



# British Wool

## Report and Accounts

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2023





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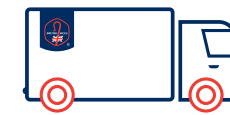
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# British Wool's Purpose

Our purpose is to drive sustainable demand for British wool in order to maximise returns for our members.

British Wool's vision is to provide the best possible return to members through the collective marketing of the UK wool clip.



For UK sheep farmers to recognise the value we add by collecting, grading, and promoting their wool.



For our team to provide efficient high-quality service and excellent shearing training to members.



For manufacturers we work with to specify British wool in their products and value our support for innovation.



For consumers to choose to buy products made from British wool.

## Key principles:

British Wool is a member led organisation.

British Wool works on behalf of its members under cooperative principles.

British Wool accepts wool from all UK sheep farmers regardless of type, location and quantity.

British Wool markets the wool collectively to maximise the value of wool for all sheep farmers in the UK.



## Chairman's Welcome



The past year has been a very challenging one, not just for sheep farmers but for all involved with agriculture. Input costs have spiralled, while our end products, despite what we hear on the news about the huge rise in inflation and the high cost of food, have remained the same or in some cases have fallen. The wool industry has not been immune from this, and our costs have also increased by c. 15%. This is despite our executive doing a huge amount of work to keep them as low as possible, without cutting back too far, and overloading our excellent staff.

At the recent Board Elections, I was fortunate enough, along with Huw Evans for the Welsh Northern Region, to remain on the board. Many thanks for your continued support. Bob Blandon and Penny Chandler contested for the English Southern Region with Penny being elected. I would like to extend a warm welcome to Penny and express my thanks to Bob. It is always sad to see someone leave, but Bob made his mark on the Board, with his attention to detail. The amount of work he did on behalf of British Wool was amazing. I wish him well and a happy retirement.

October 2022 was a very difficult month for me personally and all those connected to British Wool, with the sudden passing of Donald Fraser, a very good friend as well as a board member. Donald was a hugely respected farmer, businessman and family man. I miss our conversations not just about British Wool, but also the rugby and the farming industry too. He was also chair of the shearing committee, a position he really loved and was very passionate about.

We welcomed Eleanor Mackintosh to the board in January to fill Donald's position. Personally, I was delighted, when two very good candidates stood for the Scottish Northern Region, with Eleanor winning through.

We have had a few retirements in the regional committees. These committee members do a huge amount of unseen, but beneficial work on behalf of the members. I wish you all the very best and thank you again for the part you have played.

During the year we undertook a board effectiveness evaluation conducted by Co-operatives UK which has proven to be very worthwhile bringing renewed focus to our Board meetings.

We have established a Members Engagement Committee whose task is to aid communication between the Board and Regional Committees and members, which I believe will be a great benefit going forward. We are now adopting a hybrid approach combining in-person and virtual Board meetings.

Defra also concluded its review and – to no surprise to me – concluded that British Wool was a great benefit to the sheep industry and without it, a huge amount of wool from remote areas or smaller clips would go uncollected. The report included positivity over the way we handle our product, from shearing to transportation, grading, wool testing, and the payment system, and now selling with a fully on-line remote bidding system offering fully traceable wool.

The review's main suggestion was that the 1950 Order that governs the business needs updating and the proposed changes are available on our website. We wrote to our members about the proposed changes in May and they were positively received, and we are now waiting on Government to formalise the changes.

The business's full name is the British Wool Marketing Board, and I believe that the marketing and promotion of British wool is now more important than ever. I think the marketing team has risen to the challenge with new products being launched on a regular basis, our licensee numbers have increased greatly with more companies specifying that products must carry the British Wool logo and various new projects and innovation being backed and supported. All things we hope that in the long term will give a better return for our wool.

Finally, I would like to thank all the British Wool teams and contractors around the country who each play a vital role in our organisation. You all do a marvellous job, and thanks to your hard work and dedication, British Wool will continue to provide a vital service to farmers for many years to come.

**Jim Robertson**  
Chairman



## The Board

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The non-executive board members, together with the Executive Officers, who served in the year, are shown below:

### Regional Members

J Robertson	Scottish Southern Region (Chairman)
B Kelly	Northern Ireland Region (Vice Chairman)
H Evans	Welsh Northern Region
D Fraser	Scottish Northern Region (Passed away 14 October 2022)
J Davies	Welsh Southern Region
C Stephenson	English Northern Region
R Blanden	English Southern Region (Retired 31 March 2023)
K Drury	English Central Region
A Derryman	English South Western Region
P Chantler	English Southern Region (Appointed 1 April 2023)
E Mackintosh	Scottish Northern Region (Appointed 3 January 2023)

### Independent Members

R Davies  
J Lea FCMA

### Executive Officers

A Hogley CFA	(Chief Executive Officer)
A Whelan ACA	(Chief Financial Officer, Board Secretary)

Biographies of board members are shown on the British Wool website ([www.britishwool.org.uk/the-board](http://www.britishwool.org.uk/the-board)).

