, and a survey of stakeholders across the supply chain.

A number of strands of research and development were pursued during the year, often co-funded with others. This included continued work with Bangor University on the environmental sustainability of livestock farming in Wales, and with Aberystwyth University on a study into the development of high value non-food products from processor waste streams.

Long-established collaborative research activity such as supporting the Recommended Grass and Clover List and the RamCompare project was continued, as well as the Ring-Fenced Fund project, GrassCheckGB.

HCC have now become members of the Centre for Excellence in Livestock (CIEL). Through becoming members HCC will seek to access additional R&D opportunities as CIEL has a network of members encompassing all aspects of the supply chain.

With physical events impossible this year, HCC's R&D and industry development work was communicated through a successful regular webinar series. The HCC travel scholarship was suspended for this year due to COVID restrictions, as were a number of training events organised in collaboration with other partners such as the WorldskillsUK butchery competition and contests at the Royal Welsh Show and Winter Fair.

Long-term work to enhance the shelf-life of Welsh Lamb to improve its market competitiveness by addressing issues at all stages of the supply chain showed important gains. Figures from processors indicated a further 10% improvement during the year. Work to continue this progress took place through the RMDP Welsh Lamb Meat Quality Project. With selection for slaughter training at abattoirs not being possible due to COVID, such training was adapted to be delivered virtually in partnership with processors and organisations such as Wales YFC.

Over the year, HCC contributed expert advice to governments and parliamentarians on a number of key issues for the industry. Evidence was submitted on the impact of COVID on supply chains and the economy to multiple inquiries, while in the field of trade written evidence was presented to the Trade and Agriculture Commission Wales inquiry into the UK's future trade policies, and to Defra regarding trade discussions with Japan, and to other enquiries on Brexit preparations and post-Brexit exports.

HCC took part in Welsh Government consultations on the agriculture white paper and future farm payments models, and on sustainability and a green recovery. Views were also submitted to Defra regarding the operation of the new GI scheme and to the new Westminster All-Party Group on GI foods.

**Directors' Report
Year Ended 31 March 2021**

The Directors present herewith their report, together with the audited financial statements of the company, for the year ended 31 March 2021.

1. Results

The result for the year was a surplus of £217,437 (2020 deficit: £123,118).

2. Principal Activity and Strategic Report

The company's principal activity during the year was that of the development and promotion of Welsh red meat.

HCC has worked towards targets contained in the Corporate Plan for 2018-21 and the objectives of Vision 2025. These are as set out in the Annual Report on pages 1 to 9.

The result for the year can be found in the Statement of Comprehensive Income on page 24 and the position of the company at the year end in the Balance Sheet on page 25.

Key performance indicators for the company are:

	2021	2020
	£	£
Levy income	3,461,289	3,595,125
Grant income	2,526,889	2,043,145
Operating surplus/ (deficit)	217,509	(122,854)

Levy income from sheep decreased by 10% due to the uncertain market conditions. This was offset partly by increased levy from cattle and increased funds from the Ring Fenced Fund agreed by the UK Levy Boards.

Grant income increased due to a Welsh Government capital grant for central point recording centres which was administered by HCC.

The surplus includes a surplus of £194,487 arising from the revaluation of the property, as detailed below. Excluding the revaluation the surplus reflected the budgeted position, which was to break even. In the year to March 2020, expenditure was undertaken on a sustainability campaign which gave rise to the deficit.

A market valuation of the office building was carried out at 31 March 2021 at a value of £600,000 and has been reflected in the balance sheet. It is not the intention of the Board of HCC to move from the premises for the foreseeable future. As per the company's accounting policy, the building will be valued again in March 2024.

Environmental Policy

HCC is committed to minimising the impact of its activities on the environment. The key points of its strategy to achieve this are:

- Minimise waste by evaluating operations and ensuring they are as efficient as possible;
- Minimise toxic emissions through the selection and use of its vehicles and the source of its power requirement;
- Actively promote recycling;
- Source and promote a product range to minimise the environmental impact of both production and distribution;
- Meet or exceed all the environmental legislation that relates to the Company.

Directors' Report (continued)
Year Ended 31 March 2021

2. Principal Activity and Strategic Report (continued)

Environmental Policy (continued)

HCC monitors the effectiveness of its policy through regular submission of information to the Welsh Government carbon reduction programme.

Employees

HCC believes that all employees (or potential employees) can contribute fully and effectively to the goals of the organisation and is committed to making full use of the talents and resources of all. As such no-one will receive less favourable treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

At the year end, the analysis by gender of the full time staff was as follows:

	Female		Male	
	2021	2020	2021	2020
Staff	28	31	7	7

The gender balance of the Board Of Directors, who are all non executive, was as follows:

	Female		Male	
	2021	2020	2021	2020
Directors	4	5	6	5

No information is provided in respect of social and community issues.

3. Principal Risks and Uncertainties

The company's risk framework is outlined on page 15. This ensures that HCC's internal systems identify, monitor and respond to risks.

The principal risk to the business is the level of levy income. Due to the nature of the levy system, HCC has no control over the number of animals slaughtered in Wales nor as to where animals reared in Wales are slaughtered. In addition, income is known only when returns are submitted by processors. For this reason, HCC has sought a more equitable distribution of levy income throughout Great Britain, reflecting the breeding population of the respective countries as opposed to the geographical location of abattoirs. This procedure will lead to fulfilling HCC's financial risk objective of reducing loss of income to nil. The Agriculture Act 2021 was passed in November 2020 and conveys powers on Ministers to distribute levy between levy bodies. This will be effective from 1 April 2021. For this financial year the GB levy bodies agreed an interim solution, being a ring fenced fund that was used for the benefit of all GB levy bodies.

The COVID pandemic posed challenges for all aspects of HCC's operations and these have been covered in depth in the annual report on pages 1 to 9. The risk to the company has been identified and recorded in the risk register and the business implementation plan has been followed.

