

Hybu Cig Cymru-Meat Promotion Wales

Company Limited by Guarantee

Company Registration Number: 4635113

**Annual Report and
Financial Statements
Year Ended 31 March 2025**

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I. Annual Report

1.1 The Directors present herewith their annual report, together with the audited financial statements of the company, for the year ended 31 March 2025. For the purpose of the narrative of this report, 'HCC' is used in place of Hybu Cig Cymru-Meat Promotion Wales for brevity.

I.2 Introduction

1.2.1. This annual report is intended to give a short, representative 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.

1.2.2. HCC is the strategic, statutory body for the promotion and development of the Welsh Beef, Welsh 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.

1.2.3. HCC is the red meat industry's 'Knowledge House'; Wales's livestock hub enabling knowledge transfer and the sharing of innovations and industry technical advancement. It is the centre of information-gathering and dissemination across the industry and towards government. HCC informs levy-payers, stakeholders and the Welsh public at large about the positive contribution of the red meat industry to Wales's society and economy and communicates its' role in promoting and developing the industry.

1.2.4. HCC undertakes research and development 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.

1.2.5. Alongside this development activity, HCC assists the promotion and marketing of the supply chain's achievements and its premium quality products. Within the UK, HCC works with multiple retailers, independent butchers and foodservice providers. It undertakes regular promotional programmes for Protected Geographical Indication (*PGI*) Welsh Lamb, 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 in all marketplaces as the guardian of Welsh Lamb and Welsh Beef brands.

1.2.6. To enable industry leadership, contemporary competitiveness, maximum efficiency and value for money for levy payers, HCC, with stakeholders and levy payers, constructs a consultative Strategic Plan that underpins its activities and their associated priority and spending.

1.2.7. A new CEO is in place since the end of January 2025. The new leader brings with him extensive experience (*over 20 years*) in the processing and commercialisation of Welsh red meat in the UK and abroad and is tasked to bring new life and perspective to HCC to continue its evolution as a relevant and meaningful organisation for the successful and sustainable future of a thriving red meat industry in Wales.

1.2.8. In addition to the office of CEO of HCC, he also holds the office of Company Secretary and Director of EID Cymru, a subsidiary of HCC dedicated to the tracing of animal movements from Wales. EID Cymru is directly and fully funded by Welsh Government.

I.3 Performance Overview

1.3.1. HCC's strategic purpose, underpinned by the Red Meat Industry (Wales) Measure 2010, comes from its vision document developed with the industry. The timeline of which aligns to each Senedd term. The current iteration runs up to the end of this Senedd term in 2026.

1.3.2. The vision for the Welsh red meat industry is for an innovative and prosperous future which delivers for levy payers, consumers and wider society.

1.3.3. Sustainability, premiumisation and trade success are all at the heart of the vision to develop and promote an ambitious and progressive outlook for Wales as world-leaders in red meat production, marketing and sales.

- I.3.4. HCC carries out its role against a programme of priorities, as stated in the Red Meat Vision for Wales:
 - I.3.4.1 Positioning red meat from Wales as a premium product.
 - I.3.4.2 Developing EU trade opportunities for Welsh red meat.
 - I.3.4.3 Optimising domestic (*GB*) consumption of red meat from Wales.
 - I.3.4.4 Seeking new consumers for Welsh red meat in established global markets.
 - I.3.4.5 Securing a greater percentage of Welsh red meat exports outside the EU.
 - I.3.4.6 Developing a competitive Welsh red meat industry.
 - I.3.4.7 Reducing the impact of Welsh red meat production and processing on the climate, the environment and waste.
 - I.3.4.8 Contingency planning in terms of future trade, production and processing post-Brexit.
 - I.3.4.9 Effective communication throughout the industry to ensure unity of purpose.
- I.3.5. At the time of writing the organisation is at the initial period of engaging with industry to develop the 2026-2030 industry vision document set to be in place for the next Senedd term.
- I.3.6. The mechanism for transferring funds under Levy Repatriation continues to work well for all parties involved.
- I.3.7. Levy proposals to enable HCC to maximise delivery for the Welsh red meat sector in 2025-26 were recommended by HCC's Board of Directors and approved by the Cabinet Secretary.
- I.3.8. 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.
- I.3.9. As ever, I am grateful to our Board of Directors for their hard work and support in the past twelve months.

I.4 Key issues and risks

- I.4.1. HCC maintains a risk register which is reviewed and re-evaluated regularly.
- I.4.2. Long-term challenges relating to the structure of the industry continued; these included significant challenges to the processing sector with issues surrounding livestock availability, staffing levels, increased inflationary and regulatory costs.
- I.4.3. Heightened concern around sustainability and the environment is a consistent prominent issue, to which HCC has continued to respond with a strong leadership position and its endorsement of our Welsh red meat production system with its 'The Welsh Way' material.
- I.4.4. HCC proudly defends its hard-earned brand credentials and maintains strict vigilance on their applications through its long-term investment in a world-leading traceability system, in association with partners Oritain.
- I.4.5. The Free Trade Agreements (*FTAs*) struck with Australia and New Zealand still offer some longer-term risks in terms of supply impacts and increased competition from imports to the domestic market and HCC will continue to monitor this situation.
- I.4.6. Key issues related to red meat are primarily associated with access to competitive raw material, its differentiation, and scale from a processing and consumer point of view.
- I.4.7. Size of the Red Meat sector in Wales: The total value of aggregate agricultural output rose by approximately £20 million to around £2.21 billion in 2024. The value of output from cattle remained high at £549 million, whilst the value of output from sheep showed a modest decrease to approximately £319 million. Gross output from cattle and sheep is estimated to be 39% of the value of agricultural output in Wales.
- I.4.8. Employment: The red meat supply chain in Wales directly employs around 50k of which c.5k are employed by the red meat processing sector.

- 1.4.9. Societal importance: The red meat industry in Wales directly supports in excess of c.13k sheep holdings and c.6.5k cattle holdings (*albeit with some overlap*) in Wales. Primarily located in the 80% of Welsh landmass which is particularly well suited for the production of sheep and cattle in an environmentally friendly and efficient way. Land that is in large parts unsuitable for other forms of farming (*e.g. horticulture*). Importantly a significant proportion of these areas would have little alternative economical use to sustain rural communities as well as Welsh culture and language.
- 1.4.10. Welsh Lamb as the 'Halo' brand for Wales: PGI Welsh Lamb and PGI Welsh Beef are extensively recognised across the UK and internationally and underpin the widely recognised character of Wales as a producer of high-quality food products. This is substantiated by strong brand recognition indicators (*e.g. 72% main brand awareness for PGI Welsh Lamb in England and Wales*). Evidence from a number of international trade shows highlight that Welsh red meat is seen as a key 'halo' product for the wider food and drink industry in Wales.
- 1.4.11. Basis for further added value: The well recognised PGI Welsh Lamb and PGI Welsh Beef provides opportunity for lateral brand expansion into other red meat-based categories and/or products. This is challenged by the difficulty in successfully adding value to an already high value raw material combined with continued consumer cost of living challenges.
- 1.4.12. The importance of critical mass: 'Critical mass', in the red meat context, is defined as the minimum number of livestock required by an industry to be economically viable in the medium to long-term. Without adequate livestock numbers to create a workable margin, supply chain businesses such as abattoirs, veterinary practices, marts, feed suppliers and manufacturers, may close or relocate. The closure of such crucial services would create a negative feedback loop potentially leading to increased inefficiencies and eventual failure in the supply chain.
- 1.4.13. The importance of consumer scale: In addition to the above for a product to be successful in the medium to long-term it requires scale in the marketplace because if it doesn't, production and distribution costs make it uncompetitive with respect to the alternatives. Most products start with a low-scale and hence require significant consumer facing investment to increase the scale and make them viable.
- 1.4.14. Sheep:
- 1.4.14.1. Traditionally the key factors influencing livestock numbers are price, government support (*i.e. subsidy*), input costs, and farmer confidence in the future. Deadweight prices are strong when compared to historical averages, with the current average for new season lambs across GB sitting some 80p higher than the 5-year average at £7.48/kg.
- 1.4.14.2. Input costs have increased, future subsidies are unknown until the Welsh Government Sustainable Farming Scheme is fully implemented, and farmer confidence is low due, amongst others, on mixed messages with respect to policy priorities between food production and net zero.
- 1.4.14.3. Our most recent farmer intention survey indicates that 49% of lamb producers intended to maintain their current sheep numbers, with 29% indicating their intention to grow their flock.
- 1.4.14.4. Although forecasting future numbers is difficult our best estimates indicate a further reduction of sheep numbers in the coming years with its corresponding challenges from a food security, competitiveness, critical mass, and consumer scale.
- 1.4.15. Cattle:
- 1.4.15.1. Current projection indicate that dairy production remains stable driven by stable milk demand and relatively healthy returns for dairy farmers. The forecast for beef cattle is concerning as it shows a continued decreasing trend based on the last fifteen years. This is primarily driven by poor returns, animal health challenges, an ageing workforce and potentially a lack of investment in infrastructure.

- 1.4.15.2. The number of red meat processing facilities in Wales has been on a steady decline over the last three decades. Today there are fifteen red meat primary processing facilities with four of them processing c.80% of the volume in Wales.
- 1.4.15.3. There is an increasing risk that some of these facilities could be operating at under capacity which is economically unsustainable in the long-term and could result in further plant closures.
- 1.4.15.4. There is a strong correlation between the number of facilities and livestock production as the processing sector tends to consolidate around economies of scale to reduce processing costs and increase competitiveness.
- 1.4.15.5. The single most important reason for these facilities to exist is access to livestock in sufficient numbers to remain cost competitive.
- 1.4.15.6. There is a current danger of the red meat industry in Wales reaching a tipping point and transforming itself from a significant UK player to a small industry with little scale.
- 1.4.16. Factors impacting the decline:
- 1.4.16.1. Competitiveness/productivity: Despite significant and numerous efforts by the different bodies involved in red meat development in Wales the dispersed nature of the supply base (*leading to a low number of livestock per holding and hence high fixed costs per livestock unit*) combined with its climatic conditions has resulted in Wales's livestock production cost being consistently higher than our key global competitors (*e.g. New Zealand in lamb*).
- 1.4.16.2. Perceived health challenges: Over recent years there has been a negative impact on red meat demand driven by the various and mixed reports on the perceived negative health impact of high red meat consumption. This still remains a challenge, despite significant efforts from the industry to counteract this effect by highlighting the important nutritional aspects of red meat as part of a healthy and balanced diet.
- 1.4.16.3. Price versus other proteins: The combination of positive health messaging from the chicken industry, versatility of the product, and relentless cost reductions driven by the development of the intensively reared broiler industry, have resulted in chicken being the dominant and growing protein in the UK and many other countries.
- 1.4.16.4. Environmental pressures: Undoubtedly ruminant animal production (*cattle and sheep*) have an environmental impact, particularly in the form of methane emissions. The recent narrative around this topic has had a negative impact on farmer confidence. Whilst the protection of the environment is paramount global warming by definition is a global issue; Wales has a role to play in reducing greenhouse gas emissions. A balanced view, however, needs to be considered in the development of policy in relation to environmental gain against the unintended consequences of negative economic and food security impact. Wales's livestock impact on global emissions is estimated to be below 0.5% of the total, based on relative livestock numbers.
- 1.4.16.5. The Welsh climate, land and extensive grass-based production makes it particularly suitable to produce livestock in a comparatively advantageous way from an environmental viewpoint. This is evidenced by results published by HCC, namely the Welsh Way, biodiversity benchmarking, with further environmental baselining currently being undertaken to further underpin these findings.
- 1.4.16.6. Assuming meat demand remains relatively static, if livestock numbers in Wales do not stabilise, we are running the risk of increased imports which would be at the detriment of Welsh producers and would effectively export the environmental impact to other producing countries likely to be less adept in producing livestock with a relatively low environmental impact (*i.e. 'carbon leakage'*).

