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Holstein UK

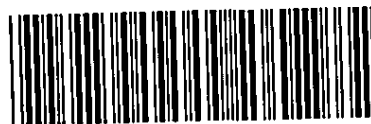
Incorporating British Friesian Breeders

Annual Report & Accounts

For the Year ended
31st March 2007

THURSDAY

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT THE SEVENTH ANNUAL GENERAL MEETING of members of Holstein UK will be held at:

**THE DURRANT HOUSE HOTEL
BIDEFORD
DEVON**

On TUESDAY 4th SEPTEMBER 2007 at 6.00pm

for the following purposes:

- 1. To receive the Report of the Board and the Audited Accounts for the year ended 31st March 2007.**

- 2 To elect members of the Board**

In accordance with the Memorandum and Articles of Association, the following members retire at the AGM

Mr H Evans	(North Wales)	Mr T Gue	(South Eastern)
Mr D Perry	(Northern Ireland)	Mr D Robinson	(Northern)

Only one nomination was received from the North Wales, South Eastern and Northern, regions and Northern Ireland. The under mentioned members are, therefore, deemed duly elected, and will serve for the period of four years

Mr H Evans	(North Wales)	Mr T Gue	(South Eastern)
Mr I Watson	(Northern Ireland)	Mr D Robinson	(Northern)

- 3. To Elect a President**

The Board will recommend that Mr W Ley is elected, and takes office at the close of the Annual General Meeting 2007

- 4. To Re-Appoint Auditors**

A resolution proposing that Mercer & Hole be re-appointed as auditors of the Society will be put to the Annual General Meeting

- 5. To consider any other business**

- 6. To receive members' suggestions**

By Order of the Board
G Watson
Company Secretary
Scotsbridge House
Rickmansworth
Herts WD3 3BB

18th July 2007

OFFICERS OF THE SOCIETY

PRESIDENT

Mr W Rankin

CHAIRMAN

Mr D J Tomlinson

NON-EXECUTIVE DIRECTOR of FINANCE

Mr L Baugh

CHIEF EXECUTIVE

Mr D Hewitt

COMPANY SECRETARY

Mr G Watson

REGISTERED OFFICE

Scotsbridge House,
Rickmansworth
Herts WD3 3BB

ADVISORS TO THE SOCIETY

AUDITORS

Mercer & Hole
Chartered Accountants
Gloucester House
72 London Road
St Albans, Hertfordshire AL1 1NS

BANKERS

Barclays Bank PLC
32 Clarendon Road
Watford
Hertfordshire WD1 1LD

FUND MANAGERS

Brewin Dolphin Securities Ltd
12 Smithfield Street
London EC1A 9BD

SOLICITORS

Burges Salmon
Narrow Quay House
Narrow Quay
Bristol BS1 4AH

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OFFICERS REPORTS

PRESIDENT

Mr William E Rankin

I would firstly like to thank the membership for electing me as President of Holstein UK this year. It is a great honour to be considered as a suitable person to follow in the footsteps of many household stalwarts of the Breed. The Northern Ireland Club certainly rose to the occasion last year in September when the AGM was hosted by the club.

The Society is in a very healthy state. It is not just a breed Society anymore. It provides many services to the dairy industry and services to many other breed societies. In these days of poor milk prices, dairy farmers are leaving the industry at an alarming rate. Milk prices need to improve drastically to prevent further decline and to keep younger farmers on the land.

I am confident that Breeders who register cattle with the Society have a distinct advantage over those who prefer not to. If you look at Pedigree Sale prices alone, where there is a history of ancestry and performance available, there is a distinct advantage. Holstein Complete launched last year has been one of the successes of Holstein UK, where farmers have a one point of data entry for registering calves, milk recording, passports and classification. Reports have shown it to be an excellent time and money saving scheme.

During my term as President and visiting all areas of the country, it is clear the scourge of the industry is bTB. The government must be proactive in the fight against bTB and introduce effective control of one of the main sources of the disease – badgers. This indecision is compounded by the unfairness of the compensation system, which values animals on average prices and location rather than independent individual valuation. Animals have always been individually unique with their own specific value. The result of the current system is that farmers are not being treated equitably.

The Dairy Event was my first function to attend. The standard of cows forward was impressive, proving the Holstein can take its place anywhere in the world, giving us a great platform for getting exports going again after a ten year absence.

The Calf show was a very prestigious event. It was very encouraging to see all the young people preparing and showing their calves in such a professional manner, bringing credit to their clubs. It was great to see the comradeship that existed amongst the competitors, and it is a pity there is not a larger audience to support and encourage them.