**Directors' Report (continued)
Year Ended 31 March 2021**

4. Future Developments

The company will continue to develop and promote Welsh red meat through its levy income and any available grant income.

5. Directors and Their Interests

The Directors of the company throughout the period and up to the date of signing of the financial statements were as follows:

Chair

K Roberts
(resigned 31 March 2021)

Accountant; Director of The Association Of Labour Providers Limited; Inspiring Futures Through Learning; Verley Consulting Limited;

C M Smith
(Chair from 1 April 2021)

Red Meat Sector Consultant;

Directors

M J Chapman
D D H Davies

Director of M Chapman Consulting Limited;
Farmer; Director of Llandre Limited, ANTS (Against Nantyrast Turbines) Limited, NFSCO CIC; Member of NFU Cymru Less Favoured Areas Board,

G R Davies

Chief Executive Farmers Marts (R G Jones) Limited;
Director Welsh Lamb and Beef Producers Limited, Lleyn Sheep Society Limited

G W Davies

Chief Executive, Wynnstay Group PLC; Director of Banbury Farm and General Supplies Limited, Bibby Agriculture Limited, Grainlink Limited, Glasson Grain Limited, Glasson Group (Lancaster) Limited, Shropshire Grain Limited, Stanton Farm Supplies Limited, Welsh Food Producers Limited, Woodheads Seeds Limited, Wrekin Grain Limited, Wynnstay Group PLC, Wynnstay (Agriculture Supplies) Limited, Wyro Developments Limited, Youngs Animal Feeds Limited

J T Davies

Farmer; Director of Cwmbetws Limited , The Royal Welsh Agricultural Society Limited

A J P Evershed
(appointed 1 April 2021)

Farmer

R L J Madeley Davies

Agricultural Consultant

D P Morgan

Procurement Director, Kepak; Director of Ffrydilan Limited
Cheesemaker; Director The Mount Goat's Cheese Limited

N L Porter

(appointed 9 April 2020,
resigned 4 November 2020)

R E Roberts

Farmer; Director Heidro Harnog Cyf, Clwb Rygbi Dolgellau Cyf; Member NFU Cymru Less Favoured Areas Board;

(appointed 1 April 2021)

C Williams

Farmer

**Directors' Report (continued)
Year Ended 31 March 2021**

6. Share Capital

The company is limited by guarantee and does not have any share capital. The liability of the member is limited to £100.

7. Auditors

The Auditor General for Wales is the company's auditor in accordance with paragraph 18(1) of schedule 8 to the Government of Wales Act 2006.

8. Governance Statement

Governance Framework

The Directors are responsible for the company's corporate governance and have adopted the practices set out in the UK Corporate Governance Code, where this is relevant and practical.

The Chief Executive has responsibility as Accounting Officer for maintaining a sound system of internal control that supports the achievement of HCC's policies, aims and objectives whilst safeguarding the public funds and organisational assets in accordance with the responsibilities set out in "Managing Welsh Public Money".

HCC is funded by grant income, invoiced sales and levy. The Welsh Ministers have the power to impose a levy under the Red Meat Industry (Wales) Measure 2010. The functions under the Measure are delegated to HCC through a delegation agreement.

The Board of Directors

The Board of Directors has a number of key roles in the management of risk, including setting the tone and influencing the culture of risk management within HCC and determining the level of risk that is acceptable in specific areas of activity. It does this by its policy and overall approach.

The Board are aware of and have adopted an Anti-Bribery and Corruption policy.

HCC's Audit and Risk Committee

The remit of the Audit and Risk Committee is defined to include considering the planned activity and results of both internal and external audit. The composition of the Committee during the year to 31 March 2021 was as follows:- G W Davies (Chair); J Davies; C Smith; G R Davies

HCC's Remuneration Committee

The Remuneration Committee of the Board of Directors recommends the remuneration of the Chief Executive.

Directors' Report (continued)
Year Ended 31 March 2021

8. Governance Statement (continued)

Review of effectiveness

HCC has conducted its own review of the effectiveness of the system of internal control which was overseen by the Audit and Risk Committee. The implications of the review of the effectiveness of the system of internal control have been advised to the Board of Directors. The company's systems are under constant review.

In reviewing the effectiveness of HCC's system of internal control the Audit and Risk Committee has undertaken the following key activities:

- *Financial Reporting*
Gained an understanding of the current areas of greatest financial risk and how management is managing them effectively.
- *Annual Financial Statements*
Reviewed the annual financial statements and determined whether they are complete and consistent with the information known to committee members; assessed whether the financial statements reflect appropriate accounting principles; met with management and the external auditors to review the financial statements and the results of the audit.
- *Internal Audit*
The Committee reviewed the internal auditors' report on the area covered in the year, being Budgetary Control.
- *External Audit*
Reviewed the external auditors' proposed audit scope and approach and ensured no unjustified restrictions or limitations had been placed on the scope.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level, rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of HCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place for the year ended 31 March 2021 and up to the date of approval of the financial statements and accords with Treasury guidance.

Capacity to handle risk

Leadership is given to the risk management process through the Board of Directors and Audit and Risk Committee.

HCC's executive management are the company's risk management team and are responsible for disseminating good practice throughout the organisation. Training is provided to the executive team to enable them to fulfil this role.

Directors' Report (continued)
Year Ended 31 March 2021

8. Governance Statement (continued)

The Risk Framework

The company's risk management policy is a key element within its internal control and corporate governance framework. It covers HCC's approach to risk management, roles and responsibilities, risk management process and its review.

HCC's risk appetite is determined upon the assessed impact the risk has on the goals, objectives and financial resources of the company.

The following items are key elements in the system of internal control:

Framework agreement

A framework agreement has been established between HCC and the Welsh Government. This agreement details the governance arrangements between Welsh Government, being the sole member, and HCC.