- 1.4.17. Global red meat demand:
- 1.4.17.1. The OECD-FAO Agricultural Outlook projects a global increase in red meat consumption over the next decade, but with significant regional variations and shifts in consumption patterns. Global beef and sheep meat consumption are both forecast to increase, with projected growth of 11% and 16% respectively by 2033, largely driven by population growth, rising incomes, shifting dietary preferences and expansion of the foodservice sector.
- 1.4.18. UK red meat demand:
- 1.4.18.1. Around 65% of the lamb produced in Wales is consumed in the UK (*with England being the largest market*), whilst the remaining 35% is consumed in export markets. Of these export markets, the EU is by far the largest destination and receives over 90% of the volume of lamb exported from Wales annually. For beef, around 85% of the volume produced is consumed within the UK, and 15% is exported globally – again, with the EU being the biggest market and receiving over 85% of the volume from Wales.
- 1.4.18.2. The importance of scale and seasonality: Retailers are in the business of selling squared metres of sales area which is prioritised on the basis of turnover (*volume sold per unit of time*) and margin. SKU (*stock keeping unit*) proliferation is a key cost driver for both retailers and processors and in order to pursue a better return, lower volume products tend to fall victim of SKU reductions with the net effect that over the long-term lower selling products cease to be present on shelf.
- 1.4.18.3. Naturally a big factor behind volume sales is price and competitiveness; because of this it is paramount for the long-term sustainability of Welsh Lamb and Welsh Beef products additional effort is put into increasing productivity and hence reduced cost without affecting the net return to the producer.
- 1.4.18.4. The effect above is further exacerbated in the case of Welsh Lamb as it is not available in sufficient volumes for part of the year.
- 1.4.19. Barriers to public procurement: Whilst from an economic impact point of view Wales public procurement is not necessarily a large factor for the Welsh red meat industry, we recognise and support its importance from a cultural, societal, and nutritional point of view.
- 1.4.20. Traditionally Welsh red meat has struggled to form part of a public procurement offer due to the following barriers:
- 1.4.20.1. Higher prices when compared with other proteins and/or sources, combined with limited public procurement budgets and spending targets;
- 1.4.20.2. Lack of emphasis on the nutritional benefits of eating red meat as part of a healthy and balanced diet;
- 1.4.20.3. Typically, overly bureaucratic and inflexible procurement schemes leading to large scale suppliers not applying for what they would see as a lower return contracts and smaller-scale suppliers not applying or not having the necessary resources to navigate the system.
- 1.4.21. HCC note the Procurement Act 2023 and Social Partnership and Public Procurement (Wales) Act 2023 places a greater emphasis on social value than in the past as opposed to the most economically advantageous tender which should provide additional opportunities for red meat from Wales into public procurement.
- 1.4.22. Wales needs a thriving livestock sector to maintain a viable red meat industry. This requires a minimal 'critical mass' of livestock to ensure the industry has an economically viable scale. The industry is currently at risk of being near or below that critical mass.
- 1.4.23. In HCC's view a suitable set of policies can be developed that support not only a reduction of the environmental impact of red meat production in Wales but also as importantly an increase in productivity to improve food production to the benefit of the Welsh farmer, supply chain and the global consumer. The Sustainable Farming Scheme (*SFS*) seeks to support farmers in Wales to produce world class, high-quality, food whilst caring for the environment, tackling and adapting to

climate change and building resilience for those who will work and care for the land in the years to come. However, the practical implications of the scheme on red meat producers are still unknown.

1.5 Delivering Value for Money

- 1.5.1. HCC believes that it is delivering good value for money for levy payers with a limited and dwindling budget for what is a broad scope.
- 1.5.2. For the financial year 2024-25, HCC is exclusively funded by levy payers' funds to the tune of circa £4.7 million (including £1.8m Levy Repatriation). To aggravate the pressures on HCC finances, in April 2024 a change to the organisations VAT status had a considerable impact on its buying power. HMRC ruled that HCC levies are outside of the scope of VAT, with effect from 1 April 2024. Prior to this date HCC had always charged VAT on levy invoices and recovered input VAT on all goods and services paid for by the levy. The net impact to HCC has been estimated to be approximately £400k which is no longer able to be recovered on the goods and services it purchases on behalf of levy payers. We are not the only levy body to be affected in this way with the change first being invoked with AHDB and thereafter with HCC and QMS from April 2024.
- 1.5.3. Levy funds are destined to develop and promote Welsh red meat and equates to circa 0.6% of the value of the throughput (2024 – across the three species). Considering the broad scope of HCC activities as required by its remit, this is a substantially lower level of investment when compared to other consumer goods industries. Branded companies would typically invest 5% to 10% of revenues in marketing alone and that is only one of the areas of HCC's scope.
- 1.5.4. As a result of the above HCC has to be selective and careful with the activities and initiatives that are supported on the basis of importance and delivery potential.

1.6 A Year of Activity

- 1.6.1. A range of ongoing pressures continued to affect the industry throughout this trading year. Elevated energy and animal feed costs, inflation, and consumer price sensitivity - driven by the wider cost-of-living crisis - impacted purchasing behaviour. Meanwhile, reduced livestock availability contributed to the strong prices Welsh farmers achieved for both lamb and beef.
- 1.6.2. The key strategic document for the industry - Vision 2025 - draws to a close over the upcoming financial year (2025-26). With a new Chief Executive Officer appointed, HCC is set to produce a successor in the form of Vision 2030 in association with all stakeholders across the supply chain in Wales.
- 1.6.3. Our domestic marketing efforts received positive feedback, with the core campaign under the strapline 'Uniquely Welsh, Experts in their Field' reaching an audience of 19,163,900 and generating 157,369 responsive clicks. As part of the initiative, our strategic partnership with Sky through a loyalty card programme contributed to a year-on-year sales increase of over 20% with a key retailer across England and Wales.
- 1.6.4. The 'Meat Matters for Health' PR campaign, launched in January 2025, achieved a reach of 29.2 million. The campaign gained widespread media traction, featuring in The Telegraph, on radio stations across the UK, and on several popular podcasts.
- 1.6.5. Our updated digital consumer marketing strategies in the UK continued to yield strong performance. The campaigns featured a diverse mix of celebrity chefs and influencers presenting budget-friendly meat recipes tailored to key audiences, particularly in response to the cost-of-living challenges. Complementary materials also promoted the environmental and sustainability credentials of Welsh red meat. Brand awareness of Welsh Lamb rose by 7% year-on-year, with independent verification confirming a continued upward trend in positive perceptions of product quality.
- 1.6.6. In 2024-25, HCC delivered a wide-ranging communications programme aimed at health and education professionals and updated the online platform of Health and Education print and digital resources. They can be found at www.redmeathub.wales / www.hwbcigcoch.cymru.
- 1.6.7. Developing markets were a key focal point this year. In particular, the GCC (Gulf Cooperation Council countries); the Far East and the USA. During the reporting year supply has reached these markets and

focus is now on further development. HCC also enabled entry to the USA and the Kingdom of Saudi Arabia with PGI Welsh Lamb for the first time.

- 1.6.8. HCC's team attended a series of valuable key events that are expected to realise lucrative returns in the coming years, including SIAL Paris (*one of the top food and beverage trade shows in Europe*), and Gulfood 25, where activities off-stand included presenting PGI Welsh Lamb at the UK embassy in Dubai as part of a St David's Day celebration gala and an Embassy dinner for retail buyers and processors. HCC also attended Foodex Japan in Tokyo and the New York Summer Fancy Foods show.
- 1.6.9. Alongside these key shows, HCC delivered an array of successful promotional activities to support key export accounts across our established, developing and new markets. Some campaigns of noteworthy mention are the sponsoring of the Japan lamb festival in Tokyo; sponsoring the highest high tea event in the world in Dubai; creating a chef's table event for PGI Welsh Lamb in Hong Kong; supporting two masterclass events in Italy and one in the Netherlands to showcase Welsh Lamb; attended the Lebensmittel Fleisch congress in Germany and we hosted two Italian key account inwards missions to Wales.
- 1.6.10. In addition to developing and extending established marketplaces, HCC works tirelessly to obtain access to new markets and works with the UK Export Certification Partnership.
- 1.6.11. HCC continued to ensure the scrupulous efficacy of audits to underpin the integrity of the Welsh Lamb and Welsh Beef brands.
- 1.6.12. Resources continued to be prioritised into clear communications to the industry and stakeholders to keep all informed of HCC activity and market intelligence.
- 1.6.13. HCC continued to integrate and embed sustainability principles throughout all its activity, extending its work during the financial year as a thought leader on sustainable food production and land management. It further developed its data-driven and evidenced-based position on sustainability to assist, promote and guide the industry through an ever-challenging and evolving context.
- 1.6.14. HCC continued to promote its well-regarded sustainability route map - The Welsh Way - and to focus on the concept and practicalities of a total environmental footprint.
- 1.6.15. HCC continue to use the positive Life Cycle Analysis (*LCA*) results for Welsh Lamb and Welsh Beef, undertaken by SAC Consulting to inform industry of the positive contribution red meat farming in Wales has on the environment. HCC launched the 'De-carbonising Welsh Beef' project during 2024. Supported by external funding from the Arfor Challenge Fund, the 12-month deep dive involving Welsh speaking beef farmers - within Anglesey, Gwynedd, Carmarthenshire and Ceredigion - sought to evaluate both economic and greenhouse gases (*GHG*) gain from early finishing and capitalising on beef cattle derived from the Welsh dairy herd.
- 1.6.16. Work on the continued evolution of the provenance-based Welsh brands included the five environmental metrics - carbon, biodiversity, water, soil health, and air quality - that reflect the total environmental footprint of 'The Welsh Way' of producing red meat. Following a biodiversity baseline published in 2023, a survey of water usage on Welsh farms was conducted in 2024-25 with results used internally and to inform research papers.
- 1.6.17. As well, HCC partnered with other UK sector and levy partners on an industry-led beef and lamb roadmap to net zero brief.
- 1.6.18. The HCC Conference - Succeeding in Global and Domestic Markets - was held on 14 November 2024 at the Royal Welsh Showground, Llanelwedd. The conference explored global and domestic demand drivers, it highlighted how HCC is working in partnership with the supply chain to meet those needs and showcased best practice from within the industry.
- 1.6.19. Several other events were attended with the main aim of engaging with stakeholders across the supply chain and promoting HCC's key messages and core activities. A different format was trialled at the Royal Welsh Show which did not include cooking demonstrations. The demonstrations returned for the Winter Fair later in the year. Breakfast events were held at both, which were well attended and gave an opportunity to highlight key messages on the importance of the sector to Wales.