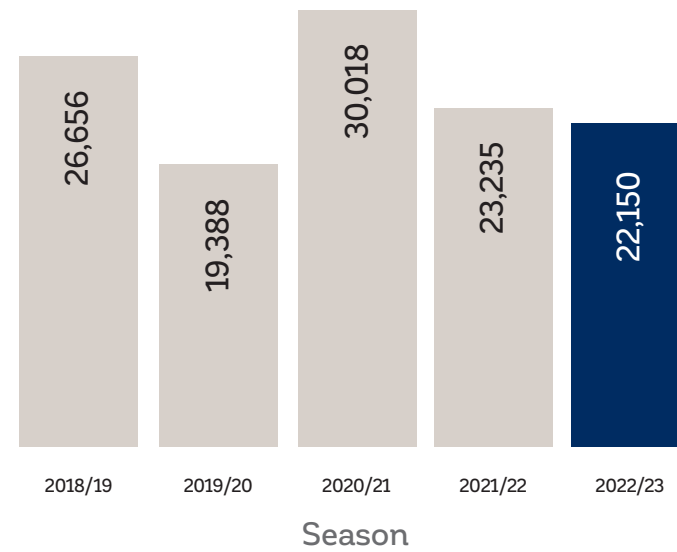


## Year in Summary

### Sales of Greasy Wool / kgs / 2018 – 2023



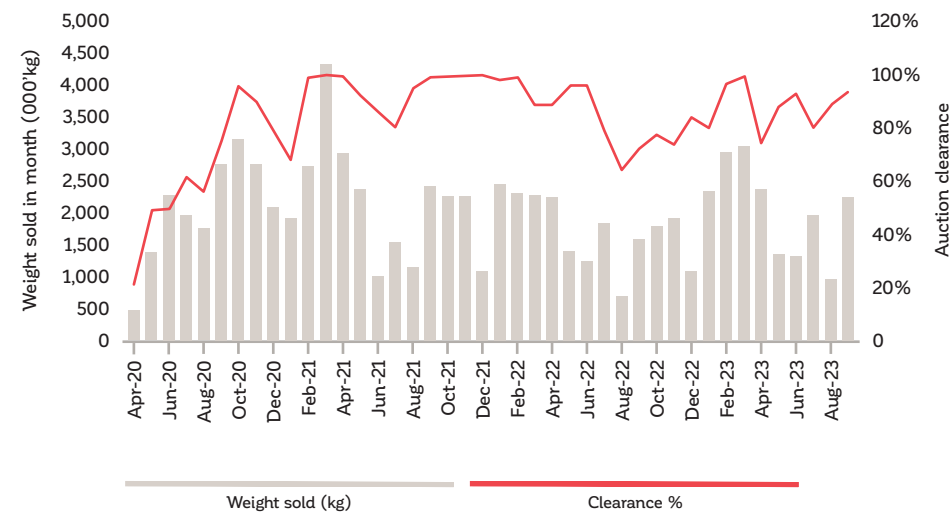
Sales volumes are now realigned with intake.



### British Wool Sales / April 2020 – August 2023



Sales are being managed to match our offer to market demand. Where types are out of favour wool is taken back into stock.

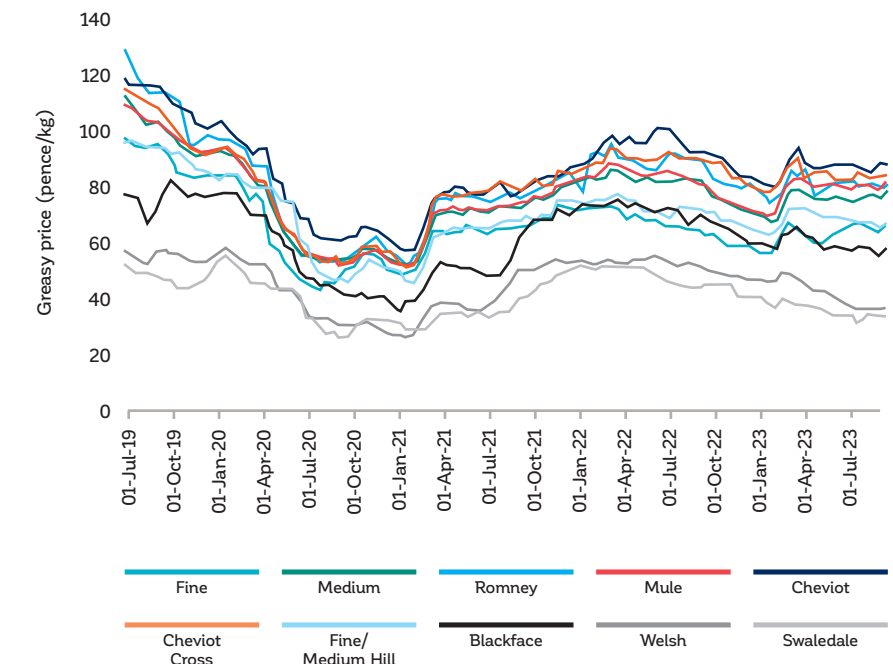


## Year in Summary (continued)

### Auction Prices by Type / July 2019 – July 2023



The energy crisis resulted in higher processing costs and weaker consumer demand. Both of these factors weighed on the global commodity price over the last year.



### British Wool and New Zealand Strong Wool Prices (US\$)



British Wool prices continue to closely track those for comparable types of New Zealand Wool.





## Year in Summary (continued)



# 29,154

members delivered their wool to British Wool in the 2022 season.



# 3,455

new and returning members in the 2022 clip year.



# 2.5 million

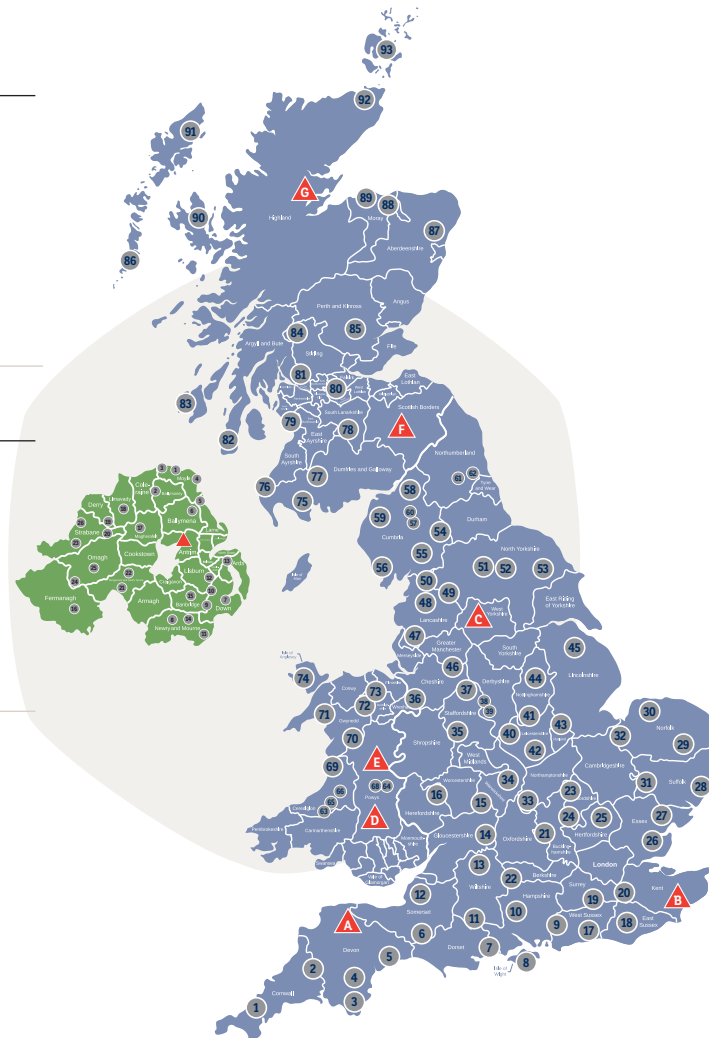
kilograms of wool received from the new and returning members.

# 90%

of members are within one hour of a British Wool drop off point.

# 128

number of British Wool drop off points.