Risk Register

A Risk Register is in existence, identifying risks and ranking them for risk and effect. The register is examined regularly by the executive team and reviewed by the Audit and Risk Committee. Risks are ranked according to likelihood and impact. 14 strategic risks and 15 operational risks have been identified, 5 of which were ranked as critical after residual measures were assessed. These relate to:

- Global economic recession as a result of a financial crisis or pandemic
 - reduction in livestock numbers arising from Government policy;
 - availability of skilled staff across the supply chain
 - supply chain being less competitive in response to UK internal market bill
- HCC have ongoing relationships with officials at Welsh and UK level to enable them to keep abreast of developments.
- Public perception of red meat is adversely influenced health, consumer demands.
- HCC's communications department have a communications plan to counter these Business interruption due to unplanned events.

HCC has an established business interruption plan that is currently in use for the Covid-19 interruption. All staff are able to work and HCC's income stream is continuing at near normal levels.

Business Continuity Plan

A Plan has been prepared to consider ways and means for HCC to continue to operate its core activities should a disaster occur.

Corporate Plan

A Corporate Plan covering the forthcoming three year period has been published.

Operational Plan

An Annual Operational Plan and Budget is presented to the Board. The Plan for 2021/22 was approved at the March 2021 Board meeting.

Financial Reporting

Financial reports are regularly presented to the Board.

**Directors' Report (continued)
Year Ended 31 March 2021**

8. Governance Statement (continued)

Non Financial Reporting

HCC has developed a Monitoring and Evaluation System which monitors outcomes and outputs against targets set in the Operational Plan. Regular reviews are undertaken by each department and the executive team to ensure that outcomes are being achieved, resources are applied in appropriate areas and that HCC is delivering value for money for its levy payers.

9. Sickness Absence

During the year, HCC's sickness absence rate amounted to 0.82% (2020: 2.56%).

10. Statement As To Disclosure Of Information To Auditors

The Directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Directors have confirmed that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the Auditor.

11. Statement Of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, the Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements of the company in accordance with International Financial Reporting Standards ("IFRS").

The financial statements are required by law and IFRS to present fairly the financial position and performance of the company. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period.

In preparing the financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS as adopted by the EU;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

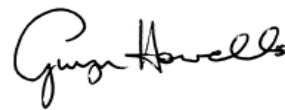
**Directors' Report (continued)
Year Ended 31 March 2021**

11. Statement Of Directors' Responsibilities (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the HCC website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By Order of the Board.



T G Howells
Company Secretary

1 July 2021

**Remuneration Report
Year Ended 31 March 2021**

Remuneration Committee

The Remuneration Committee of the Board of Directors recommends the remuneration of the Chief Executive. The composition of the Committee during the year to 31 March 2021 was as follows:- R L J Madeley-Davies (Chair), J T Davies, K Roberts.

Statement Of Remuneration Policy

All Directors of the company are non-executive and, in view of the company being limited by guarantee, have no share interest in the company.

K Roberts was re-appointed as Chair by the Cabinet Secretary for Environment and Rural Affairs from 1 April 2020 to 31 March 2021. His remuneration was set at a maximum of £25,200pa for the duration of his term of office. C Smith was appointed as Chair from 1 April 2021 for a term of 3 years. Her remuneration is set at £350 per day for the duration of her term of office.

5 Directors were re-appointed by the Cabinet Secretary for Environment and Rural Affairs from 1 April 2020 for a further three year period, 3 Directors were appointed from 9 April 2020 until 31 March 2023 and 2 Directors were appointed from 1 April 2021 for a period of 3 years. The remuneration of the non-executive Directors was set at £300 per day plus expenses.

Attendance Records

The Board met 6 times during the period April 2020 to March 2021. The number of Board meetings attended by the Directors are as follows:

	2020/2021	2019/2020
M Chapman	6	-
D D H Davies	6	5
G R Davies	6	-
G W Davies	5	6
J T Davies	6	6
R L J Madeley Davies	6	6
D P Morgan	6	-
N Porter	3	-
K Roberts	6	6
C M Smith	6	6
C Williams	6	6

In addition to the above, Directors attend meetings of Sub Committees of the Board as well as industry events during the course of the year.

N Porter resigned on 4 November 2020.

A J Evershed and R E Roberts were appointed on 1 April 2021.

Remuneration Report (continued)
Year Ended 31 March 2021

This section of the Remuneration Report is auditable

Directors Emoluments

Emoluments of the Directors who served throughout the year to 31 March 2021 are as follows:

	2021	2020	2021	2020
	£	£	£	£
	Remuneration		Expenses	
Payments within the band £25,001 - £30,000				
K Roberts	25,200	25,200	-	6,695
Payments within the band £0 - £5,000				
M Chapman	3,450	-	-	-
D D H Davies	3,450	3,600	-	453
G R Davies	3,600	-	-	-
G W Davies	3,000	3,000	-	441
J T Davies	3,900	3,900	-	482
H S G Howells	-	2,550	-	274
B Jones	-	4,200	-	198
R L J Madeley Davies	3,900	3,900	-	711
D P Morgan	3,600	-	-	-
N Porter	1,800	-	-	-
C M Smith	3,900	3,900	-	847
C Williams	3,450	3,000	-	169
O B Williams	-	3,900	-	658

The Remuneration of the Board members is in respect of attendance at Board meetings, sub-committees of the Board and industry events.

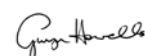
None of the Directors received any benefits in kind or were eligible for membership of the company pension scheme. Expenses were incurred in respect of their duties as Directors and any mileage incurred on company business was reimbursed at HM Revenue & Customs approved rates.

In addition to the Directors, the emoluments of the Chief Executive, T G Howells, were as follows:

	2021	2020
Remuneration	£110,001 - £115,000	£105,001 - £110,000
Benefits in kind	£3,652	£3,308
Pension contributions	£26,323	£25,678

Fair Pay Disclosures

	2021	2020
Median total remuneration of staff	£33,782	£33,121
Ratio to highest paid employee	3.27	3.25
Range of staff remuneration	£19,419-£74,940	£19,038 - £71,504



T G Howells
Company Secretary

Independent Auditor's Report to the Member of Hybu Cig Cymru – Meat Promotion Wales

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Hybu Cig Cymru – Meat Promotion Wales for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects, the expenditure and income in the financial statements have been applied to the purposes intended by the Senedd and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Independent Auditor's Report to the Member of Hybu Cig Cymru – Meat Promotion Wales
(continued)**

Other information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The directors are responsible for the other information contained within the annual report. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters prescribed by the Companies Act 2006

In my opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements in the directors' report.