- 1.6.20. Other engagement events included a college roadshow to share Research and Development (*R&D*) and industry information amongst students, a three-day school event working in partnership with Young Farmers' Clubs (*YFC*) and Food Service, as well as two national midwifery conferences for Health Professionals, and attending the National Education Shows in Llandudno and Cardiff.
- 1.6.21. In April 2024, HCC was an invited speaker and sponsored a livestock session at the prestigious British Society of Animal Science conference (*BSAS*), which was an opportunity to showcase HCC's R&D portfolio and as well as the valuable legacy and achievements of the HCC Red Meat Development Programme projects. This included the key findings from the Welsh Lamb meat quality project, The Stoc+ animal health planning project and the Hill Ram Scheme as well as findings from the Grow Wales Green project in which HCC is an active partner.
- 1.6.22. HCC has had a proactive role in the SMART Nutrient Cymru project; a multi partner project spanning from field to fork tackling the challenge of minimising nutrient losses and optimising the value of 'forgotten meats.' As a key partner in the Land Use for Net Zero (*LUNZ*) Grasslands project, HCC manages the Welsh beef and sheep cluster where agroecological grassland management practices are being assessed for overall sustainability using the Global Farm Metric that incorporates a carbon footprint using Agrecalc. HCC also has an active role in facilitating the work package that aims to understand perceptions of land managed on the journey to net zero. Opportunities to share R&D activities are regularly taken, ranging from seminars at industry events to flock health clubs and the British Society of Animal Science (*BSAS*) conference.
- 1.6.23. The HCC Sustainable Innovation Research and Development Working Group which is comprised of key partners in relevant academic research, industry and stakeholder groups along the red meat supply chain, continues to progress future R&D initiatives.
- 1.6.24. An important and successful addition to the R&D portfolio is the Meat Minds initiative that recruited ten leaders (*aged 21-35*) across the supply chain from farm to retail. HCC worked with them to explore technical sessions spanning the red meat supply chain, including one on health and the farmed environment, to meat in a balanced diet, assigned each member to a mentor and codesigned and delivered two group projects. The Meat Minds participants assisted HCC in a number of ways, including undertaking butchery demonstrations and acting as ambassadors for the red meat industry.
- 1.6.25. This year saw the launch of the 2024-25 England and Wales Grass and Clover Recommended list. This world-leading, independent evaluation of new varieties represents a reference bible for improved grasslands efficiency.
- 1.6.26. HCC sponsored twelve beef and sheep farmers in Wales who contributed data and information to joint levy board flagship project GrassCheckGB on a weekly basis. This data was incorporated into a predictive modelling tool developed by researchers in the project. An online workshop was held to share the results of this programme.
- 1.6.27. HCC is a leading participant in the RamCompare scheme, which seeks to evaluate and demonstrate the value of high index terminal sire rams from a range of terminal sire breeds to all commercial flocks in the UK. The data collected enables genomic breeding values to be developed.
- 1.6.28. A joint RamCompare/GrassCheckGB on-farm event in north Wales showcased how genetics and grazing management combine to maximise performance from a sheep flock.
- 1.6.29. HCC are members of the Livestock Core Group which met at regular intervals during the year, particularly in the autumn, as a response to the increased cases of Bluetongue that were reported during the year.
- 1.6.30. In September 2024, HCC supported the Farming Connect 'Our Farms' events which involved open days on several farms across Wales. HCC provided information and the latest research to attendees.

1.6.31. The HCC 2024 Livestock Scholarship was awarded to Will Powell from Cross Gates, Llandrindod Wells. Will's scholarship looked at farming practices in the USA, specifically the use of genomics, feed efficiency and modern technologies to create efficient, sustainable and environmentally friendly suckler cows. Will visited 6 farms, publicised his scholarship through social media whilst in the USA and presented to a number of farmer groups. His presentation is available on the HCC website and results of his studies will continue to be disseminated over the coming year.

A handwritten signature in black ink, appearing to read 'Will Powell', written over a horizontal line.

Accounting Officer
13 November 2025

2. Directors' Report

2.1 The Directors present herewith their report, together with the audited financial statements of the company, for the year ended 31 March 2025.

2.2 Results

2.2.1 The result for the year was a surplus of £342,346 (2024 deficit £437,871).

2.3 Principal Activity and Strategic Report

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

2.3.2 HCC has worked towards targets contained in the Business Plan for 2022-26 and the objectives of Vision 2025. These are as set out in the Annual Report on pages 3 to 11.

2.3.3 The result for the year can be found in the Statement of Comprehensive Expenditure on page 32 and the position of the company at the year-end in the Balance Sheet on page 33.

2.3.4 Key financial performance indicators for the company are:

	2025 £	2024 £
Levy Income	4,670,061	4,471,478
Grant Income	311,832	976,569
Operating Surplus/(Deficit)	338,797	(505,274)

(Table 1: Key Performance Indicators)

2.3.5 The Welsh Red Meat Levy rates were increased in April 2023, and following a conversation with industry, a mechanism to link future levy increases to the Consumer Prices Index including owner occupiers' housing costs (CPIH) was recommended by the HCC Board and subsequently signed off by the Minister.

2.3.6 The mechanism did not include an automatic annual increase but allowed the HCC Board to make any increase recommendations to the Minister based on the previous calendar year's CPIH without industry consultation. Prior to 2023 the Welsh Red Meat Levy rates had been static for 12 years (since 2011), and increases before that were in 2001 (10 years previous) and in 1996.

2.3.7 Levy rate increases in the past were one-off increases agreed by the industry to reflect inflationary changes over the preceding years. In 2011 the rates were increased by 24 percent.

2.3.8 The Board proposed, approved by the Minister, that the mechanism introduced in 2023, to apply an increase in levy rates based on CPIH for the previous year, is applied to levy rates as of April 2024, in line with CPIH, which rose by 4.2% in the 12 months to December 2023.

2.3.9 The impact on levy is illustrated in table 2 below:

Livestock Category	2023-24			2024-25		
	Producer Levy £	Slaughter /Export Levy £	Total Levy £	Producer Levy £	Slaughter /Export Levy £	Total Levy £
Sheep	0.69	0.22	0.91	0.72	0.23	0.95
Cattle	4.74	1.45	6.19	4.94	1.51	6.45
Calves up to 68kg	0.093	0.093	0.19	0.097	0.097	0.19
Pigs	1.15	0.27	1.42	1.20	0.28	1.48

(Table 2: Welsh Red Meat Levy Rates 2024-25)

Directors' Report (continued)

- 2.3.10. Despite the increase in levy rates, HCC has been impacted by shortcomings in projected levy payments in the 2024-25 financial year due to a contraction of the national flock, and a reduction of the lamb crop.
- 2.3.11. A market valuation of the office building was carried out at 31 March 2024 at a value of £600,000. 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 2027.

2.4 Environmental Policy

- 2.4.1. HCC is committed to minimising the impact of its activities on the environment seeking to continually improve business operations to lessen the impact on the local and global environment.
- 2.4.2. The strategy is to promote sustainability and environmental awareness throughout the organisation by:
- 2.4.2.1 Incorporating energy and natural resources efficiency measures into the organisation's facilities;
 - 2.4.2.2 Adopting a procurement programme which takes into account the environmental impact of products and services;
 - 2.4.2.3 Preventing pollution and reducing consumption of resources through waste management strategies that promote waste minimisation re-use, recovery and recycling;
 - 2.4.2.4 Promoting appropriate business travel and car-pooling where suitable; and
 - 2.4.2.5 Ensuring staff are aware of the environmental impacts of their work activities and provide support to minimise those impacts
- 2.4.3. In addition, HCC complies with applicable environmental legislation.

2.5 Employees

- 2.5.1. 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.
- 2.5.2. At the year end, the analysis by gender of the full-time staff was as follows:

	Female		Male	
	2025 No.	2024 No.	2025 No.	2024 No.
Staff	21	26	7	7

(Table 3: Staff Gender Analysis)

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

	Female		Male	
	2025 No.	2024 No.	2025 No.	2024 No.
Directors	3	3	6	8

(Table 4: Board Members Gender Analysis)

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

Directors' Report (continued)

2.6 Principal Risks and Uncertainties

- 2.6.1. The company's risk framework is outlined on page 19. This ensures that HCC's internal systems identify, monitor and respond to risks. HCC's strategic risks have been listed on page 20. The principal financial risks are recorded here.
- 2.6.2. HCC faces several principal risks and uncertainties that could significantly impact the Welsh red meat sector. These include:
- 2.6.2.1 Post-Brexit Trade and Market Access
- 2.6.2.1.1 Export challenges: Although Wales exports less to the EU than other UK regions, the red meat sector is still highly dependent on EU markets. Any trade barriers, tariffs, or regulatory divergence could reduce competitiveness;
- 2.6.2.1.2 Regulatory uncertainty: Changes in food safety, animal welfare, and environmental standards post-Brexit could create compliance burdens or restrict market access.
- 2.6.2.2 Labour Shortages
- 2.6.2.2.1 The sector relies heavily on EU migrant labour, particularly in processing plants. Post-Brexit immigration rules have made it harder to recruit skilled and seasonal workers, threatening operational capacity.
- 2.6.2.3 Agricultural Policy Reform
- 2.6.2.3.1 The transition from EU Common Agricultural Policy (*CAP*) subsidies to new UK and Welsh Government schemes introduces uncertainty. There are concerns about the financial viability of farms if direct support is reduced or restructured.
- 2.6.2.4 Declining Livestock Numbers
- 2.6.2.4.1 There has been a notable drop in breeding sheep numbers in Wales, which threatens the viability of the entire red meat supply chain from farmers to processors.
- 2.6.2.4.2 HCC is heavily reliant on income from 3 major processors. The closure of any of these would have a potential significant impact on HCC's income.
- 2.6.2.5 Climate Policy and Sustainability Pressures
- 2.6.2.5.1 Welsh Government policies aimed at achieving net zero emissions are perceived by some in the industry as being at odds with livestock farming. Reducing herd sizes to meet climate targets could undermine food security and rural economies.
- 2.6.2.6 Economic and Market Volatility
- 2.6.2.6.1 Fluctuations in input costs (e.g., feed, fuel, fertiliser), consumer demand, and global meat prices can significantly affect profitability.
- 2.6.2.6.2 Cost-of-living pressures may also shift consumer preferences toward cheaper, imported meat, impacting demand for Welsh products.
- 2.6.2.7 Brand and Consumer Perception
- 2.6.2.7.1 Maintaining the premium image of Welsh Lamb and Welsh Beef is crucial. Any food safety incidents, animal welfare concerns, or negative publicity could damage consumer trust and export potential.
- 2.6.3. Given the breadth and depth of the challenges facing the Welsh red meat industry, it is essential that the Welsh red meat industry has a sufficiently funded red meat body to undertake development, promotion and marketing of Welsh red meat, both at home and abroad; and maintain the momentum already achieved.