## Chief Executive's Statement



“Wool is significantly undervalued. Neither our members, nor their contemporaries around the world, are receiving sufficient value for the wool they produce. With global economic challenges impacting the commodity market our work to differentiate British wool, and drive demand on behalf of our members, is even more important.”

**Andrew Hogley CFA**  
Chief Executive Officer

Summary results of the Board for the 2022 clip are as follows:

	2022 clip £'000	p/kg	2021 clip £'000	p/kg
Weight taken in (kg'000)	<b>23,275</b>	<b>n/a</b>	<b>23,016</b>	<b>n/a</b>
Estimated realisable value of the clip	17,078	73.4	18,101	78.6
Total underlying operating costs (excluding pension)	(11,152)	(47.9)	(9,278)	(40.4)
Exceptional and transformation allowances/costs	(500)	(2.1)	(500)	(2.2)
Total operating costs	(11,652)	(50.0)	(9,778)	(42.6)
Pension contributions (cash paid)	(550)	(2.4)	(695)	(3.0)
Other income/costs	1,215	5.2	948	4.1
<b>Paid and payable to members</b>	<b>6,091</b>	<b>26.2</b>	<b>8,576</b>	<b>37.1</b>

### Overview

British Wool made significant progress towards delivering its strategic goals during the 2022/2023 clip year.

- Our primary goal is to maximise the value of British wool. To this end the team focused their efforts on the continued development of British Wool's brand identity and the rollout of fully traceable wool across our depot network. This work was underpinned by nurturing new licensees and auction buyers to ensure that we see stronger demand and that the British Wool auction remains competitive over the long-term.
- Our goal to strengthen member engagement and maximise intake increased the focus on improving service and communication. British Wool's "Marketing your wool" mailing concentrated explaining to members

the work we are undertaking to market wool on their behalf. Coupled with changes in our collection network this led to members delivering an increased volume of wool into our depots.

- Our goal to have an effective and efficient organisation drove investments in two key areas. The Wool Trace IT system was rolled out in our four main depots delivering productivity gains and full traceability back to farm. In Scotland we invested in the new British Wool Borders depot which will replace Galashiels in the 2023 season.
- Defra published its review into the collective marketing scheme and the review supported our role and enabled change.

## Chief Executive's Statement (continued)

Whilst we should celebrate this progress, we cannot ignore the fact that the economic backdrop remained exceptionally challenging and that our members are not receiving an adequate return for their wool.

- Over the last twelve months the global wool market was hit by both higher processing costs and weak consumer demand. This weighed on wool prices both at home and abroad cutting short any recovery to pre-Covid price levels.
- Cost pressures also fed through to British Wool's operations with increased costs for transport, energy and labour offsetting many of our productivity gains.

With returns for wool at levels which fail to even cover the cost of shearing, our mission to drive sustainable demand for British wool and maximise returns for our members remains core.

### Market Conditions

The economy in general, and the wool market in particular, faced yet another challenging year. Russia's invasion of Ukraine increased energy costs, drove inflation, led to higher processing costs for manufacturers and resulted in weaker consumer demand. Interest rates also increased dramatically through the year further limiting disposable income. These challenges impact the value of wool in two key ways.



Our mission to drive sustainable demand for British wool and **maximise returns for our members remains core**

- Firstly, increased energy prices feed through to wool processing. The costs of scouring, dyeing, spinning and weaving all increased dramatically over the last year; in some cases by more than 30%.
- Secondly, we have seen weaker consumer demand as household disposable income has been squeezed. Many of the products that use cross bred wool, be that a carpet, mattress or sofa, are high value discretionary purchases. Several of the home interiors brands we work with have reported a significant downturn in consumer demand which in turn translated into weaker demand for the raw materials we supply.

In this context it is reassuring that the vast majority of the 2022 British Wool clip has been sold. At the time of writing the 2022 British wool clip is 99% sold and we have a healthy stock position as we move into the 2023 wool selling season. This is not the case in other crossbred wool markets – significant volumes of similar wools in Europe and South America remain unsold. Our unique system of grading, and the quality this ensures, remains a differentiator in the global market allowing British Wool to monetise the clip even in a downturn.

Whilst we know that wool prices still need to improve, we take small comfort from the fact that British wool prices continue to track well against those for comparable types of New Zealand wool.



The 2022 British wool clip is **99% sold**

## Chief Executive's Statement (continued)

### Driving Demand for British Wool

Driving sustainable demand for British wool is at the core of our mission. We do this through engaging with processors and manufacturers and by building brand awareness with consumers. In this context there are two fundamental challenges that we need to address to deliver better returns for British Wool's members.

The first fundamental challenge is that oil based, synthetic fibres have come to dominate the global textile market. If we look back over the past 70 years this has been the overwhelming factor behind the reduction in the value of wool. Synthetic fibres now represent 70% of the global fibre market, cotton is around 28%, with wool less than 1%.

In a world where man-made fibres dominate, and their detrimental impact upon the environment is becoming all the more evident, I am convinced that wool in general, and British wool in particular, can play a critical role in the switch to a more sustainable lifestyle. If only a small proportion of the businesses that currently use synthetic fibres were to switch to wool we would see a dramatic impact on demand and better prices for all wool growers. British Wool can not address this challenge alone. This is why we partner with our colleagues in New Zealand, Australia and South Africa through initiatives such as the Campaign for Wool and the International Wool Textile Organisation to collaboratively make the case for wool.

The second fundamental challenge is that for many years most manufacturers have not specified where the wool they use in their product comes from. The ensuing culture of buying yarn at the cheapest possible price has led to commoditisation of wool markets. Given that the UK provides just 2% of the global wool supply this left British Wool with limited pricing power for its product. We have to move British wool away from a commoditised market.

This is changing. Over the last few years provenance and traceability have moved up the agenda for brands and manufacturers. More end users are starting to ask where the wool they are using in their products comes from and this is helping British Wool to attract new licensees of scale. Our ongoing work to develop and promote British Wool's brand identity is crucial if we are to differentiate the wool we handle on behalf of our members from the global commodity wool market.

British Wool has a strong story to tell on behalf of our members; the UK leads the world on animal welfare standards, British farming has strong environmental sustainability standards, British Wool provides quality assurance through our grading system, British Wool can offer a fully traceable product and British Wool has high social responsibility standards. This message is starting to resonate with brands and has helped to bring licensees such as John Cotton, Vispring, Kingsmead and Next on board. British Wool now has 100 licensees that produce product ranges from British wool.

### Driving Awareness

A key part of our work to drive demand is focussed on raising consumer awareness for wool and the brands that use British wool. To this end we ran four PR campaigns through the year.