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you, if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- I have not received all the information and explanations I require for my audit; or
- the Directors' were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

**Independent Auditor's Report to the Member of Hybu Cig Cymru – Meat Promotion Wales
(continued)**

Responsibilities

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 16, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors' are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

My procedures included the following:

- Enquiring of management, the company's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Hybu Cig Cymru – Meat Promotion Wales's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
 - Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals; and
 - Obtaining an understanding of Hybu Cig Cymru – Meat Promotion Wales's framework of authority as well as other legal and regulatory frameworks that Hybu Cig Cymru – Meat Promotion Wales operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of Hybu Cig Cymru – Meat Promotion Wales.
- In addition to the above, my procedures to respond to identified risks included the following:
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
 - enquiring of management, the Audit and Risk Committee and legal advisors about actual and potential litigation and claims;
 - reading minutes of meetings of those charged with governance and the directors; and

**Independent Auditor's Report to the Member of Hybu Cig Cymru – Meat Promotion Wales
(continued)**

Auditor's responsibilities for the audit of the financial statements (continued)

• in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Hybu Cig Cymru – Meat Promotion Wales's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Responsibilities for regularity

The directors are responsible for ensuring the regularity of financial transactions.

I am responsible for expressing an opinion on whether the expenditure and income have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.



Adrian Crompton
Auditor General for Wales
14 July 2021

24 Cathedral Road
Cardiff
CF11 9LJ

Statement of Comprehensive Income
Year Ended 31 March 2021

	Notes	<u>2021</u> £	<u>2020</u> £
Revenue	5	6,036,932	5,714,703
Expenditure			
Operating expenses	7	5,809,003	5,830,756
		<hr/>	<hr/>
Operating Surplus/(Deficit)		227,929	(116,053)
Finance Income		379	1,390
Finance Costs	8	(10,799)	(8,191)
		<hr/>	<hr/>
Excess of Income Over Expenditure on Ordinary Activities Before Taxation	7	217,509	(122,854)
Taxation	11	(72)	(264)
		<hr/>	<hr/>
Surplus and total comprehensive income for the year attributable to the company's member		217,437 =====	(123,118) =====

Balance Sheet
31 March 2021

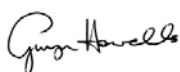
	Notes	<u>2021</u> £	<u>2020</u> £
Non Current Assets			
Property, plant and equipment	12	635,209	447,876
Right Of Use Assets	13	267,305	304,261
		<u>902,514</u>	<u>752,137</u>
Current Assets			
Trade and other receivables	14	1,698,092	1,840,917
Cash and cash equivalents		487,668	727,738
		<u>2,185,760</u>	<u>2,568,655</u>
Total Assets		<u>3,088,274</u>	<u>3,320,792</u>
Current Liabilities			
Bank Overdraft (unsecured)		144,164	-
Trade and other payables	15	746,789	1,310,023
Right Of Use Lease Liabilities	16	44,487	44,056
Current tax liabilities		72	264
		<u>935,512</u>	<u>1,354,343</u>
Non Current Liabilities			
Right Of Use Lease Liabilities	16	235,752	266,876
Total Liabilities		<u>1,171,264</u>	<u>1,621,219</u>
Net Assets		<u>1,917,010</u> =====	<u>1,699,573</u> =====
Reserves			
Retained Income	18	1,917,010 =====	1,699,573 =====

For the year ending 31 March 2021, the company was entitled to exemption from the requirements of Part 16 of the Companies Act 2006 under section 482 of this Act (non profit making companies subject to public sector audit). It is instead subject to public sector audit and audited by the Auditor General for Wales.

The financial statements, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flows and related notes (9 to 29), were approved and authorised for issue by the Board of Directors on 1 July 2021 and signed on its behalf by



C Smith Chair



T G Howells Accounting Officer

**Statement of Cash Flows
Year Ended 31 March 2021**

	<u>2021</u> £	<u>2020</u> £
Cash Flows from Operating Activities		
Operating surplus/(deficit)	227,929	(116,053)
Depreciation & loss on disposal of assets	(22,028)	22,621
Property Revaluation	(150,000)	-
Depreciation on right of use assets	43,000	40,020
Operating lease payments	5,851	8,160
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	142,825	(844,804)
Increase/(Decrease) in trade and other payables	(563,234)	668,944
Cash expended on operations	<u>(315,657)</u>	<u>(221,112)</u>
Taxes paid	(264)	(281)
Net cash expended on operating activities	<u>(315,921)</u>	<u>(221,393)</u>
Cash Flows from Investing Activities		
Purchase of plant and equipment	(15,305)	(4,477)
Proceeds on disposal of assets	-	-
Net cash used in investing activities	<u>(15,305)</u>	<u>(4,477)</u>
Cash Flows From Financing Activities		
Interest received	379	1,390
Right Of Use Assets Lease payments: capital	(36,737)	(33,349)
Right Of Use Assets Lease payments: interest	(7,752)	(8,191)
Operating lease payments	(5,851)	(8,160)
Bank overdraft interest	(3,047)	-
Net cash used in financing activities	<u>(53,008)</u>	<u>(48,130)</u>
Net decrease in cash and cash equivalents	<u>(384,234)</u>	<u>(274,180)</u>
Cash and cash equivalents at the beginning of the year	<u>727,738</u>	<u>1,001,918</u>
Cash and cash equivalents at the end of the year	<u>343,504</u>	<u>727,738</u>
Being cash held in bank accounts	487,668	727,738
Bank overdraft	(144,164)	-
	<u>343,504</u>	<u>727,738</u>

**Notes To The Financial Statements
Year Ended 31 March 2021**

1. General Information

Hybu Cig Cymru-Meat Promotion Wales (HCC) is a limited liability company incorporated and domiciled in the United Kingdom. The company is limited by guarantee and does not have a share capital. The registered number of the company is 4635113 and its registered office is Ty Rheidol, Parc Merlin, Aberystwyth, SY23 3FF.