Directors' Report (continued)

- 2.6.4. Despite the Red Meat Levy rates increase in April 2024 HCC is still impacted by increased inflation and the knock-on effect to its spending power, with known cost inflation incorporated in the forecasted budget for 2025-26 with some confirmed contractual increases between 5-10% on the previous year, and assumed 3% inflation on other spend categories. HCC has also budgeted for the Welsh Government pay inflation of 3%.
- 2.6.5. In short HCC's income will be impacted by both reduced levy recovery when compared to the historical position and the inability to reclaim VAT alongside an increase in operating costs.
- 2.6.6. The organisation will continue to identify opportunities to deliver efficiencies by reducing expenditure where appropriate and increasing and maximising income with a continued focus on achieving the best value for money for the Welsh pound.

2.7 Directors and their Interests

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

Name	Status of Appointment	Date of Appointment	Term of Office	Date of resignation	Interests
CM Smith	Chair	1 April 2021 Reappointed 1 April 2024 (2 nd Term)	3 Years		Red Meat Sector Consultant Senior Officer, Regeneration Team, Vale of Glamorgan Council Director: Food Redistribution Wales Ltd (Appointed 1 January 2025); Wynnstay Group PLC (Appointed 1 April 2025); Celtic Pride Ltd (Appointed 10 July 2025)
GR Davies	Director	1 April 2021 Reappointed 1 April 2023 (2 nd Term)	3 Years	12 June 2024	Estate & General Manager, Rhug & Glynllifon Estate. Partner, Vale Vineyard – Gwinllan y Dyffryn. Trustee – Rhug Charitable Trust
GW Davies	Director	1 April 2017 Reappointed 1 April 2023 (3 rd Term)	3 Years		Chief Executive, Wynnstay Group PLC (Resigned 23 August 2024) Director: Fane Valley Cooperative (Appointed 1 September 2025); Director: Resigned 23 August 2024 from following: Eifionydd Farmers Ltd; Glasson Grain Ltd; Glasson Group (Lancaster) Ltd; Grainlink Ltd; Humphrey Feeds Ltd; Humphrey Pullets Ltd; Humphrey Poultry (Holdings) Ltd; Shropshire Grain Ltd; Tamar Milling Ltd; Welsh Food Producers Ltd; Woodheads Seeds Ltd; Wrekin Grain Ltd; Wynnstay (Agricultural Supplies) Ltd; Youngs Animal Feeds Ltd. Resigned 30 January 2025 from Agricultural Industries Confederation Ltd; Resigned 5 March 2025 from Bibby Agricultural Ltd; Resigned 7 March 2025 from Wyro Developments Ltd; Resigned 27 March 2025 from Wynnstay Group PLC;
JT Davies	Director	1 April 2017 Reappointed 1 April 2023 (3 rd Term)	3 Years		Farmer Director - Cwmbetws Ltd.
HH Evans	Director	1 April 2023	3 Years		Farmer
AJP Evershed	Director	1 April 2021 Reappointed 1 April 2024 (2 nd Term)	2 Years		Farmer Partner – Evershed & Co
MW Humphreys	Director	1 April 2023	3 Years		Retired Researcher Professor Emeritus, IBERS Aberystwyth University
DP Morgan	Director	1 April 2021 Reappointed 1 April 2023 (2 nd Term)	3 Years	12 June 2024	Procurement Director, Kepak. Farmer. Director of Frydlan Ltd. Member - Welsh Quality Food Certification Board

Directors' Report (continued)

Name	Status of Appointment	Date of Appointment	Term of Office	Date of resignation	Interests
RE Roberts	Director	1 April 2021 Reappointed 1 April 2024 (2 nd Term)	2 Years		Farmer. Director: Heidro Harnog Cyf; Clwb Rybgi Dolgellau Cyf; Honorary President and Board Member - Farmers Marts (RG Jones) Ltd; Member - NFU Cymru Less Favoured Areas Board
CE Sanger-Davies	Director	1 April 2023	3 Years		Marketing Consultant; Director: The Liverpool and Merseyside Theatres Trust Ltd; Experience Marketing Ltd; The Bluecoat.
V Spencer-Francis	Director	1 April 2023	3 Years		Founder and Managing Director; Director of Cowshed Communication Ltd.

(Table 5: Board Members and their Interests)

2.8 Future Developments

- 2.8.1. The company will continue to develop and promote Welsh red meat through its levy income and any available grant income.
- 2.8.2. HCC's strategic purpose and priorities, underpinned by the Red Meat Industry (Wales) Measure 2010, is established from its Vision documents. This is an important document that sets the foundations to build the future of the industry and acts as a blueprint for HCC to support and unite all elements of the sector and supply chain.
- 2.8.3. HCC re-published an updated Red Meat Vision for Wales in November 2022; which runs until the spring of 2026. The Vision, which aligns with Ministerial appointments, informs the development of HCC's Business Plan.
- 2.8.4. From January 2025 HCC engaged with industry on the development of a new Welsh Red Meat Industry Vision, 2026-30.
- 2.8.5. The initial engagement process identified a number of areas for consideration that might impact on the Vision development:
- 2.8.5.1 Senedd election timeline: The next Senedd election is due to occur on 7 May 2026, with the official pre-election period starting six weeks prior to this date. It is worth noting that it is highly unlikely that any strategic documents or statements will be announced or approved by Welsh Government during and leading up to this period due to potential perceived political sensitivities. As such there is limited scope for movement in the proposed timeline.
 - 2.8.5.2 Lack of clarity on potential funding availability and conditions of funding: It has been identified that HCC should seek to review and develop additional funding streams to augment and complement current levy income; with the most appropriate avenue for doing so being Welsh Government.
 - 2.8.5.3 Potential overlap and confusion on delivery: A number of respondents during the initial discussions have highlighted the perceived overlap in delivery between HCC and private sector organisations (*due to their delivery of Welsh Government agri-food programmes*). It has become clear that a future Vision would need to identify, highlight, and confirm, the responsibility/remits of each delivery partner going forward.
 - 2.8.5.4 Continuous or ongoing funding: HCC delivered the Red Meat Development Programme (RMDP) between 2018-23 which was a funded via EU and Welsh Government through the Rural Communities – Rural Development Programme 2014 2020. The £9.2m funded programme highlighted potential issues with time constrained funding streams, including the inconsistent 'peaks and troughs' on cashflow of such programmes. Funding provided for work delivered by HCC would therefore need to be mapped over a number of financial years (*i.e. to take into consideration the whole time period of Vision*).

Directors' Report (continued)

2.8.5.5 Review of HCC's remit and breadth of scope: A review of HCC core remit should be undertaken, if not concurrently, then soon after the production of the new Vision. The July 2025 review should consider HCC's role in supporting the Vision, along with areas where wider industry partners and funded programmes should be involved. Recommendations from the Senedd's ETRA Committee inquiry, along with the Welsh Government's response, should inform this remit review and the broader Vision 2030 paper.

2.8.6. Vision 2030 is expected to be ratified by the Board on 13 November 2025 and then sent for Welsh Government approval.

2.9 Share Capital

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

2.10 Auditors

2.10.1. 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.

2.11 Governance Statement

2.11.1. Governance Framework

2.11.1.1. 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.

2.11.1.2. 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".

2.11.1.3. HCC is funded by grant income 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.

2.11.1.4. *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.

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

2.11.1.6. *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 2025 was as follows: - G W Davies (Chair); J T Davies; A J Evershed; CE Sanger-Davies.

2.11.1.7. *HCC's Remuneration Committee*

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

Directors' Report (continued)

Governance Statement (continued)

2.11.2. Review of effectiveness

2.11.2.1 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.

2.11.2.2 The company's systems are under constant review.

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

2.11.2.4 Financial Reporting

Gained an understanding of the current areas of greatest financial risk and how management is managing them effectively.

2.11.2.5 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.

2.11.2.6 Internal Audit

The Committee reviewed reports from the internal auditors.

2.11.2.7 External Audit

Reviewed the external auditors' proposed audit scope and approach and ensured no unjustified restrictions or limitations had been placed on the scope.

2.11.3. The purpose of the system of internal control

2.11.3.1. 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.

2.11.3.2. 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.

2.11.3.3. The system of internal control has been in place for the year ended 31 March 2025 and up to the date of approval of the financial statements and accords with Treasury guidance.

2.11.4. Capacity to handle risk

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

2.11.4.2. 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)

Governance Statement (continued)

2.11.5. The Risk Framework

2.11.5.1. 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.

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

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

2.11.5.4. 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.

2.11.5.5. Risk Register

A Risk Register is in existence, identifying risks and ranking them for risk and effect. The register is examined regularly by the leadership team and reviewed by the Audit and Risk Committee.

Nine strategic risk themes exist:

Risk No.	Strategic Risk
SR1	Inability to maintain financial health and maximise on all funding opportunities
SR2	IT infrastructure is not secure, resilient, and flexible enough to meet future demand and challenges
SR3	Failure to maintain a safe environment and estate for staff, visitors, and all stakeholders
SR4	Inability to respond effectively to a major disruption / event
SR5	Ineffective governance, leadership, and oversight
SR6	Failing to recruit, develop, engage, and retain our staff
SR7	Failure to meet expectations and needs of stakeholders (<i>Levy Payers, Welsh Ministers</i>)
SR8	Failure to maintain the Welsh Red Meat Brand (<i>Supply Chain Failure</i>)
SR9	Failure to effectively evidence and underpin the Welsh Red Meat Industry's sustainability credentials

(Table 6: Strategic Risks)

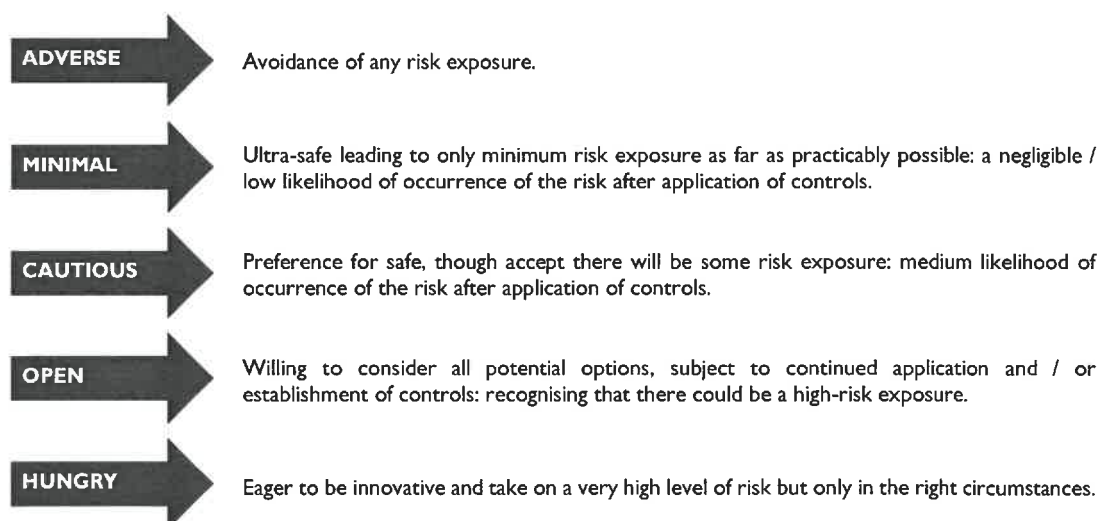
Outlined below is a description of the principal risk factors that may affect the organisation. Not all the factors are within HCC's control. Other factors besides those listed below may also adversely affect the organisation.