The Presidents Medal was yet another highlight when we interviewed the candidates. The ideas and enthusiasm for the subject was magnificent. Congratulations to all the competitors for the excellent way they presented their thoughts. They certainly gave us plenty to think about. I would take this opportunity to thank Semex once again for their generous support for this great competition.

Helen and I have had the pleasure to attend many Club dinners throughout the UK. We have enjoyed meeting many enthusiastic breeders on our travels. I would like to record our appreciation for the hospitality shown to us during the year. It is now the beginning of the show season, and we hope to attend as many shows as possible and to meet many more members.

May I take this opportunity of expressing thanks to the Chief Executive and all the staff at Rickmansworth, for the way they have looked after me in such a pleasant and courteous manner, and also the Board members who freely give up their time, making sure the Breed goes from strength to strength.

Finally, could I wish the President Elect, William Ley every good wish for his year in office. I know there is a lot of preparation work to be done leading up to the Centenary Celebrations in 2009.

Once again many thanks for a memorable and wonderful year.

CHAIRMAN**Mr David Tomlinson (BILSROW)**

Once again, it is a pleasure to report another year of profitable and successful trading of your society –Holstein UK

As you can see from the accounts, the society has returned good financial figures – improved from last year and without the revaluation of Scotsbridge House. This is partly as a result of good business practice, as both trading subsidiaries CDI and CIS continue to grow and expand, partly to the quality and enthusiasm of all staff, a prized and valuable asset often overlooked, and partly due to you, the member, for making most use of all society services and programmes. Our flagship programme – Holstein complete – grows stronger each year as members recognise the benefits of using integrated services.

Significantly, this year we have seen a far greater market awareness of the British Dairy Farmer from leading supermarkets. We have welcomed leading supermarket delegations to Scotsbridge House where we were able to demonstrate the importance of total herd recording programmes for both production and conformation. What soon became obvious was that Farm Assurance Certification is now taken for granted – the real focus for the supermarkets and their customers is cow welfare, in particular lameness (or lack of), locomotion and condition score. Once again the programme that impressed them most was Holstein Complete because

- It contains all the information
- Cows were independently inspected twice a year
- Factored, paperless system is environmentally friendly
- Most economic package available to any dairy farmer

The recent re-opening of the export market has already seen demand for cattle of all ages. This is an encouraging start and we must concentrate on developing these markets further. The society has already had a presence at several major European shows and more are planned for this summer. As well as promoting the quality of cattle and genetics here in the UK, we must also capitalise on our investment in IT, having in recent months received huge interest from other European and World Breed Societies for our programmes, to which we own the intellectual property rights.

Our Young Members continue to dominate the European competition scene. Following on from the triumph at the 2005 HYB school in Belgium, our young representatives invited to compete in Sweden this spring finished their weekend competition with three showmen in the final line-up and young Tom Riley clinching the overall Champion Showman title.

Holstein UK can be proud of its achievements during the year as we continue to build towards a sustainable future. Much of this has been made possible by the vision and determination of David Hewitt – his drive in creating CDI – a central UK database used by all dairy breeds, and further development of CIS continues to revolutionise traditional milk recording. We must continue to develop and grow these organisations as we look to secure success for both the society and the breed.

NON-EXECUTIVE DIRECTOR FOR FINANCE

Mr Louis Baugh (NEATISHALL)

The development of the Society's trading subsidiaries CDI and CIS and the associated movement of income and costs between them and the parent charity makes it difficult to form year on year direct accounts comparisons. However, with a few adjustments comparisons become clearer.

Incoming resources appears to have risen, however if we discount £45,000 for cross charges on computer services to trading subsidiaries overall income is comparable with last year. Within this statement there are fluctuations, registration income is down £70,000 and classification up £28,000. This summary may appear odd when considering note 2 in the accounts and the answer lies in combining registration and classification income into Holstein complete, to overcome the movement of funds as more members utilise the integrated services of Holstein Complete.

It is the outgoing resources area which has contributed greatest to the years surplus, prior to any adjustments for CDI take back charges, the saving is approximately £142,000, mainly attributable to classification and field services (down £91,000), loan interest (down £27,000) and shows (down £16,000). The saving in classification arose from new working practices and efficiencies due to the introduction of the new dual area structure. The loan required to purchase CIS has been fully repaid during the year.

Whilst core income slips the Society is ever dependant upon its investment income to underpin its services and maintain its charitable objectives. The investment portfolio is yielding at 4 %, performing 0.5% above the index, producing £78,728 profit and an increase in value of £50,824. Additional investment gains arise from CIS profit £22,627 and the charitable donation which comprises £90,881 from Gift Aid and Membership subscriptions and £19,409 from CDI.