The sole member of the company throughout the year was the Welsh Ministers.

2. Statement Of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in accordance with applicable provisions of the Companies Act 2006. The principles of HM Treasury's The Financial Reporting Manual 2019-20 have also been followed.

3. Basis Of Preparation

The financial statements are presented in pounds sterling. They have been prepared on the historical cost basis with the exception of the freehold property which is carried on a valuation basis.

4. Significant Accounting Policies

Separate financial statements

The company is not required to prepare group accounts as the group comprising the company and its subsidiary fall below the Companies Act 2006 small group threshold. In addition, the Welsh Government does not require group accounts to be prepared.

Going Concern

The company has net assets of £1,917,010 at 31 March 2021. These financial statements have been prepared on a going concern basis as the company has prepared a budget and cash flow forecast for the twelve months following the date of approval of these financial statements which demonstrates that the company has sufficient cash to continue to meet its liabilities as they fall due. On this basis the Directors consider the company to be a going concern.

Revenue

Revenue comprises levy income, grants and invoiced services.

Levy income – a statutory levy is charged in respect of all animals fit for human consumption slaughtered in Wales. Income is recognised at the date of slaughter, up to the last full week of March.

Grants are claimed when the expenditure has been defrayed but grant income is recognised in the financial statements to match costs when the activity has taken place. Grant income is outside the scope of VAT.

Grant income – grants are received from the Welsh Government, through direct grant funding and The European Agriculture Fund For Rural Development: Europe Investing In Rural Areas, being the Welsh Government Rural Development Plan 2014-2020.

Invoiced Services – income is recognised when the activity has taken place. Such activity relates to services performed on behalf of other bodies. Income is stated net of value added tax.

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

4. Significant Accounting Policies (continued)

Property, plant and equipment

Freehold property is stated at valuation less accumulated depreciation. Depreciation is not provided in the year of acquisition. Freehold land is not depreciated. A valuation of the freehold property is to be carried out every three years, unless in the Directors' opinion, local market movement deems more frequent valuation to be necessary.

Plant and equipment are stated at cost less accumulated depreciation.

Freehold property, plant and equipment assets are depreciated to their residual value over their anticipated useful economic lives on the following bases:

Freehold property	over 30 years from 2009
Computer equipment	33% reducing balance
Office furniture	25% reducing balance
Motor vehicles	25% reducing balance

Right Of Use Assets

Leases are capitalised where the company receives the economic benefit of the use of that asset.

Assets are capitalised at the value of the total payments over the course of the lease. Leases with a resultant value of less than £10,000 are not capitalised and treated as operating leases. Property and vehicles are depreciated to their residual value over the period of the lease on the following bases:

Freehold property	between 5 and 11 years
Motor vehicles	25% straight line

Impairment of non current assets

At each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment and right of use assets to determine whether there is any indication that those assets have suffered an impairment loss with reference to both the operating and corporate plans. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

**Notes To the Financial Statements (continued)
Year Ended 31 March 2021**

4. Significant Accounting Policies (continued)

Financial Instruments

Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument.

Financial assets

Trade receivables, outstanding levy income and accrued income:

Trade receivables, outstanding levy income and accrued income are initially recognised at fair value. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held with financial institutions at call and on short term notice not exceeding three months.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Trade payables

Trade payables are initially recognised at cost.

Right Of Use Lease Liabilities

Leases are capitalised where the company receives the economic benefit of the use of that asset. The associated liability is recognised in the financial statements at the total of the payments over the course of the lease discounted at the company's underlying interest rate. HCC has determined this to be 2.5% over base rate (2020:1.75%).

Leases

Leases where the company receives the economic benefit of the lease are classified as Right Of Use Assets, as defined above. Other leases are operating leases and are not recognised in the company balance sheet. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

Pensions

The company makes contributions for some employees, whom were transferred to the company under TUPE regulations, to a defined benefit pension scheme. The regular pension cost is charged to the Statement of Comprehensive Income and is based on the expected pension costs over the service lives of the employees. The scheme is now closed to new employees.

**Notes To the Financial Statements (continued)
Year Ended 31 March 2021**

4. Significant Accounting Policies (continued)

Pensions (continued)

The company makes defined contributions to individual pension plans for all of its other employees. Contributions payable for the year are charged to the Statement of Comprehensive Income. The pension plans are grouped together under the Hybu Cig Cymru Group Pension Plan. Contributions commence as soon as practicable after employees commence employment.

Foreign Currency

Normal trading activities in foreign currencies, being the payment of foreign suppliers, are recorded in sterling at the exchange rate as of the date of the transaction.

Accounting Estimates and Judgements

In the application of the Company's accounting policies, which are described earlier in this note, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

Critical judgements in applying the Company's accounting policies:

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Company's accounting policies and that must have the most significant effect of the amounts recognised in the financial statements.

Revenue recognition:

In making their judgement, the Directors considered the detailed criteria for the recognition of revenue set out in IAS 18 Revenue.

Provision for doubtful debts:

The recognition of an impairment of a financial asset is based upon the likelihood of the value of the financial assets being recovered. Recognition of an impairment therefore requires justification regarding recoverability.

Impairment of property, plant and equipment:

Determining whether property, plant and equipment is impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Pension liability:

The Directors have received and considered an actuarial valuation regarding a potential liability in respect of one of the Company's pension schemes, as detailed in note 18.

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

4. Significant Accounting Policies (continued)

Key sources of estimation uncertainty

The Directors believe that there are no key sources of estimation uncertainty in the accounts for the period.