The "What on earth are you wearing?" campaign focused on educating the consumer about the perils of fast fashion and explaining the British Wool can be part of the solution.

Our "What side of the bed do you sleep on?" campaign aimed to build consumer awareness of the benefits of using wool in duvets, pillows and mattresses with the message that wool bedding can help you get a better night's sleep. "Wool and the menopause" developed this theme with the message that wool bedding helps to regulate body temperature.

Our final campaign focussed on "How wool can help insulate your home". In a cost-of-living crisis British wool products can help consumers save money on their heating bills.

In aggregate these campaigns led to 113 press articles and more than 400 pieces of radio coverage and complemented our existing work to raise awareness of British wool on social media. Brands will only specify British wool if consumers choose to buy these products.



# Chief Executive’s Statement (continued)

## Member Returns

Sales through the year were challenging with the average auction price drifting through the year from 79p per kg for the 2021 clip to 74p per kg for the 2022 clip. Global prices for wool are still well below the pre-Covid levels.

Overall, we were able to return £6.1m to our members for the 2022 clip with the average payment of 26.2p per kilo. I know that this is not enough and that we must continue to drive demand for British wool to deliver better returns to our members. Specialist types such as Organic wool and Traceable British Wool attracted a premium and demonstrate that it is possible to sell British wool at a value above the commodity price if end brands value the provenance of the product.

British Wool also continues to support the industry by providing structured shearing and wool handling training and advocating for the sheep industry alongside our peers in the farming unions and the NSA. We are here to work on behalf of our members.

## Outlook

In an uncertain world, British Wool must continue to focus on the elements of our business that we can control, exert influence where we can make a difference for members, and ensure the organisation has the resilience to face the challenges which come from factors that are outside of our control.

I remain optimistic about the progress that British Wool is making. In terms of demand awareness of the environmental benefits of wool as a sustainable fibre is growing. British Wool has a strong pipeline of new licensees coming on board over the next twelve months. We are striving to improve member service with clearer, simpler communication, faster payments, and initiatives such as pre-printed sheet labels. Our move to a new site in the Scottish borders coupled with the final phase of Wool Trace deployment should also help drive further efficiency gains.

Collective marketing of British wool through a farmer owned business is essential to maintaining market access for all UK sheep farmers and maximising the value of their wool. By working together, our members benefit from the efficient way that British Wool collects, grades and tests wool. We add value by delivering a consistent product to market at a scale that allows for economic processing and drive demand by promoting our members’ product to trade customers and consumers.

I would like to take this opportunity to thank the team at British Wool for all their hard work and commitment over the past year, and our Board and regional representatives for their constructive feedback and strategic insight.



We were able to return

**£6.1m to our members for the 2022 clip**

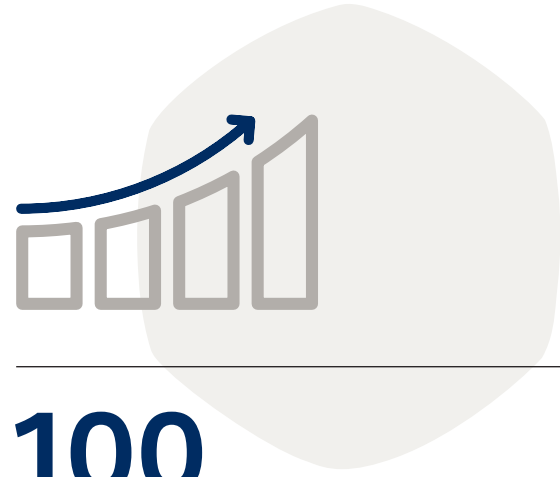


British Wool has a strong pipeline of **new licensees coming on board over the next twelve months**





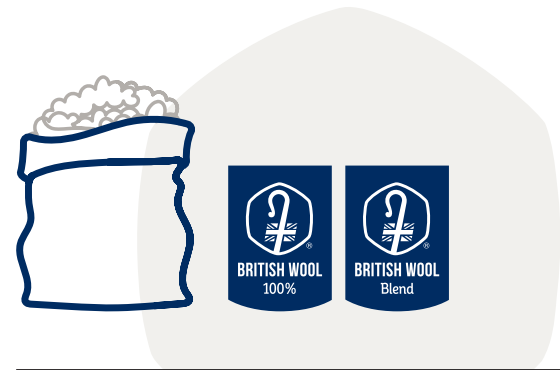
## Driving Demand for British wool



**Licensees** on board  
– up from 87 since 2022.



**new product ranges** launched  
throughout the year.

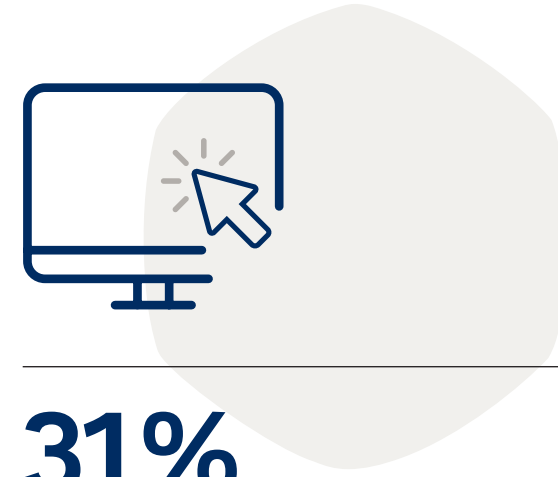


**of our clip** is  
under licensee.



people are currently **following**  
**our social media channels.**

## Driving Demand for British wool



**increase in visitor traffic** via  
the British Wool Shop website.



**products were ordered**  
through the British Wool Shop.



**kilograms of traceable wool**  
have been sold since launch.



**pieces of consumer and radio**  
**coverage** through our PR activity.



## Financial Review

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On the back of the improved wool returns for the 2021 clip, intake volume of the 2022 clip increased slightly to 23.3m kilos (2021 clip: 23.0m kilos). However, as outlined in the Chairman and CEO's statements, the 2022 clip year to 30 April 2023, and the current 2023 clip year continue to be very challenging following the lasting impact of Covid-19 globally and the conflict in Ukraine.

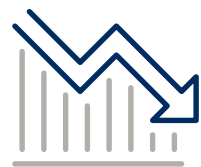
The impact of these has caused weak demand in global wool markets and the average value of the 2022 clip has decreased to 73.4 per kilo (2021 clip: 78.6p per kilo). Overall, the 2022 clip was valued at £17.1m (2021 clip: £18.1m).