Directors' Report (continued)

Governance Statement (continued)

Risk	Description	Risk Appetite	Key Mitigations
Inability to maintain financial health and maximise on all funding opportunities	Funding uncertainties impacted by volatility and unpredictability of livestock numbers and throughput at processing plants.	Open and Minimal	Ongoing Forecast review; Cash Flow monitoring to ensure compliance with Framework cash tolerance threshold; Vision 2030 – source alternative funding from WG to deliver remit of Red Meat Measure
IT infrastructure is not secure, resilient, and flexible enough to meet future demand and challenges	Cyber-attacks increasing in frequency and complexity	Cautious	Critical Incident Policy defines contingency procedures for recovery from disruption of computer and/or network services. Cyber Insurance in place which provides cover for breach response, legal & regulatory costs, business interruption, cybercrime cover, data restoration.
Failure to maintain a safe environment and estate for staff, visitors, and all stakeholders	Breach of duty of care	Minimal	Annual audit and H&S advisory service provided by NatWest Mentor.
Inability to respond effectively to a major disruption / event	Clear plan to maintain safe narrative on Red Meat - decisive contingency planning for such an event is paramount	Cautious	Critical Incident policy and procedures in place covers a list of core incidents and how these will be implemented.
Ineffective governance, leadership, and oversight	Succession planning and changes to political landscape	Minimal	HCC has developed its Vision 2025, which sets out the strategic direction and clearly describes its aims and priorities. From January 2025 HCC engaged with industry on the development of a new Welsh Red Meat Industry Vision, 2026-30.
Failure to recruit, develop, engage, and retain our staff	Retain high quality motivated staff with breadth of experience and high work ethic; creating a positive working environment	Open and Cautious	Extensive and up to date training. Competitive salaries, benefits and other key incentives, including flexible and hybrid working.
Failure to meet expectations of stakeholders	Increasing expectation of levy payers in terms of levels of delivery against remit. Spreading finite resource broadly – wide statutory remit. Maintaining delivery whilst facing financial pressures.	Minimal	Effective marketing strategies and stakeholder engagement. Monitoring Framework reviews performance against targets throughout the year.
Failure to maintain the Welsh Red Meat Brand (<i>Supply Chain Failure</i>)	Closure of the larger abattoirs in Wales. Reduction in critical mass as industry struggles to respond to Sustainable Farming Scheme (SFS).	Minimal	Established key account relationships with multiple retail and foodservice sector.
Failure to effectively evidence and underpin the Welsh Red Meat Industry's sustainability credentials	Meeting Welsh Government targets on Climate Change. Increasing weather pattern shifts impacting supplies and productivity.	Open	Stakeholder Advisory Board created to provide input and feedback on sustainability initiatives.

(Table 7: Strategic Risks - Description)



Directors' Report (continued)

Governance Statement (continued)

2.11.5.6. 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.

2.11.5.7. Business and Operational Plan

Under new governance arrangements, HCC has prepared a Business Plan 2022-26 covering the term of Government. An Annual Operational Plan and Budget is presented to the Board. The Plan for 2024-25 was approved at the March 2024 Board meeting.

2.11.5.8. Financial Reporting

Financial reports are regularly presented to the Board.

2.11.5.9. 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.

2.12 Internal Audit

2.12.1. The Audit & Risk Committee has advised the Board of Directors that the organisation has an effective framework for governance and risk management in place. The Audit & Risk Committee believes the organisation has effective controls in place. The specific areas of work undertaken by the Audit & Risk Committee in 2024-25 and up to date of the approval of the financial statements are shown in *Table 6* below confirming the assessment of each control objective identified:

System	Review Type	Green	Yellow	Amber	Red
Budgetary Control including Grants	Assurance	1	2	-	-
Business Continuity and Incident Management	Assurance	1	4	-	-
Review of Current Systems and Procedures	Advisory	N/A	N/A	N/A	N/A
Health and Safety Requirements	Assurance	2	1	-	-

(Table 8: Internal Audit Reviews – Areas of Work Undertaken)

2.12.2. The 'Review of Current Systems and Procedures' provided an advisory report and therefore, no assurance RAG rating is given.

2.12.3. Control objective assessment definitions:

2.12.2.1. Green: Control objective achieved – controls are adequate, effective and efficient.

2.12.2.2. Yellow: Control objective achieved – no major weaknesses but scope for improvement.

2.12.2.3. Amber: Control objective not achieved – controls are inadequate or ineffective.

2.12.2.4. Red: Fundamental absence or failure of key controls.

2.12.4. The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented. The following number of issues per grading were made on audit work carried out in 2024-25 :

Directors' Report (continued)

Governance Statement (continued)

System	Review Type	No. of issues per grading			
		4	3	2	1
Budgetary Controls including Grants	Assurance	-	-	1	1
Business Continuity and Incident Management	Assurance	-	-	4	-
Review of Current Systems and Procedures	Advisory	3	4	11	-
Health and Safety Requirements	Assurance	-	-	5	1

(Table 9: Summary of Internal Audit report recommendations by control assessment and action grade)

2.12.5. Management Action Prioritisation Definitions:

- 2.12.5.1. [4] Very High Risk Exposure – major concerns requiring immediate senior attention that create fundamental risks within the organisation
- 2.12.5.2. [3] High Risk Exposure – absence / failure of key controls that create significant risks within the organisation
- 2.12.5.3. [2] Moderate Risk Exposure – controls are not working effectively and efficiently and may create moderate risks within the organisation
- 2.12.5.4. [1] Limited Risk Exposure – controls are working effectively, but could be strengthened to prevent the creation of minor risks or address general house-keeping issues

2.12.6. The 3 very high risk exposure issues relate to the following areas and were all actioned in a timely manner:

- 2.12.6.1. Payroll: Removal of manual 3rd party intervention to the process of changing personal bank details;
- 2.12.6.2. Banking: Changes required to bank mandates following a number of key personnel changes;
- 2.12.6.3. Data Protection: Introduction of Records of Processing Activity (ROPA) in addition to Information Asset Register (IAR).

2.12.7. Audit opinion confirms that, Hybu Cig Cymru - Meat Promotion Wales has a framework of governance, risk management and controls that provides **reasonable assurance** regarding the effective and efficient achievement of objectives.

2.12.8. There were no areas reviewed by internal audit where it was assessed that the overall effectiveness of the internal control arrangements provided 'no assurance'.

2.13 Sickness Absence

- 2.13.1. During the year, HCC's sickness absence rate amounted to 2.33% (2024 4.90%). Long-term sickness absence (periods of greater than 4-weeks) accounting for 1.25% (2024 3.14%).

2.14 Statement as to Disclosure of Information to Auditors

- 2.14.1. 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.
- 2.14.2. 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.

2.15 Statement of Directors' Responsibilities

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

Directors' Report (continued)

Statement of Directors' Responsibilities (continued)

- 2.15.2. 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*").
- 2.15.3. 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.
- 2.15.4. 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.
- 2.15.5. In preparing the financial statements, the Directors are required to:
- 2.15.5.1. select suitable accounting policies and then apply them consistently;
 - 2.15.5.2. make judgements and accounting estimates that are reasonable and prudent;
 - 2.15.5.3. state whether they have been prepared in accordance with IFRS as adopted by the EU;
 - 2.15.5.4. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- 2.15.6. 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.
- 2.15.7. 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.



C Smith
Chair
13 November 2025

3. Remuneration Report

3.1 Remuneration Committee

3.1.1. 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 2025 was as follows: - J T Davies (*Chair*), C Smith, and A J Evershed.

3.2 Statement Of Remuneration Policy

3.2.1. 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.

3.2.2. C Smith was appointed as Chair from 1 April 2021 for a term of 3 years. She was re-appointed by the Cabinet Secretary for Environment and Rural Affairs from 1 April 2024 for a further three-year period. Her remuneration is set at £350 per day for the duration of her term of office.

3.2.3. Of the Directors in office at the date of this report, 4 Directors were appointed from 1 April 2023 for a period of 3 years, 1 Director was re-appointed by the Cabinet Secretary for Environment and Rural Affairs from 1 April 2023 for a further three-year period, 2 Directors were re-appointed from 1 April 2024 for a period of 2 years, and 2 new Directors were appointed from 1 April 2025 for a period of 3 years.

3.2.4. The remuneration of the non-executive Directors was set at £300 per day plus expenses.

3.3 Attendance Records

3.3.1. The Board met 6 times during the period April 2024 to March 2025. The number of Board meetings attended by the Directors are as follows:

	2025	2024
CM Smith	6	6
GR Davies	-	6
GW Davies	6	6
JT Davies	6	5
HH Evans	6	6
AJP Evershed	6	6
MW Humphreys	6	5
DP Morgan	1	5
RE Roberts	5	6
C E Sanger-Davies	5	5
V Spencer-Francis	6	5

(Table 10: Board Member Attendance Record)

3.3.2. 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.

Remuneration Report (continued)

3.3.3. The Audit & Risk Committee met 4 times during the period April 2024 to March 2025. The number of meetings attended by committee members are as follows:

	2025	2024
GR Davies	-	4
GW Davies	4	4
JT Davies	4	4
AJP Evershed	4	4
CE Sanger-Davies (<i>appointed 5 December 2024</i>)	1	-

(Table 11: Audit & Risk Committee Member Attendance Record)

3.3.4. The Remuneration Committee met 2 times during the period April 2024 to March 2025. The number of meetings attended by committee members are as follows:

	2025	2024
JT Davies	2	4
AJP Evershed	2	4
C Smith	2	4

(Table 12: Remuneration Committee Member Attendance Record)

3.4 Directors Emoluments (*Auditable*)

3.4.1. Emoluments of the Directors who served throughout the year to 31 March 2025 are as follows:

	Remuneration		Expenses	
	2025 £	2024 £	2025 £	2024 £
CM Smith	19,513	27,213	2,435	2,806
GR Davies	-	4,650	-	560
GW Davies	4,725	3,750	525	439
JT Davies	4,725	3,300	755	280
HH Evans	3,975	20,025	355	617
AJP Evershed	6,075	5,325	162	125
MW Humphreys	4,350	3,450	269	200
DP Morgan	600	3,750	20	230
RE Roberts	4,275	4,800	482	427
C E Sanger-Davies	3,825	3,300	777	519
V Spencer-Francis	3,300	3,600	411	401

(Table 13: Directors' Emoluments)

Remuneration Report (continued)

This section of the Remuneration Report is auditable

3.4.2. 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.