Impact of standards not yet effective

The Directors have considered the impact of standards and interpretations which have been issued but are not yet effective and which have not been adopted early by the company.

5. Revenue

	<u>2021</u> £	<u>2020</u> £
Levy	3,461,289	3,595,125
Grants received:		
: Welsh Government RMDP	1,729,056	1,532,294
: Welsh Government Export	404,000	505,000
: Welsh Government CPRC	404,028	5,851
Services	38,559	76,433
	<u>6,036,932</u>	<u>5,714,703</u>
	=====	=====

As stated in the Directors Report, the GB levy bodies have jointly agreed expenditure, under a ring fenced fund, on GB activities which benefits the levy payers of Great Britain. The total expended was £2,729,000 (2020: £1,933,000). Under arrangements for this current year HCC were able to invoice the fund £278,180 (2020:£225,000), which is part of the figure expended.

6. Operating Segments

The Board considers that the company consists of two business operating segments, all contributing to the development and promotion of Welsh red meat. The segments were determined by the source of income and relevant expenditure.

All of the income generated by the business arises from the United Kingdom.

		Levy	Grants	Total
2021	Revenue	3,499,848	2,537,084	6,036,932
	Expenditure	3,277,844	2,531,159	5,809,003
	Operating Surplus	<u>222,004</u>	<u>5,925</u>	<u>227,929</u>
		=====	=====	=====
2020	Revenue	3,671,558	2,043,145	5,714,703
	Expenditure	3,794,333	2,036,423	5,830,756
	Operating Surplus	<u>(122,775)</u>	<u>6,722</u>	<u>(116,053)</u>
		=====	=====	=====

The levy sector also includes other services which enhance levy expenditure.

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

6. Operating Segments (continued)

Within levy income, 3 companies operating abattoirs in Wales account for 18%, 12% and 12% respectively (2020: 21%, 14% and 13%) of total income of £6,036,932.

Within grants, direct grants received from the Welsh Government and also under the Rural Development Plan for Wales 2014-20 accounts for 41.8% (2020: 35.7%) of total income of £6,036,932.

7. Excess of Expenditure Over Income on Ordinary Activities Before Taxation

The result is stated after charging/(crediting) the following:

	<u>2021</u>	<u>2020</u>
	£	£
Auditors – audit	17,779	19,560
Staff costs (note 9)	1,483,007	1,415,170
Directors fees (note 10)	59,250	68,078
Depreciation	(22,028)	22,621
Property Revaluation	(150,000)	-
Depreciation: ROU assets	43,000	40,020
Profit/(Loss) on foreign exchange	652	1,506
Operating lease rentals – equipment	4,218	8,160
Bad debts provided for re levy due	671	10,522

Operating expenses

	<u>2021</u>	<u>2020</u>
	£	£
Export: Established	693,605	772,352
Developing	81,746	54,458
New Markets	56,920	35,070
Grants	403,973	503,195
Home: Retail	224,116	226,248
Consumer	818,445	967,842
Foodservice	85,270	88,359
Development of Brands	141,349	254,300
WG Grants	2,127,186	1,533,228
Market Intelligence	301,011	211,177
Research & Development	83,214	73,591
Supply Chain Efficiency	73,202	133,685
Corporate Costs	718,966	977,251
Total	<u>5,809,003</u>	<u>5,830,756</u>
	=====	=====

Staff costs are assigned to the activity to which they relate. This assignment was reviewed in the year and comparative figures have been amended to reflect the current allocation.

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

8. Finance Costs

	<u>2021</u>	<u>2020</u>
	£	£
Interest charges on bank overdraft	3,047	-
Interest charges on Right Of Use Assets	7,752	8,191
	<u>10,799</u>	<u>8,191</u>
	=====	=====

9. Staff Costs

Staff costs comprised:

	<u>2021</u>	<u>2020</u>
	£	£
Wages and salaries	1,240,984	1,184,930
Social security costs	125,651	119,124
Other pension costs	116,372	111,116
	<u>1,483,007</u>	<u>1,415,170</u>
	=====	=====

The average number of full time equivalent persons, excluding Directors, employed, on UK employment contracts, during the year was:

	<u>2021</u>	<u>2020</u>
Market Development	7	8
Industry Development	11	10
Communications	4	4
Corporate Services	13	10
	<u>35</u>	<u>32</u>
	-----	-----

10. Directors' Emoluments

Directors' emoluments were as follows:

	<u>2021</u>	<u>2020</u>
	£	£
Fees	59,250	57,150
Expenses	-	10,928
	<u>59,250</u>	<u>68,078</u>
	=====	=====

No payments have been made to Directors in respect of personal pension schemes.

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

11. Taxation

Tax on finance income. The tax charge is made up as follows:

	<u>2021</u>	<u>2020</u>
	£	£
Taxation charge for the period	72	264
	=====	=====
Reconciliation of total tax charge:		
With agreement from HM Revenue and Customs, the company does not undertake any trading activities. The only income subject to corporation tax is finance income.		
Finance income	379	1,390
	=====	=====
Tax charge at UK corporation tax rate of 19% (2020: 19%)	72	264
	=====	=====

12. Property, Plant and Equipment

Property, Plant and Equipment comprised:

	<u>Freehold Land</u> <u>and Property</u>	<u>Office</u> <u>Equipment</u>	<u>Motor</u> <u>Vehicle</u>	<u>Total</u>
	£	£	£	£
Cost or Valuation				
1 April 2019	450,000	81,534	19,278	550,812
Additions	-	4,477		4,477
Disposals	-	-		
	-----	-----	-----	-----
At 31 March 2020	450,000	86,011	19,278	555,289
Additions	-	15,305	-	15,305
Revaluation	150,000	-	-	150,000
	-----	-----	-----	-----
At 31 March 2021	600,000	101,316	19,278	720,594
	-----	-----	-----	-----
Depreciation				
1 April 2019	12,917	66,854	5,021	84,792
Charge for the year	16,607	2,831	3,183	22,621
Released on disposal	-			
	-----	-----	-----	-----
At 31 March 2020	29,524	69,685	8,204	107,413
Charge for the year	14,763	5,024	2,472	22,259
Released on revaluation	(44,287)	-	-	(44,287)
	-----	-----	-----	-----
At 31 March 2021	-	74,709	10,676	85,385
	-----	-----	-----	-----
Net Book Value				
At 31 March 2021	600,000	26,607	8,602	635,209
	=====	=====	=====	=====
At 31 March 2020	420,476	16,326	11,074	447,876
	=====	=====	=====	=====

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

12. Property, Plant and Equipment (continued)

An independent market valuation of the building was carried out as at 31 March 2021 at a value of £600,000. This was on a freehold vacant possession basis by RJ Chartered Surveyors, assuming a marketing period of two years. Had the building been carried under the cost model, the carrying amount recognised at 31 March 2021 would have been £614,513 (2020: £641,394).