At the same time as weaker demand for wool, we have also seen all our costs increase significantly, most of which are outside our control. Haulage, packaging, and utilities are all linked to oil and have all increased, and on the back of no pay rises for staff for three years, we had to increase employee pay in light of the cost-of-living crisis and to avoid employees leaving for higher pay elsewhere. We have of course tried to take action to limit the impact of cost increases as much as possible with the introduction of more solar panels in our sites, moving wool between sites in a more efficient way to reduce haulage costs and spreading grading across more of the season to reduce the need for temporary staff in peak months.

Despite these actions, operating costs have increased to £11.2m (2022: £9.3m) and back to pre-Covid 2020 levels. In 2021 we restructured the business by closing four grading depots as well as other savings which reduced

costs by c. £2m in 2021 and 2022. To have our costs back to 2020 levels is obviously disappointing however it does show the importance of the restructuring as without it, our costs would be even higher. Overall, operating cost per kilo has increased by 8p to 48p (2022: 40p).

Last year, we sold £2.2m of property including our old Irvine depot for £1.1m, which generated a profit of £0.6m. During the year, we purchased a new site in Selkirk for £0.9m and plan to relocate our Galashiels operations to it. We have sold the Galashiels sites for £850k and whilst completion of these sales are 30 June 2023 and 31 July 2023, we were legally bound to sell them at the year-end hence have recognised the sale and a £0.7m profit in the year-end accounts. The Galashiels operations were split over two sites and the poor layout and condition of the buildings presented significant operational challenges which hampered efficiency. A move away from the old Galashiels sites is long overdue and the recent property sales has enabled the move, along with a £250k grant from South of Scotland Enterprise, and will result in efficiency savings and better serve members for the long term in southern Scotland and northern England.



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Pensions deficit down from  
**£2.0m to £0.3m**

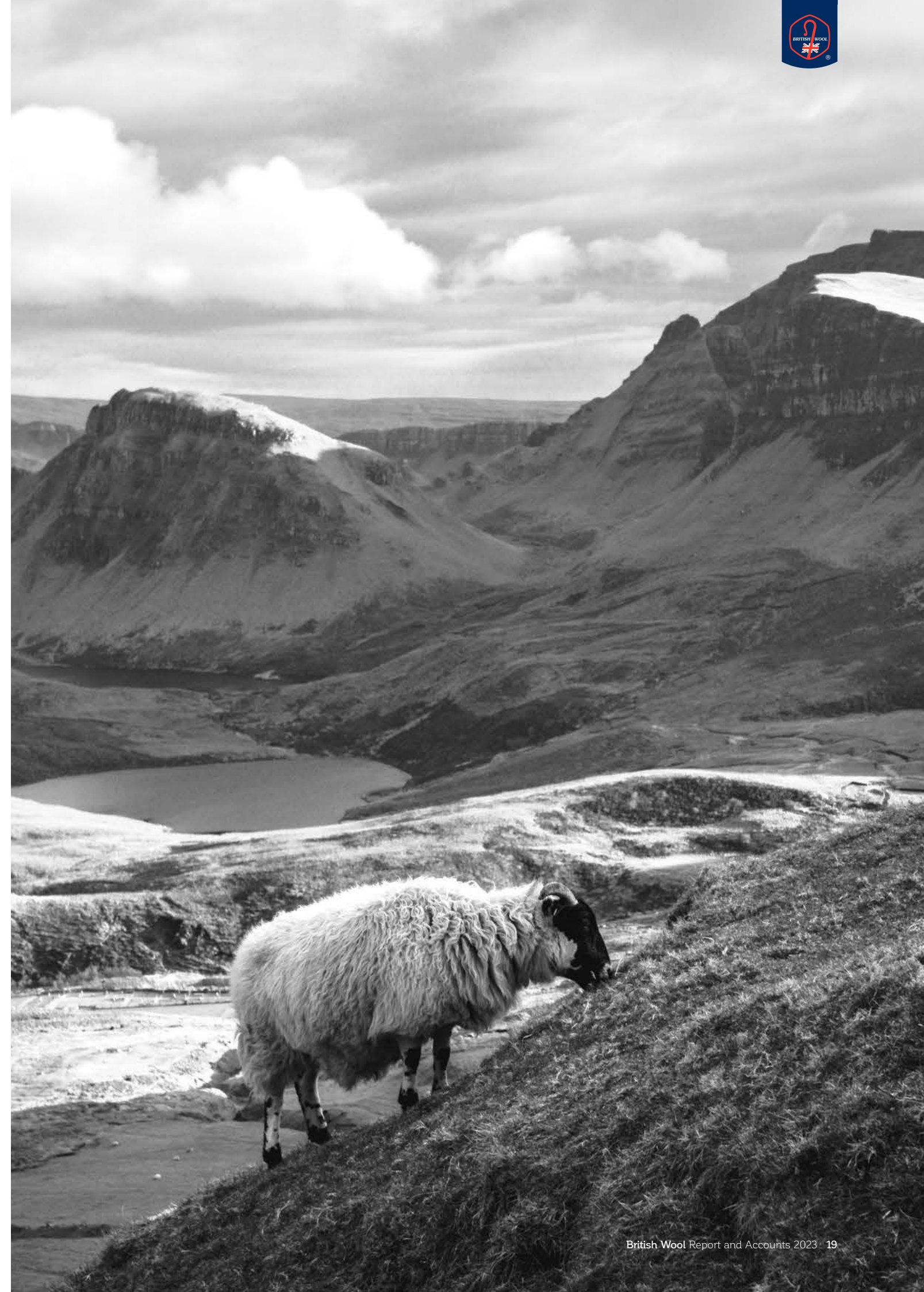
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Galashiels sites sold for  
**£0.7m profit**

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## Financial Review (continued)

In terms of pensions, the overall pension deficit for accounting purposes has reduced to £0.3m from £2.0m last year. The scheme liabilities (the amount of money needed to pay current and future pensions) has reduced significantly by c. £17.4m for various reasons but in particular due to an increase in the discount rate driven by increasing corporate bond rates, and the scheme assets (investments) have fallen by c. £15.7m. The movements to both assets and liabilities are mainly due to the turmoil caused by the Autumn 2022 mini-budget. During the year, the triennial actuarial valuation was agreed which has set contributions at £550k pa saving £556k over the three years to the next valuation.

Due to falling global demand and market prices for wool, and our increasing operating costs, the overall average payment for members wool is down compared to last year at 26.2p (2021 clip: 37.1p) per kilo. Due to the reduced revenues, our cash reserves, whilst still very healthy at £7.9m, are lower than the required reserve fund balance.