3.4.3. In addition to the Directors, the emoluments of the Accounting Officer (*appointed 20 January 2025*), were as follows:

	2025 £	2024 £
Remuneration (<i>FTE Annualised Salary</i>)	120,001 – 125,000	-
Remuneration (<i>paid in year</i>)	24,753	-
Benefits in Kind	373	-
Pension Contributions	1,278	-

(Table 14: Accounting Officer Emoluments)

3.4.4. The outgoing Chief Executive Officer (CEO) tendered their resignation after a period of absence, effective 14 June 2024. Subsequently, a disciplinary process was concluded, which resulted in the Board deciding that the individual would have been dismissed had they not resigned. The Board took appropriate steps to ensure continuity of leadership and initiated a process to identify and appoint a new CEO. In the interim, the responsibilities of the CEO were undertaken by an Interim CEO to ensure smooth operations and adherence to the organisation's strategic goals.

3.4.5. The emoluments of the outgoing Accounting Officer (*resigned 14 June 2024*), were as follows:

	2025 £	2024 £
Remuneration (<i>FTE Annualised Salary</i>)	125,001 – 130,000	125,001 – 130,000
Remuneration (<i>paid in year</i>)	42,543	125,599
Benefits in Kind	3,329	5,419
Pension Contributions	7,285	60,000

(Table 15: Outgoing Accounting Officer Emoluments)

3.4.6. An Interim Chief Executive Officer / Accounting Officer was appointed by the Board for the period between 11 January 2024 and 31 January 2025, following an extended period of absence of the Chief Executive Officer, and the retirement of the Head of Finance and Corporate Governance, who had temporarily taken on the role of Interim Accounting Officer between 23 June 2023 and 31 January 2024.

3.4.7. The emoluments of the Interim Chief Executive Officer / Accounting Officer, were as follows:

	2025 £	2024 £
Remuneration (<i>payable in year</i>)	217,742	31,507
Expenses	3,664	1,091
Benefits in Kind	-	-
Pension Contributions	-	-

(Table 16: Interim-Accounting Officer Emoluments)

3.4.8. The engagement of the Interim Accounting Officer was reassessed for compliance purposes and determined to be in-scope of IR35. In-year remuneration includes a provision of £85k for HMRC tax and National Insurance liability. This is subject to formal HMRC assessment and may increase or decrease.

Remuneration Report (continued)

3.4.9. Highly paid off-payroll worker engagements as at 31 March 2025, earning £245 per day or greater:

	No.
No. of existing engagements as of 31 March 2025	1
Of which, no. that existed:	
Less than 1 year	1

(Table 17: Highly paid off-payroll worker engagements as at 31 March 2025)

3.4.10. All highly paid off-payroll workers engaged at any point during the year ended 31 March 2025, earning £245 per day or greater:

	No.
No. of temporary off-payroll workers engaged during the year ended 31 March 2025	2
Of which:	
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	1
Subject to off-payroll legislation and determined as out-of-scope of IR35	1
No. of engagements reassessed for compliance or assurance purposes during the year	1
Of which: no. of engagements that saw a change to IR35 status following review	1

(Table 18: Highly paid off-payroll workers engaged at any point during the year ended 31 March 2025)

3.5 Fair Pay Disclosures

	Ratio to highest paid employee 2025	Remuneration 2025 £	Ratio to highest paid employee 2024	Remuneration 2024 £
25 th percentile pay ratio	3.61	34,379	3.61	32,742
50 th percentile pay ratio	2.85	43,460	2.86	41,390
75 th percentile pay ratio	2.56	48,496	2.49	47,439
Range of staff remuneration		24,399 – 89,378		23,237 – 86,496

(Table 19: Fair Pay Disclosures)

- 3.5.1. The remuneration of the highest paid employee remained static, as determined by the Remuneration Committee.
- 3.5.2. The 75% percentile pay ratio figure increased due to a reduction in the number of staff in the highest percentile.
- 3.5.3. The average percentage change in staff remuneration amounted to 5.0%.



C Smith
Chair

13 November 2025



Accounting Officer
13 November 2025

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

Opinion on financial statements

I have audited the financial statements of Hybu Cig Cymru – Meat Promotion Wales for the year ended 31 March 2025 which comprise the Statement of Comprehensive Net Expenditure, the Balance Sheet, the Statement of Cash Flows and the related notes, including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; 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 for opinions

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.

My staff and I are 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve 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.

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 annual and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the annual and 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 annual report or 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:

- I have not received all the information and explanations I require for my audit;
- 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; or
- the Directors were not entitled to take advantage of the small companies' exemption in preparing a full Directors report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for:

- maintain proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring the regularity of financial transactions;
- internal controls as the Directors determine is necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- 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 the Directors anticipate that the services provided by the company will not continue to be provided in the future.

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

My responsibility is to audit and report on the financial statements in accordance with the Companies Act 2006.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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, expenditure recognition and posting of unusual journals;
- 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;
- Obtaining an understanding of related party relationships.

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 and the Audit and Risk Committee about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance; and
- 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.

**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)

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.

Other auditor's responsibilities

I obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Adrian Crompton
Auditor General for Wales
Date

I Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

The maintenance and integrity of the Hybu Cig Cymru-Meat Promotion Wales website is the responsibility of the Accounting Officer; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

5. Statement of Comprehensive Expenditure

	Notes	Year ended 31 March 2025 €	Year ended 31 March 2024 €
Revenue	5	5,004,753	5,464,649
Expenditure			
Operating expenses	7	4,665,956	5,969,923
Operating Surplus/(Deficit)		338,797	(505,274)
Finance Income		9,235	11,509
Finance Costs	8	(3,942)	(18,598)
Excess of Expenditure over Income on Ordinary Activities Before Taxation		344,090	(512,363)
Taxation	11	(1,744)	(2,176)
Surplus/(Deficit) prior to Revaluation Reversal of Previous Loss		342,346	(514,539)
Revaluation Reversal of Previous Loss		-	76,668
Surplus/(Deficit) and Total Comprehensive Income for the Year Attributable to the Company's member		342,346	(437,871)

(Table 20: Statement of Comprehensive Expenditure)

6. Balance Sheet

	Notes	2025 £	2024 £
Non-Current Assets			
Property, Plant and Equipment	12	619,460	658,267
Right of Use Assets	13	23,591	142,399
		643,052	800,666
Current Assets			
Trade and Other Receivables	14	765,018	740,328
Cash and Cash Equivalents		1,134,025	618,231
		1,899,043	1,358,559
Current Liabilities			
Trade and Other Payables	15	921,457	708,676
Right of Use Lease Liabilities	16	23,591	28,756
Current Tax liabilities	11	1,733	2,176
		946,781	739,608
Non-Current Liabilities			
Right of Use Lease Liabilities	16	-	166,649
Total Liabilities		946,781	906,257
Total Net Assets		1,595,314	1,252,968
Reserves			
Retained Income	18	1,595,314	1,252,968
Total Reserves		1,595,314	1,252,968

(Table 21: Balance Sheet)

- 6.1 For the year ending 31 March 2025, 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*).
- 6.2 It is instead subject to public sector audit and audited by the Auditor General for Wales.
- 6.3 The financial statements, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Cash Flows and related notes (1 to 25), were approved and authorised for issue by the Board of Directors on 13 November 2025 and signed on its behalf by:



C Smith
Chair
13 November 2025



Accounting Officer
13 November 2025

7. Statement of Cash Flows

	2025 £	2024 £
Cash Flows from Operating Activities		
Operating Surplus/(Deficit)	338,797	(505,274)
Depreciation & Loss on Disposal of Assets	45,856	43,102
Depreciation and Loss on Disposal on Right of Use Assets	(3,116)	41,031
Operating Lease Payments	4,167	3,906
Movement in Working Capital:		
Decrease/(Increase) in trade and other receivables	(24,691)	1,281,676
Increase/(Decrease) in trade and other payables	212,781	(494,953)
Cash Expended on Operations	573,795	369,488
Taxes paid	(2,187)	(299)
Net Cash Expended on Operating Activities	571,608	369,189
Cash Flows from Investing Activities		
Purchase of Plant and Equipment	(7,050)	(2,712)
Net Cash Used in Investing Activities	(7,050)	(2,712)
Cash Flows from Financing Activities		
Interest Received	9,235	11,509
Right of Use Assets Lease Payments: Capital	(49,891)	(28,974)
Right of Use Assets Lease Payments: Interest	(3,942)	(18,598)
Operating Lease Payments	(4,167)	(3,906)
Net cash used in Financing Activities	(48,765)	(39,969)
Net Increase/(Decrease) in Cash and Cash Equivalents	515,794	326,508
Cash and Cash Equivalents at the Beginning of the Year	618,231	291,723
Cash and Cash Equivalents at the End of the Year	1,134,025	618,231
Being Cash held in Bank Accounts	1,134,025	618,231
	1,134,025	618,231

(Table 22: Statement of Cash Flows)

Notes to the Financial Statements

1. General Information

- 1.1 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.
- 1.2 The sole member of the company throughout the year was the Welsh Ministers.

2. Statement Of Compliance

- 2.1 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 2024-25 have also been followed.

3. Basis Of Preparation

- 3.1 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

4.1 Separate financial statements

- 4.1.1. 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.

4.2 Going Concern

- 4.2.1. The company has net assets of £1,595,314 at 31 March 2025 (*£1,252,968 31 March 2024*).
- 4.2.2. 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.
- 4.2.3. On this basis the Directors consider the company to be a going concern.

4.3 Revenue

- 4.3.1. Revenue comprises levy income, grants and invoiced services.
- 4.3.2. 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. Levy income also includes levy repatriated from other GB levy bodies under the Agriculture Act 2020.
- 4.3.3. Grant income – grants were received from the Welsh Government during 2024-25.
- 4.3.3.1 Exceptional Costs Support: WG contribution towards overall costs (*£306k*) absorbed in 2023-24 (*£160k*) and 2024-25 (*£79k*).
- 4.3.3.2 Pay Inflation Contribution: Funding agreed to bridge the gap in budget related to the cost of living pay increase for staff, following the Welsh Government's approval of a higher 5% cost of living increase, with a 1.3% shortfall.

Notes To the Financial Statements (continued)

4.3.4. Grant income is outside the scope of VAT.

4.3.5. 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 VAT.

4.4 Expenditure

4.4.1. Expenditure comprises costs for services and employment costs. Costs are recognised in the period when the activity has taken place. Any costs not defrayed in the appropriate period is accrued for and recognised within Trade and Other Payables.

4.5 Short-term Employee Benefits

4.5.1. Salaries, wages and employment related payments are recognised in the period in which the service is received from employees.

4.6 Pensions

4.6.1. The company makes defined contributions to individual pension plans for all of its 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.

4.7 Property, plant and equipment

4.7.1. 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.

4.7.2. Plant and equipment are stated at cost less accumulated depreciation.

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

	Rate	Method
Freehold Property	Over 30 Years (From 2009)	Straight Line
Computer Equipment	33%	Reducing Balance
Office Furniture	25%	Reducing Balance
Motor Vehicles	25%	Reducing Balance

(Table 23: Depreciation Bases)

4.8 Right Of Use Assets

4.8.1. Right of use assets are recognised when the company enters into contracts where the company has the right to obtain the economic benefit from the use, and control of, an identified asset.

4.8.2. The value capitalised is initially at cost which is the amount of the initial lease liability plus any payments made up front to the lessor less any incentives received plus any initial direct costs.