An impairment review of the property, plant and equipment has been carried out and did not reveal any necessity to book an impairment charge or change the depreciation rates currently in use.

Intangible Assets

Additions amounting to £nil (2020:£nil) were made in the year.

13. Right Of Use Assets

Right Of Use Assets comprised:

	<u>Freehold Land and Property</u> £	<u>Motor Vehicle</u> £	<u>Total</u> £
Cost or Valuation			
At 1 April 2019	-	-	-
Introduced in year	301,326	-	301,326
Additions	7,473	35,482	42,955
	<hr/>	<hr/>	<hr/>
At 31 March 2020	308,799	35,482	344,281
Valuation adjustment	8,668	(2,624)	6,044
	<hr/>	<hr/>	<hr/>
At 31 March 2021	317,467	32,858	350,325
Depreciation			
At 1 April 2019	-	-	-
Charge for the year	31,150	8,870	40,020
	<hr/>	<hr/>	<hr/>
At 31 March 2020	31,150	8,870	40,020
Charge for the year	34,785	8,215	43,000
	<hr/>	<hr/>	<hr/>
At 31 March 2021	65,935	17,085	83,020
Net Book Value			
At 31 March 2021	251,532	15,773	267,305
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2020	277,649	26,612	304,261
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

HCC leases property and vehicles. These assets are leased to match the inherent nature of its income.

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

14. Trade and Other Receivables

Trade and Other Receivables comprised:

	<u>2021</u> £	<u>2020</u> £
Receivables	984	34,500
Outstanding levy income	235,823	352,911
Prepayments and accrued income	1,446,087	1,453,507
Amount due from group company (note 23)	15,198	-
	<u>1,698,092</u>	<u>1,840,918</u>
	=====	=====

The Directors consider that the book value approximates to their fair value.

The average credit period taken is 39 days (2020: 44 days).

Allowance has been made for estimated irrecoverable amounts of outstanding levy income of £75,059 (2020:£74,388). This amount has been arrived at following a review of the payment history of individual debtors at the balance sheet date, and represents provisions against the relevant carrying amounts. An analysis of the movement on the allowance is set out below:

	<u>2021</u> £	<u>2020</u> £
At 1 April	74,388	63,866
Debt written off	-	-
Recovered in year	(17,241)	(16,978)
Additional allowance	17,912	27,500
At 31 March	<u>75,059</u>	<u>74,388</u>
	=====	=====

The Directors are satisfied that the credit quality of the remaining debtors is fully recoverable.

The following table provides analysis of amounts receivable that were past due at 31 March 2021, but not impaired. The Company believes that the balances are ultimately recoverable based upon a review of past payment history.

	2021 £	2020 £
Up to 3 months old (2020: 3 months)		
: receivables	-	-
: levy income	25,772	84,560
	<u>25,772</u>	<u>84,560</u>
	=====	=====

Of this, £23,000 has been received after the year end.

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

14. Trade and Other Receivables

Included within prepayments and accrued income is £1,284,185 (2020: £1,232,560) relating to grant expenditure. Trade and other receivables include financial assets amounting to £236,807 (2020: £387,411) which are categorised as loans and receivables.

Financial risk management:

Credit Risk

The company's credit risk is principally attributable to its outstanding levy income balances. Due to levy being a statutory charge based on all animals slaughtered for the food chain, HCC is unable to assess the credit worthiness of processors prior to their commencement of trade. In order to reduce the risk, HCC follows detailed credit control procedures.

Liquidity Risk

The company closely monitors its cash balances to outstanding commitments on a regular basis to ensure that it has sufficient funds to meet the obligations of the company as they fall due.

Capital Risk

The company is not able to set income, but instead budgets are set by the Board each year for planned expenditure, which are then in turn monitored. Any surplus is taken to reserves.

15. Trade and Other Payables

Trade and Other Payables comprised:

	<u>2021</u>	<u>2020</u>
	£	£
Amounts falling due within one year		
Other taxation and social security	125,792	42,951
Other Payables	379,810	455,586
Accruals and deferred income	241,187	612,487
Amount Due To Group Company (note 23)	-	198,999
	<u>746,789</u>	<u>1,310,023</u>
	=====	=====

Trade and other payables include financial liabilities amounting to £530,876 (2020: £772,922) which are categorised as other financial liabilities at amortised cost.

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

16. Right Of Use Lease Liabilities

	<u>2021</u>	<u>2020</u>
	£	£
At 1 April 2020	310,932	-
Leases introduced in the year	-	301,326
Valuation adjustment	6,044	42,955
Repayments	(44,489)	(41,540)
Finance charges	7,752	8,191
	<hr/>	<hr/>
At 31 March 2021	280,239	310,932
	<hr/>	<hr/>
Leases falling due:		
Within one year	38,860	44,056
	<hr/>	<hr/>
Within two to 5 years	119,559	151,765
Over 5 years	121,820	115,111
	<hr/>	<hr/>
	241,379	266,876
	<hr/>	<hr/>

The analysis of the leases within years were amended for 2019/2020 to correct the analysis.