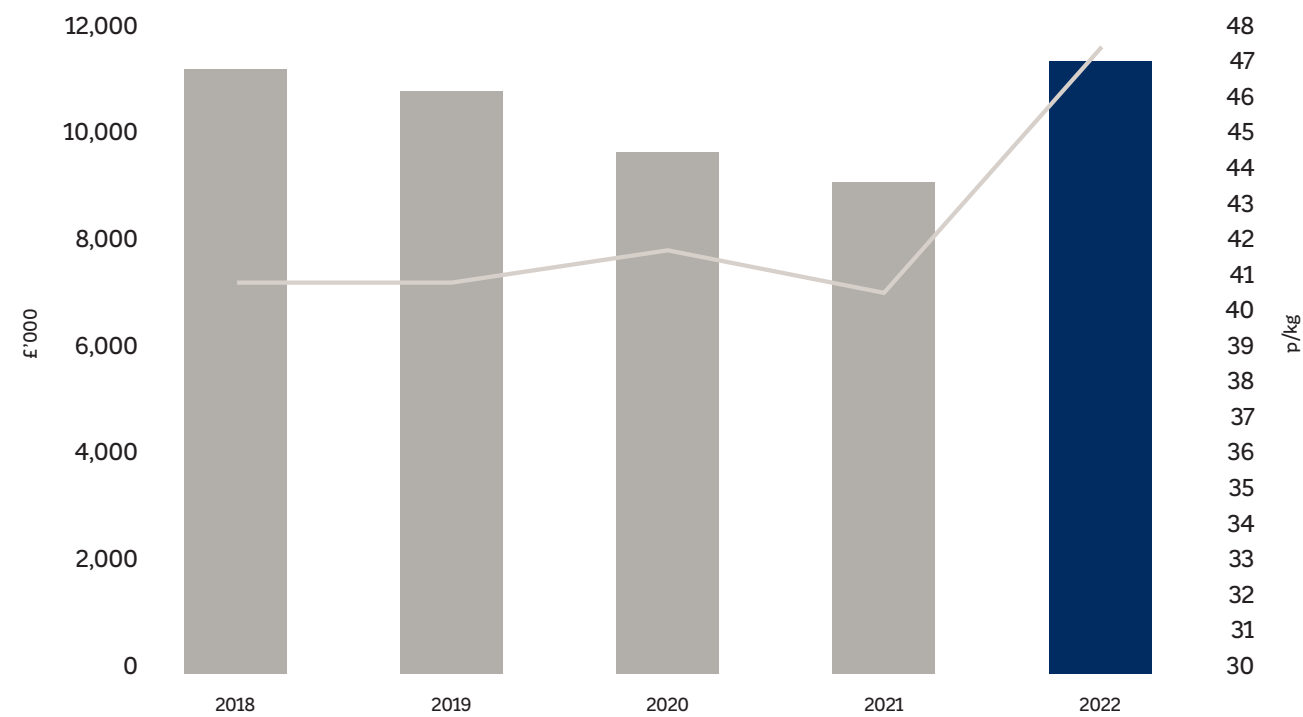
However, the Financial Arrangement between British Wool and the Agricultural Ministers expired on 30 April 2023 and therefore the requirement to hold a separate reserve fund ceased. Due to the out-of-date language and clauses in the Financial Arrangement, it was left to expire and will be replaced by a Framework Agreement which is a more modern and widely used document for arms' length government bodies.

The Framework Agreement will be concluded during 2023/2024 and will formalise governance and operational practices of British Wool and will have no requirement for a separate Reserve Fund to exist.

**Andy Whelan ACA**  
Chief Financial Officer

### Operational Costs

As explained above, operating costs have increased back to 2018 levels.



\*Excludes pensions and exceptions.





## Report of the Board

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Report on the workings of the British Wool Marketing Scheme 1950 for the year 1 May 2022 to 30 April 2023 to be considered at the seventy third annual general meeting of registered producers on 8 November 2023.

The Summary Financial Statement is only a summary of information contained in the Group's full consolidated accounts and the report of the Board. It does not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group as would be provided by the full Report and Accounts. For further information the full Report and Accounts, which contain the consolidated annual accounts and the auditor's report on those accounts, should be consulted.

A copy of the full Report and Accounts will be provided, free of charge, to any registered members upon receipt of a request addressed to the Secretary of the Board at the Board's Head Office.

The auditor's report on the full accounts for the Group for the year ended 30 April 2023 was unqualified.

### 1. Principal Activity

The principal activity of the Board is to ensure the organised marketing of wool produced in the United Kingdom (except the administrative county of Zetland). The Board receives wool from registered members, grades and sells through public auction. Sale proceeds are used to meet payments to members for the wool received and to meet the cost of operations. Any surplus funds available are due to members and are carried forward for payment in subsequent years.

### 2. Accounts Presentation

In addition to the presentation of financial information concerning the performance and year-end position of the Board, the annexed summary Financial Statements also set out the consolidated results and financial position of the group of companies controlled by the Board. The Board has consolidated the results of its subsidiary companies. The subsidiary companies are Wool Growers (Great Britain) Limited and Wool Testing authority (Europe) Limited.

The summary Income and Expenditure Accounts are shown on page 27.

### 3. Committees

The Board is ultimately responsible for the management of the Group, the Group's strategy and overseeing the Group's performance. The non-executive board members support the executive management team in delivering sustainable added value for members and delegate day-to-day responsibility to executive management and certain matters to a number of Board committees.

#### *Audit & Risk Committee*

The Audit & Risk Committee is responsible for financial and narrative reporting, internal controls and risk management including core compliance programmes and non-financial assurance, internal audit and external audit.

#### *Remuneration Committee*

The Remuneration Committee agrees the framework for the remuneration of the chairman, board members and executive officers.



## Report of the Board (continued)

### Members Engagement Committee

The Member Engagement Committee includes representatives from the member engagement team and provides oversight of British Wool's member facing activity which includes marketing, communications, and field services.

### Pensions Committee

The board identified the defined benefit pension scheme deficit as a principal risk and established the Pensions Committee to provide oversight of the scheme.