4.8.3. The assets are depreciated over the life of the leases on a straight-line basis.

Notes To the Financial Statements (continued)

- 4.8.4. Motor Vehicles will be depreciated at 25% per annum and lease lives for property assets are currently between 5 and 11 years.
- 4.8.5. The cost model will continue to apply and asset values are updated as lease liabilities change.
- 4.8.6. Any short-term leases, those with a lease term at commencement date of 12 months or less, are not capitalised and are treated as expenditure over the lease term.
- 4.8.7. Low value leases such as computers and office furniture, provided that these are not highly interrelated to other assets are also not capitalised and treated as expenditure over the lease term.
- 4.8.8. Payments for assets not meeting the definition of a lease are accounted for as goods and services and charged to expenditure as they fall due over any contractual term.
- 4.9 Impairment of non-current assets**
- 4.9.1. 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 business 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*).
- 4.9.2. 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.
- 4.9.3. 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.
- 4.10 Financial Instruments**
- 4.10.1. Financial assets and financial liabilities are recognised when the Company has become a party to the contractual provisions of the instrument.
- 4.11 Financial assets**
- 4.11.1. 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.
- 4.12 Cash and cash equivalents**
- 4.12.1. Cash and cash equivalents comprise cash in hand and deposits held with financial institutions at call and on short term notice not exceeding three months.

Notes To the Financial Statements (continued)

4.13 Financial liabilities

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

4.14 Trade payables

4.14.1. Trade payables are initially recognised at cost.

4.15 Right Of Use Lease Liabilities

4.15.1. Lease liabilities are recognised when the company enters into contracts where the company has the right to obtain the economic benefit from the use, and control of, an identified asset.

4.15.2. The value of the liability is initially calculated as the present value of lease payments discounted by the Company's underlying interest rate at the commencement date of the lease or the date of transition under IFRS16.

4.15.3. The Company's underlying interest rate at 1 April 2019 was 2.45% and interest rates will only be updated where the lease term is updated.

4.15.4. Lease payments includes the fixed payments to be made under the lease contract and inflationary increases are only accounted when they fall due.

4.15.5. The lease liability increases by an interest charge (*which is charged to expenditure*) and is reduced as payments are made to suppliers.

4.16 Foreign Currency

4.16.1. 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.

4.17 Contingent Liabilities

4.17.1. The company recognises liabilities in the Balance Sheet where the following criteria are met:

4.17.1.1 where the company has a future obligation to satisfy a debt;

4.17.1.2 that debt may require an outflow of resources when the liability crystallises;

4.17.1.3 that a reliable estimate of the liability is obtained.

4.17.2. If all these criteria are not met then the liability will be recorded in the notes as a contingent liability.

4.18 Accounting Estimates and Judgements

4.18.1. 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.

4.18.2. 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.

4.18.3. 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.

Notes To the Financial Statements (continued)

4.18.4. 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.

4.18.4.1 **Revenue recognition:** In making their judgement, the Directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 Revenue.

4.18.4.2 **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.

4.18.4.3 **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.

4.18.4.4 **Right Of Use Assets and Liabilities:** Determination of the underlying discount rate at the time of capitalisation.

4.18.4.5 **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 22.

4.18.5 Key sources of estimation uncertainty

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

4.19 Impact of standards not yet effective

4.19.1. 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. Adoption of these standards will not have a material impact on the financial statements.

5. Revenue

	2025 £	2024 £
Levy	4,670,061	4,471,478
Grants Received:		
Welsh Government RMDP	-	975,732
Welsh Government Exceptional Costs Support	239,607	-
Welsh Government Pay Award	15,585	-
Arfor Challenge Fund	56,640	839
Services	22,860	16,600
	5,004,753	5,464,649

(Table 24: Revenue Summary)

Notes To the Financial Statements (continued)

5.1 From 1 April 2021, total GB levy income has been repatriated to the country of birth. Included in levy is an amount of £1,806,941 (2023 £1,340,847) received under this arrangement.

6. Operating Segments

6.1 The Board considers that the company consists of two business operating segments, all contributing to the development and promotion of Welsh red meat.

6.2 The segments were determined by the source of income and relevant expenditure.

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

	Levy £	Grants £	Total £
2025			
Revenue	4,692,921	311,832	5,004,753
Expenditure	4,665,956	-	4,665,956
Operating Surplus	26,965	311,832	338,797
2024			
Revenue	4,488,079	976,570	5,464,649
Expenditure	4,984,847	985,076	5,969,923
Operating (Deficit)	(496,768)	(8,506)	(505,274)

(Table 25: Operating Segments)

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

6.5 The following information identifies the risks to HCC's income due to reliance on specific parties, based upon their main sources of income.

6.6 Within levy income, 3 companies operating abattoirs in Wales account for 18%, 13% and 13% respectively (2024 18%, 13% and 12%) of total income of £5,004,753 (2024 £5,464,649).

6.7 Within grants, direct grants received from the Welsh Government and also under the Rural Development Plan for Wales 2014-20 accounts for 6.2% (2024 17.9%) of total income of £5,004,753 (2024 £5,464,649).

Notes To the Financial Statements (continued)

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

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

	2025 £	2024 Restated £
Audit Fees	58,622	46,759
Staff Costs	481,296	590,150
Directors Fees	61,552	89,767
Depreciation	44,466	42,531
Depreciation – Right of Use Assets	48,185	41,031
PV Adjustment: RoU Asset/(Liability)	(51,301)	-
Loss/(Profit) in Disposal of Assets	1,390	571
Loss / (Profit) on Foreign Exchange	737	1,609
Operating Lease Rentals – Equipment	4,167	3,906
Bad Debts (Recovered)	-	-
Sustainability – Brand Enforcement	143,166	179,575
Sustainability – Market Intelligence	258,999	244,158
Sustainability – R&D	248,701	216,659
Strategic Marketing - Consumer Brand Marketing	633,597	754,574
Strategic Marketing – Trade Brand Marketing	244,256	248,901
Strategic Marketing – Retail Promotions	13,923	92,349
Strategic Marketing – Health & Education Programme	77,730	99,392
Strategic Marketing – Market Access	23,400	91,500
Strategic Marketing – Corporate Communications	473,688	266,347
Supply Chain – International Trade Developments	446,951	664,468
Supply Chain – UK Retail & FS Trade Development	63,948	187,438
Supply Chain – Knowledge Transfer	250,754	125,990
WG Grants	-	985,076
Other Grants	73,934	839
Corporate Costs	1,063,792	996,334
	4,665,956	5,969,923

(Table 26: Expenditure)

7.2 The comparative breakdown has been restated to disclose an adjustment for staff costs previously deemed as consultancy costs.

7.3 Staff costs are assigned to the activity to which they relate.

Notes To the Financial Statements (continued)

8. Finance Costs

	2025 £	2024 £
Interest Charges on Bank Overdraft	-	-
Interest Charges in Right of Use Assets	3,942	18,598
	3,942	18,598

(Table 27: Finance Costs)

9. Staff Costs

9.1 Staff costs comprised:

	2025 £	2024 Restated £
Wages and Salaries	1,469,240	1,444,738
Social Security Costs	160,347	147,874
Other Pension Costs	104,782	154,869
	1,734,368	1,747,481

(Table 28: Staff Costs)

9.2 The comparative breakdown has been restated to disclose an adjustment for staff costs previously deemed as consultancy costs.

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

	2025	2024
Market Development	8	8
Industry Development	9	10
Communications	2	3
Corporate Services	8	12
	27	33

(Table 29: Staff Numbers)

10. Directors' Emoluments

10.1 Directors' emoluments were as follows:

	2025 £	2024 £
Fees	55,363	83,163
Expenses	6,189	6,604
	61,552	89,767

(Table 30: Directors' Emoluments)

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

Notes To the Financial Statements (continued)

11. Taxation

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

	2025	2024
Taxation Charge for the Period	1,733	2,176
Taxation – Under-provision 2023-24	11	-
	1,744	2,176

(Table 31: Taxation Charge)

11.2 Reconciliation of total tax charge:

11.2.1 The company does not undertake any trading activities. The only income subject to corporation tax is finance income.

	2025	2024
Finance Income	9,235	11,509
	9,235	11,509

(Table 32: Finance Income)

11.2.2 Tax charge is calculated at UK corporation tax rate of 19% (2023 19%)

Notes To the Financial Statements (continued)

12. Property, Plant and Equipment

	Land and Property (Freehold) £	Office Equipment £	Motor Vehicle £	Total £
Cost or valuation				
At 1 April 2023	600,000	165,992	4,490	770,482
Additions	-	2,712	-	2,712
Disposals	-	(11,057)	-	(11,057)
At 31 March 2024	600,000	157,647	4,490	762,137
Additions	-	7,050	-	7,050
Disposals	-	(4,169)	-	(4,169)
At 31 March 2025	600,000	160,527	4,490	765,017
Depreciation				
At 1 April 2023	51,112	93,985	3,395	148,492
Charge for the year	25,556	16,731	245	42,532
Released on Disposal/Revaluation	(76,668)	(10,486)	-	(87,154)
At 31 March 2024	-	100,230	3,640	103,870
Charge for the year	30,667	13,610	190	44,466
Released on Revaluation	-	-	-	-
Released on Disposals	-	(2,779)	-	(2,779)
At 31 March 2025	30,667	111,060	3,830	145,557
Net Book Value at 31 March 2025	569,333	49,467	660	619,460
Net Book Value at 31 March 2024	600,000	57,417	850	658,267

(Table 33: Property, Plant and Equipment)

- 12.1 An independent market valuation of the building was carried out as at 31 March 2024 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 2025 would have been £506,992. (2024 £533,872).
- 12.2 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.
- 12.3 **Intangible Assets** – In accordance with the accounting policy, intangible assets are written off in full in the year. No additions were made in the year (2024 £nil).

Notes To the Financial Statements (continued)

13. Right of Use Assets

	Land and Property (Freehold) £	Motor Vehicle £	Total £
Cost or Valuation			
At 1 April 2023	309,953	32,297	342,250
Valuation Adjustment	18,292	-	18,292
Disposal	-	(21,987)	(21,987)
At 31 March 2024	328,245	10,310	338,555
Disposal	-	(10,310)	(10,310)
Valuation Adjustment	(121,926)	-	(121,926)
At 31 March 2025	206,319	-	206,319
Depreciation			
At 1 April 2023	144,815	32,297	177,112
Charge for the Year	41,031	-	41,031
Released on Disposal	-	(21,987)	(21,987)
At 31 March 2024	185,846	10,310	196,156
Charge for the Year	48,185	-	48,185
Valuation Adjustment	(51,304)	-	(51,304)
Released on Disposal	-	(10,310)	(10,310)
At 31 March 2025	182,727	-	182,727
Net Book Value at 31 March 2025	23,591	-	23,591
Net Book Value at 31 March 2024	142,399	-	142,399

(Table 34: Right of Use Assets)

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

14. Trade and Other Receivables

	2025 £	2024 £
Receivables	6,682	31,092
Outstanding Levy Income	258,119	259,824
Prepayments and Accrued Income	460,248	431,980
Amount due from Group Company (Note 24)	39,970	17,432
Total	765,018	740,328

(Table 35: Trade and Other Receivables)

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

14.2 The average credit period taken is 27 days (2024 31 days).

Notes To the Financial Statements (continued)

- 14.3 Allowance has been made for estimated irrecoverable amounts of outstanding levy income of £nil (2024 nil). 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:

	2025 £	2024 £
At 1 April	-	-
Debt Written Off	-	-
Recovered	-	-
Additional Allowance	-	-
At 31 March	-	-

(Table 36: Bad Debt Provision)

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

- 14.5 The following table provides analysis of amounts receivable that were past due at 31 March 2025, but not impaired. The Company believes that the balances are ultimately recoverable based upon a review of past payment history.