17. Share Capital

The company is limited by guarantee and does not have any share capital. The liability of the member is limited to £100.

18. Reserves

	Retained Income
	£
At 1 April 2019	1,822,691
Deficit for the year	(123,118)
	<hr/>
At 1 April 2020	1,699,573
Surplus for the year	217,437
	<hr/>
At 31 March 2021	1,917,010
	=====

Reserves are held to cover future activities of the company, including unforeseen circumstances.

Notes To the Financial Statements (continued)
Year Ended 31 March 2021

19. Operating lease arrangements

Non-cancellable operating lease commitments:

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	<u>2021</u>	<u>2020</u>
	£	£
Within one year - equipment	4,640	4,382
Within two to five years - equipment	9,479	11,639
	<u>14,119</u>	<u>16,021</u>
	=====	=====

The principal items leased are office equipment.

These leases are treated as operating leases and are not recognised in the company balance sheet due to their being of low value as defined in the accounting policy. Payments under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

20. Capital Commitments

At the 31 March 2021 capital expenditure amounting to £55,000 had been approved and committed (2020: approved not committed £55,000).

21. Contingent Liabilities

The company is aware of a contingent liability amounting to £711,000 (2020: £556,000). The contingent liability arises from the provisions of s75 Pension Act 1995 and is based on the latest information available being as at 31 March 2020.

HCC is a participating employer in the Meat and Livestock Commission Pension Scheme for certain of its employees. A liability may arise to pay a proportion of any deficit within the scheme when HCC ceases to employ anyone within that scheme but this liability may be deferred under a deferred debt arrangement with the Trustees. An estimate of this liability has been calculated as at 31 March 2020 and amounts to £711,000.

International Accounting Standard 37 sets out the accounting treatment for provisions and contingencies. In particular, the standard sets out three requirements for a liability to be recorded as a provision and therefore stated in the company's balance sheet. It is recognised that HCC has a future obligation to satisfy this debt, which arises from the present position of employing staff who are within the MLC Pension scheme. That obligation may require an outflow of resources when the liability crystallises. However, the third requirement is that a reliable estimate is required and in the Directors opinion this requirement is not fulfilled. The estimate as at March 2020 amounted to £711,000 and March 2019 £556,000. Estimates for the 4 years prior to these ranged between £374,000 and £609,000. From further advice received it would appear that such fluctuations could arise year on year. In the Directors opinion this does not provide a reliable estimate.

On that basis the potential liability is disclosed as a contingent liability and not a provision.

**Notes To the Financial Statements (continued)
Year Ended 31 March 2021**

22. Related Party Transactions

Throughout the year to 31 March 2021, the Welsh Government was the sole member of the company and the ultimate controlling party.

During 2020-21, HCC undertook services for WG amounting to £nil (2020: £48,115). The services were invoiced in this financial year when the contract was completed.

The company receives funding through the Rural Development Plan for Wales 2014-2020 managed by the Welsh Government of which £1,723,158 (2020:£1,532,294) was receivable in the year. At the year end £1,149,132 (2020:£1,232,560) was outstanding relating to grant expenditure not yet refunded.

Direct funding is also received from the Welsh Government for export promotion and capital assistance for central point recording centres (CPRC's). £404,000 (2020:£505,000) was receivable in the year in respect of the export funding, of which £135,053 (2020: £nil) was outstanding at the year end. The CPRC grant was for £500,000 of which £404,028 was expended this year (2020:£5,851). The balance of £90,121 is held for the final claims which have been expended after the year end.

Transactions and balances with the company's subsidiary undertaking, EIDCYMRU, are separately disclosed in Note 23.

Farmers Marts (R G Jones) Limited, auctioneers in which G R Davies is Chief Executive, invoiced the company for £1,443 in respect of levy recovery costs.

23. Subsidiary Undertaking

The company is the sole member, by way of guarantee, of EIDCYMRU, a company limited by guarantee whose principal place of business is Parc Merlin, Aberystwyth. The company is registered in Wales. It's principal activity is as a bureau for the electronic recording of sheep movements in Wales. EIDCYMRU is wholly funded by Welsh Government, such funds being provided on a defrayed basis.

During the year, HCC recharged costs relating to the activities of EIDCYMRU amounting to £55,249 (2020:£62,543) and advanced funds of £nil (2020:£30,000). At the year end £15,198 (2020:£1,001) is outstanding. EIDCYMRU advanced funds amounting to £nil (2020:£200,000) which was outstanding at the year end.

**Notes To the Financial Statements (continued)
Year Ended 31 March 2021**

24. Pension Schemes

Hybu Cig Cymru Group Personal Pension Plan

The company made contributions to individual personal pension plans for some of its employees. Contributions are charged to the statement of comprehensive income as incurred and amounted to £69,641 (2020:£64,438). Contributions amounting to £5,651 (2020: £5,895) were outstanding at the year-end.

Meat and Livestock Commission Pension Scheme

The company also made contributions to a defined benefit pension scheme which is operated by the Agriculture and Horticulture Development Board. The three employees of HCC who are active members form only part of the scheme, which has 13 active members in total. The contributions paid in the year amounted to £46,731 (2020:£46,678) and there were outstanding contributions at the year-end of £3,905 (2020: £3,807). This cost is based on the actuarial valuation made as at 31 March 2018. Employer contributions are payable at a rate of 27% (2020: 27%) of pensionable salaries. Contributions amounting to £47,432 are anticipated for the year to 31 March 2022.

Information regarding the split of the scheme's assets between the participating employers is not available. Therefore the company is unable to account for the plan as a defined benefit plan and is accounted for as if it were a defined contribution plan. The market value of the entire pension scheme assets at 31 March 2021 was £210.9m (2020: £203.2m) and this was sufficient to cover 96.7% (2020: 97.3%) of the value of the benefits that had accrued to members, after allowing for earnings increases. The scheme liabilities were calculated using the Projected Unit Credit Method.

Further information in respect of a liability that may arise when the company ceases to employ anyone within this scheme can be found in note 21.