### Attendance

During the year the Board Members attended the following number of meetings of the Board and its Committees (the number of meetings the Board Member is eligible to attend is shown in brackets):

	Board	Audit	Pensions	Remuneration	Member Engagement
J Robertson (Chairman)	8(8)	4(4)	n/a	3(3)	n/a
B Kelly (Vice Chairman)	8(8)	4(4)	3(3)	3(3)	3(3)
H Evans	8(8)	n/a	n/a	n/a	n/a
D Fraser (Passed away 14 October 2022)	4(4)	n/a	n/a	n/a	n/a
C Stephenson	7(8)	4(4)	n/a	n/a	n/a
J Davies	8(8)	n/a	n/a	3(3)	3(3)
R Blanden (Retired 31 March 2023)	7(7)	n/a	n/a	n/a	3(3)
K Drury	8(8)	4(4)	n/a	n/a	3(3)
A Derryman	7(8)	n/a	n/a	n/a	n/a
P Chantler (Appointed 1 April 2023)	1(1)	n/a	n/a	n/a	n/a
E Mackintosh (Appointed 3 January 2023)	2(2)	n/a	n/a	n/a	n/a
J Lea	7(8)	4(4)	3(3)	n/a	3(3)
R Davies	7(8)	3(4)	n/a	3(3)	2(3)
A Whelan	8(8)	4(4)	2(3)	n/a	n/a
A Hogley	8(8)	4(4)	1(1)	n/a	n/a

## Report of the Board (continued)

### 4. Board Members' and Executive Officers' Remuneration

The total Board Members' for the year ending 30 April 2023 was voted by members, at the Annual General Meeting of 9 November 2022. The emoluments of the Board Members who served at any time during the year were £122,969 (2022: £126,810).

The emoluments of the Chairman, Vice Chairman, Board Members and Consultant for the year were as follows:-

	2023 £	2022 £
Chairman (1 May to 30 April)	30,635	30,635
Vice Chairman (1 May to 30 April)	10,908	9,999
Other board members and consultant who served a full year each received	9,218	9,218

Remuneration of the executive officers for the year was as follows:

	Basic Salary £'000	Benefits £'000	Pensions Contributions £'000	2022 Total £'000	2021 Total £'000
A Hogley	120	1	16	138	128
A Whelan	106	1	12	119	104

### 5. Statement of Compliance

As a Statutory Marketing Board the organisation is not required to comply with the Combined Code on Corporate Governance ("the Code"). The Board recognises the importance of, and is committed to, ensuring that effective corporate governance procedures are in place. The Board agrees with the principles of the Code and continues to work towards obtaining substantial compliance with the Code.

The Board fails to comply with the Code in one instance:

Under the terms of the British Wool Marketing Scheme 1950, Regional Board Members, including the Chairman, are elected and, as such, are deemed not to be independent according to the principles of the Code.

The Group continues to employ an Internal Audit function whose effectiveness is reviewed annually by the Audit Committee.

The Group has complied with the requirements of FRS102 in respect of 'Related Party Transactions' and full disclosure is made in note 19 of the full accounts.



## Report of the Board (continued)

### Respective Responsibilities of Board Members and Auditor

The Board Members are responsible for preparing the Summary Financial Statement and the other information contained within the British Wool Marketing Board Report and Accounts 2023.

Under the terms of our engagement letter dated 5 May 2023 our responsibility is to report to the Board on the consistency of the Summary Financial Statement within the British Wool Marketing Board Report and Accounts 2023 with the Board's full annual accounts.

We also read the other information contained in the Report and Accounts 2023 of the Board and considered the implication for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

### Independent Auditor's Statement to the Board of the British Wool Marketing Board

We have examined the Summary Financial Statements which comprise the Summary Group and Board Income and Expenditure Accounts, the Summary Group and Board Balance Sheets and Group and Board Statement of Other Comprehensive Income as set out in the full British Wool Marketing Board report and Accounts 2023.

This statement is made solely to the Board, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Board those matters we have been engaged to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board, as a body, for our work, for this statement, or for the opinions we have formed.

In our opinion the Summary Financial Statement is consistent with the full annual accounts of the British Wool Marketing Board for the year ended 30 April 2023.



#### Simon Turner (Senior Statutory Auditor)

for and on behalf of Armstrong Watson Audit Limited  
Chartered Accountants  
Statutory Auditors  
Leeds

25 August 2023

## Summary Financial Statements

Summary Income and Expenditure Accounts for the year ended 30 April 2023

	Group 2022 clip	Group 2021 clip	Board 2022 clip	Board 2021 clip		
	£'000	£'000	£'000	£'000	Average p/kg	Average p/kg
Sales	14,055	15,529	13,610	13,610	73.5	78.3
Stock of 2021 clip	3,468	2,954	3,468	3,468	72.7	80.3
<b>Estimated value of 2021 clip</b>	<b>17,523</b>	<b>18,483</b>	<b>17,078</b>	<b>17,078</b>	<b>73.4</b>	<b>78.6</b>
Advance payments to members for wool	-	(80)	-	-	-	(0.3)
Balance payable to members for wool	(5,654)	(7,626)	(5,654)	(5,654)	(24.3)	(33.0)
Premiums	(437)	(870)	(437)	(437)	(1.9)	(3.8)
<b>Paid and payable to members</b>	<b>(6,091)</b>	<b>(8,576)</b>	<b>(6,091)</b>	<b>(6,091)</b>	<b>(26.2)</b>	<b>(37.1)</b>
<b>Retained to cover expenses</b>	<b>11,432</b>	<b>9,907</b>	<b>10,987</b>	<b>10,987</b>		<b>9,525</b>
Operating expenses	(11,848)	(9,851)	(11,152)	(11,152)		(9,278)
Transformation adjustments	-	-	(500)	(500)		(500)
<b>Total operating expenses</b>	<b>(11,848)</b>	<b>(9,851)</b>	<b>(11,652)</b>	<b>(11,652)</b>		<b>(9,778)</b>
Retained after operating expenses	(416)	56	(665)	(665)		(253)
Pension – other finance income/(expense)	(71)	(231)	(71)	(71)		(231)
Deficit on realisation of the 2020 clip	(66)	(19)	(66)	(66)		(19)
<b>Trading deficit</b>	<b>(553)</b>	<b>(194)</b>	<b>(802)</b>	<b>(802)</b>		<b>(503)</b>
Profit/(loss) on sale of assets	732	566	732	732		566
Interest receivable	103	6	98	98		6
Dividends received	-	-	300	300		275
Share of loss of associated undertakings	6	(5)	6	6		(5)
<b>Net surplus/(deficit) before taxation</b>	<b>288</b>	<b>373</b>	<b>334</b>	<b>334</b>		<b>339</b>
Taxation on surplus/(deficit)	(188)	(74)	(121)	(121)		(53)
<b>Surplus/(deficit) for the year</b>	<b>100</b>	<b>299</b>	<b>213</b>	<b>213</b>		<b>286</b>
Transfer from reserve fund	-	-	-	-		-
<b>Net surplus/(deficit) for the year after reserve fund transfer</b>	<b>100</b>	<b>299</b>	<b>213</b>	<b>213</b>		<b>286</b>

Post Covid recovery in demand and price impacted by Ukraine conflict.