	2025 £	2024 £
Up to 3 months old		
Receivables	13,322	5,606
Levy Income	44,323	42,527
Over 3 months old	-	-
Total	57,645	48,133

(Table 37: Aged Debt Analysis)

- 14.6 £57,416 has been received after the year end.

- 14.7 Included within prepayments and accrued income is £nil (2024 £nil) relating to grant expenditure. Trade and other receivables include financial assets amounting to £264,801 (2024 £290,916) which are categorised as loans and receivables.

- 14.8 Financial risk management:

- 14.8.1 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.
- 14.8.2 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.
- 14.8.3 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.

Notes To the Financial Statements (continued)

15. Trade and Other Payables

	2025 £	2024 £
Amounts falling due within one year		
Trade Payables	216,276	249,922
Other Payables	50,638	44,925
Accruals and Deferred Income	608,644	331,367
Other Taxation and Social Security	45,898	82,462
Total	921,457	708,676

(Table 38: Trade and Other Payables)

- 15.1 Trade and other payables include financial liabilities amounting to £749,435 (2024 £626,214) which are categorised as other financial liabilities at amortised cost.

16. Right of Use Lease Liabilities

	2025 £	2024 £
At 1 April	195,405	206,087
Valuation Adjustment	(121,925)	18,292
Restatement	138	4,351
Repayments	(53,833)	(47,572)
Finance Charges	3,806	14,247
Total	23,591	195,405

(Table 39: Right of Use Lease Liabilities)

- 16.1 The valuation adjustment arises due to clarification of the length of the lease for one of the properties.
- 16.2 In accordance with IFRS 16, HCC continues to recognise right-of-use assets and corresponding lease liabilities for its property leases. The company entered into a 15-year lease agreement which included a contractual break clause exercisable at the 10-year anniversary. HCC has formally served the required six-month notice to activate this break clause, confirming that the lease will terminate at the end of year 10 (effective 14 August 2025). As a result, the lease liability and right-of-use asset have been remeasured to reflect the revised lease term, with the remaining lease period now ending at the 10-year point rather than the original 15-year term.
- 16.3 The lease liabilities fall due as follows:

	2025 £	2024 £
In one year or less	23,591	28,756
Between two and five years	-	115,607
In five years or more	-	51,042
Total	23,591	195,405

(Table 40: Right of Use Lease Liabilities)

17. Share Capital

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

Notes To the Financial Statements (continued)

18. Reserves

	Income and Expenditure Account £	Pension Reserve £	Total £
Balance at 1 April 2023	1,300,839	390,000	1,690,839
(Deficit) from the income and expenditure account	(437,871)	-	(437,871)
Transfer (to)/from Income & Expenditure Account	200,000	(200,000)	-
Balance at 31 March 2024	1,062,968	190,000	1,252,968
Surplus from the income and expenditure account	342,346	-	342,346
Transfer (to)/from Income & Expenditure Account	84,000	(84,000)	-
Balance at 31 March 2025	1,489,314	106,000	1,595,314

(Table 41: Statement of Changes in Reserves)

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

19. Operating Lease Arrangements

19.1 Non-cancellable operating lease commitments:

19.2 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:

	2025 £	2024 £
In one year or less	3,447	3,447
Between two and five years	3,631	4,213
Total	7,078	7,660

(Table 42: Operating Lease Arrangements)

19.3 The principal items leased are office equipment.

19.4 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

20.1 At the 31 March 2025 capital expenditure approved and committed amounted to £nil (2024 £nil).

21. Post Balance Sheet Events

21.1 At the time these accounts were being prepared the company was looking to exit the Meat and Livestock Commission Pension Scheme. If this does go ahead, further information on this will be disclosed in next year's accounts.

Notes To the Financial Statements (continued)

22. Contingent Liabilities

- 22.1 The company is aware of a contingent liability amounting to £106,000 (2024 £190,000). The contingent liability arises from the provisions of Section 75 (s75) of the Pension Act 1995 and is based on the latest information available being as at 31 March 2025. No subsequent valuations have been prepared by the pension company.
- 22.2 HCC is a participating employer in the Meat and Livestock Commission Pension Scheme (*the Scheme*) for certain of its employees and ex-employees. A liability may arise to pay a proportion of any scheme s75 deficit if the Principal Employer of the Scheme winds up this scheme or the Company decides to exit the Scheme. An estimate of this liability has been calculated as at 31 March 2025 and amounts to £106,000.
- 22.3 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 in the past having staff who while employed by HCC accrued benefits in the 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.
- 22.4 The estimate as at 31 March 2025 amounted to £106,000. Estimates for the 5 years prior to these ranged between £190,000 and £711,000. 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.
- 22.5 On that basis the potential liability is disclosed as a contingent liability and not a provision.

23. Related Party Transactions

- 23.1 Throughout the year to 31 March 2025, the Welsh Government was the sole member of the company and the ultimate controlling party.
- 23.2 The company received funding through the Rural Development Plan for Wales 2014-2020 managed by the Welsh Government of which £nil (2024 £2,144,130) was receivable in the year. At the year-end £nil (2024 £nil) was outstanding relating to grant expenditure not yet refunded.
- 23.3 Direct funding amounting to £255,192 (2024 £nil) was also receivable from the Welsh Government.
- 23.3.1 Exceptional Costs Support: WG contribution (£240k) towards overall costs (£306k) absorbed in 2023-24 (£160k) and 2024-25 (£79k).
- 23.3.2 Pay Inflation Contribution: Funding agreed (£16k) to bridge the gap in budget related to the cost of living pay increase for staff, following the Welsh Government's approval of a higher 5% cost of living increase, with a 1.3% shortfall.
- 23.3.3 £nil (2024 £nil) was outstanding at the year-end.
- 23.4 Transactions and balances with the company's subsidiary undertaking, EIDCYMRU, are separately disclosed in Note 24.
- 23.5 Owing to the nature of the organisation's operations and the composition of the Board being drawn from industry and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest are conducted at arm's length and in accordance with the organisation's normal procurement procedures. A register of Interests which records any business interest, financial or otherwise which may be perceived as being likely to interfere with the exercise of a member's independent judgement, is maintained by the organisation. There have been no write offs in respect of related party transactions.

Notes To the Financial Statements (continued)

24. Subsidiary Undertaking

- 24.1 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. Its 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.
- 24.2 During the year, HCC recharged costs relating to the activities of EIDCYMRU amounting to £88,616 (2024 £73,524). At the year-end £39,970 (2024 £17,432) is outstanding.

25. Pension Schemes

25.1 Hybu Cig Cymru Group Personal Pension Plan

- 25.1.1 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 £168,073 (2024 £154,869). Contributions amounting to £35,220 (2024 £21,103) were outstanding at the year-end.

25.2 Meat and Livestock Commission Pension Scheme

- 25.2.1 During the year to 31 March 2022 the company also made contributions to a defined benefit pension scheme which is operated by the Agriculture and Horticulture Development Board. The scheme closed to future accrual with effect from 31 March 2022 and the members are now deferred.
- 25.2.2 Information regarding the split of the scheme's assets between the participating employers is not available. The company is therefore unable to account for the plan as a defined benefit plan and is accounted for as if it were a defined contribution plan.
- 25.2.3 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 22.

Detailed Income and Expenditure Account – not subject to audit

	2025 £	2024 Restated £
Income		
Levy		
Cattle	1,021,711	1,009,288
Sheep	1,809,993	2,091,233
Pigs	31,415	30,111
	2,863,119	3,130,632
Levy Repatriation		
Cattle	830,543	690,256
Sheep	864,392	554,315
Pigs	112,006	96,276
	1,806,941	1,340,847
Cattle/Pig Levy paid to GB Levy Bodies	(403,722)	(338,284)
	1,403,219	1,002,563
UK Levy Bodies Ring Fenced Funds		-
Levy Income	4,266,338	4,133,195
Other Income		
Services	22,860	16,600
WG RMDP Grant	-	975,731
WG Exceptional Costs Grant	239,607	-
WG Pay Award Grant	15,585	-
Arfor Challenge Fund	56,640	839
Interest Received	9,235	11,509
Total Income	4,610,265	5,137,874
Direct Expenditure		
Sustainability – Brand Enforcement	143,166	179,575
Sustainability – Market Intelligence	258,999	244,158
Sustainability – R&D	248,701	216,659
Strategic Marketing - Consumer Brand Marketing	633,597	754,574
Strategic Marketing – Trade Brand Marketing	244,256	248,901
Strategic Marketing – Retail Promotions	13,923	92,349
Strategic Marketing – Health & Education Programme	77,730	99,392
Strategic Marketing – Market Access	23,400	91,500
Strategic Marketing – Corporate Communications	473,688	266,347
Supply Chain – International Trade Developments	446,951	664,468
Supply Chain – UK Retail & FS Trade Development	63,948	187,438
Supply Chain – Knowledge Transfer	250,754	125,990
WG RMDP Grant	-	985,076

Lunz Grass	3,421	-
Catalyst Solutions	13,873	-
Arfor Challenge Fund	56,640	839
	2,953,049	4,157,267
Corporate Costs		
External and Internal Audit Costs	58,622	46,759
Bad Debts (Recovered)/Written Off	-	-
Bank Charges	1,516	1,876
Collection Charges	39,942	43,165
Depreciation	44,466	41,418
Depreciation: RoU Assets	48,185	41,031
PV Adjustment: RoU Asset/Liability	(51,301)	-
Loss/(Profit) on Disposal of Assets	1,390	571
Directors' Fees and Costs	62,763	93,836
Equipment Hire	5,051	5,364
Finance Costs: RoU Leases	3,942	18,598
Insurance	40,922	33,220
IT Support	84,917	68,363
Light & Heat	31,136	32,025
Printing, Postage & Stationery	3,225	4,703
Professional Services	219,934	318,596
Repairs and Maintenance	55,697	27,223
Rent and Rates	23,551	24,379
Staff Costs	595,994	658,830
Sundry Expenses	27,144	29,064
Telephone	16,030	16,456
Overheads Recovered	-	(12,507)
Total Corporate Costs	1,313,127	1,492,970
Total Expenditure	4,266,176	5,650,237
Excess of Income over Expenditure	344,090	(512,363)
Income	4,610,265	5,137,874
Expenditure	4,266,176	5,650,237
Excess of Income over Expenditure	344,090	(512,363)

(Table 43: Detailed Income and Expenditure Account)

The comparative breakdown has been restated to disclose an adjustment for staff costs previously deemed as consultancy costs.

This page does not form part of the statutory accounts.