Returns to member down due to weaker demand and cost increases.

Operating costs increased to pre-Covid levels due to inflationary increases (fuel, labour, utilities, rates).

£0.7m profit on sale of Galashiels sites.

Bank interest increased in line with interest rate rises.



## Summary Financial Statements

Statement of Other Comprehensive Income (additional pension charges) for the year ended 30 April 2023

	Group		Board	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Actuarial gains/(losses) immediately recognised	1,208	3,684	1,208	3,684
Deferred tax	(230)	(612)	(230)	(612)
Other comprehensive income/(loss) for the year net of tax	978	3,072	978	3,072
Surplus/(deficit) for the year	100	299	213	286
Total comprehensive income/(loss) for the year	1,078	3,371	1,191	3,358

## Summary Financial Statements

Summary Balance Sheets as at 30 April 2023

	Note	*Group		Board	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>	1	10,732	9,862	14,969	13,949
Stocks		4,279	3,844	3,888	3,407
Debtors		3,671	3,315	4,045	3,738
Reserve account – deposits		–	9,450	–	9,450
Cash at bank and at hand		7,900	3,206	6,828	2,193
<b>Total current assets</b>		15,850	19,815	14,761	18,788
Creditors	2	(7,174)	(9,815)	(11,861)	(14,306)
<b>Net current assets</b>		8,676	10,000	2,900	4,482
<b>Net assets before pension liability</b>		19,408	19,862	17,869	18,431
Provisions		(221)	–	–	–
Pension scheme liability	4	(327)	(2,014)	(327)	(2,014)
<b>Net assets including pension liability</b>		18,860	17,848	17,542	16,417
<b>Reserves</b>	3	18,860	17,848	17,542	16,417

Purchase of Selkirk for £1m less sale of Galashiels site for £0.9m (£0.1m in fixed assets).

Financial arrangement expired so no longer any requirement to hold a separate Reserve Account/Fund.

Deferred tax arising following change in tax rate from 19% to 25% (previously a net debtor).

Pension scheme liability reduced on an accounting basis due to increasing inflation, interest rates, and government bond yields meaning the net liability is discounted more.

Note: Creditors have been restated to reflect the strict legal position where liabilities are contractually repayable on demand.

\*Group includes:

### Wool Growers (Great Britain) Limited

The principal activity is the handling of fleece wool and supplying blended wool products to third parties on behalf of the parent organisation, British Wool Marketing Board.

### Wool Testing Authority (Europe) Limited

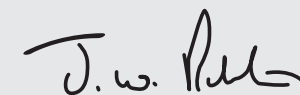
The company provides wool sampling and testing services, to customers engaged in the wool textile industry, using accreditation gained from the United Kingdom Accreditation Service and the International Wool Textile Organisation.

### Associated undertakings:

#### Ulster Wool Group Limited

The company is a 50% owned associated undertaking, incorporated in Northern Ireland, and provides wool handling services.

Accounts approved by the Board on 1 August 2023 and signed on its behalf by:



Jim Robertson  
Chairman



Andrew Hogley CFA  
Chief Executive Officer



## Summary Financial Statements

### Notes to the Summary Financial Statement

	*Group		Board	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
<b>1. Fixed assets</b>				
Property	9,508	8,763	3,019	2,127
Plant and equipment	951	894	854	785
Motor vehicles	86	24	65	12
	<b>10,545</b>	9,681	<b>3,938</b>	2,924
Investments	187	181	11,031	11,025
	<b>10,732</b>	9,862	<b>14,969</b>	13,949
<b>2. Creditors – Amounts due in less than one year</b>				
Amounts due to members	5,446	7,445	5,446	7,445
Others	1,728	2,370	6,415	6,861
	<b>7,174</b>	9,815	<b>11,861</b>	14,306
<b>3. Reserves</b>				
Reserve fund*	–	9,450	–	9,450
Board's fund	19,105	10,034	8,962	(222)
	<b>19,105</b>	19,484	<b>8,962</b>	9,228
Pension liability	(327)	(2,014)	(327)	(2,014)
Related deferred tax asset	82	378	82	378
Revaluation reserve	–	–	8,825	8,825
	<b>18,860</b>	17,848	<b>17,542</b>	16,417
<b>4. Pension Reserve</b>				
At 1st May	(2,014)	(6,162)	(2,014)	(6,162)
Movement in actuarial losses during the year	1,208	3,684	1,208	3,684
Contributions paid	550	695	550	695
Amounts recognised in the Income & Expenditure account	(71)	(231)	(71)	(231)
At 30 April	<b>(327)</b>	(2,014)	<b>(327)</b>	(2,014)

\*Financial Arrangement expired 30 April 2023 so there is no longer any requirement to hold a Reserve Fund and the funds previously held in the Reserve Fund have been transferred into the Board's funds.

## Notice of Annual General Meeting

Notice is hereby given that the seventy-third annual general meeting of producers registered under the British Wool Marketing Scheme 1950 will be held in person at:

Wool House  
Sidings Close  
Canal Road  
Bradford  
BD2 1AZ

**At 1.00pm on Wednesday 8th November 2023.**

The Chairman of the meeting will be the Chairman of the board.

The business to be transacted will be:

- To approve the minutes of the last AGM held on 9 November 2022.
- To consider the statement of accounts, together with the auditor's report thereon, and the report of the Board on the working of the British Wool Marketing Scheme 1950 for the past year 1 May 2022 to 30 April 2023.
- To determine the remuneration of the board\*.
- To reappoint auditors.

By order of the board.

**Andy Whelan ACA** (Secretary)

Wool House  
Sidings Close  
Canal Road  
Bradford  
BD2 1AZ

30 September 2023

Note:

\*The recommendation is for the remuneration of the board to remain unchanged for the ninth year.

Any registered member will be entitled to enquire on any matters arising out of the report and accounts preferably through the submission of an enquiry prior to the meeting. Questions will be taken from the meeting on the day. Such enquiries should be sent in writing to Kam Dlay-Lewis at Wool House or by emailing [mail@britishwool.org.uk](mailto:mail@britishwool.org.uk) to be received by 5 November 2023. No business other than that given in this notice will be transacted at the meeting (British Wool Marketing Scheme 1950, Paragraph 86 (2)).

**britishwool.org.uk**

The website offers comprehensive up to date information about all British Wool activities and operations.

**campaignforwool.org**

The Campaign website offers information on the global wool campaign and the opportunity for individuals and businesses to join the Campaign.





**British Wool**

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