Most of the property rental agreements have been reviewed and adjusted whilst the stable block has had detailed drawings drawn up ahead of detailed planning submission and builders tenders.

In summary, a year of income struggling to hold up, considerable cost saving and the requisite investment performance underpinning the final outcome of the accounts.

Looking forward, for the society to maintain its growth and development aspirations, it requires more members to utilise its whole range of services via Holstein Complete, continuing operational efficiency and further growth in its reserve investments.

CHIEF EXECUTIVE'S REPORT

Mr David Hewitt

With low milk prices and the continuing exodus of dairy farmers from the industry due to poor financial returns, it is extremely pleasing to report that the Society has had a successful year with increased total market share, partially through the continuing success of its subsidiary companies and the Breed's continuing dominance in the market place built on performance efficiency. Pedigree Holstein and Friesians still retain their ability to command premium prices in the market which has supported a buoyant trade in animal sales. This undoubtedly is built on the quality and adaptability of our animals, diversity of bloodlines and quality recording systems, matched by the expertise of our members in breeding an animal whatever the production environment.

The Society's subsidiary companies, the Centre for Dairy Information and the Cattle Information Service continue to develop and expand and are quickly becoming established market leaders. The Centre for Dairy Information web site provides a portal to nearly all dairy breed societies' pedigree and genetic information, particularly industry trends and statistics which enables breed development using comprehensive and factual information. Add to this the unique and easy to use Bull Selector or Webmate, it is easy to see why the totally integrated database offers the industry so many benefits, based on the simple philosophy of 'single entry multi use' data entry principle for its many users. With all these advantages comes the additional benefit of reduced operating costs.

The Cattle Information Service has long been recognised for its innovation in introducing new systems and ideas for milk recording, herd management and novel data collection systems, however, and not always appreciated, this technology has also lowered considerably the cost of milk recording to our members. With Consumers, Supermarkets and Milk Buyers demanding independent information comprehensive recording will become an essential tool for milk producers to receive premium milk price as well as premium prices for pedigree livestock. This industry requirement has led to the introduction of new service for our members entitled 'Holstein Complete', which is only possible because of our integrated database, which includes milk recording, pedigree registration, BCMS passport application, classification and all other aspects of dairy herd management for a single fully inclusive fee. This innovation has reduced recording costs dramatically and to our many members provides the ideal tool to ensure the best possible herd management, particularly recording all aspects of animal health and welfare. Importantly this also delivers complete information on the breed, from which important decisions concerning national trends and levels of animal health and welfare in respect of many aspects of breeding, such as locomotion, fertility and condition score can be analysed, thus ensuring we breed the next generation of animals in a far more informed way and in doing so secure the future of the breed.

The integration of systems has resulted in many of our research projects being administered through the Centre for Dairy Information. This also applies to a number of Defra projects which we are involved with, particularly initiatives associated with the Animal Health and Welfare Strategy and the Compensation Advisory Group. We have also commenced dialogue with a number of animal welfare pressure groups with a view to understanding their concerns at the same time as explaining the demands and management requirements of our breed. This initiative is also linked to improving the value of surplus male calves for the home market.

Internationally the profile of UK Holsteins continues to rise, particularly as more UK tested bulls top international rankings. The Worldwide reputation and success of 'Picston Shottle' is a wonderful testimony to the breeding and management skills of the Pickford family. What an achievement for one of our members. In addition this International success story demonstrates the robustness and quality of UK progeny testing, in which Holstein UK and the Cattle Information Service is heavily involved through both production and type evaluation. Export markets continue to develop with a number of successful ventures during the year providing breeders with new opportunities to market their herds to potentially a far greater market. This market is also aided by a number of other important factors, particularly international classification demonstrations and judging appointments. Holstein UK is further supporting members exports by establishing an Export Coordination Service. Traditionally breed promotion is aided by the quality of our cattle at the National Holstein Show and the Royal, where again Holsteins dominated the interbreed events. Add to that the promotion achieved through the Holstein UK website and you can see why International demand for UK Holsteins and British Friesians continues to increase.

Holstein Young Breeder programme continues to flourish and with the introduction of the All Breed Calf Show now encompassing all dairy breeds, it is really pleasing to see the industry working as one to secure a future for the next generation of dairy farmers. The development of the Academy and increased study tours adds to the already busy portfolio of activities for members, which the Board hope will assist individual members to develop excellent management and business qualities.

As Chief Executive I am immensely proud of our achievements, which are only possible because we operate from a strong financial base. Again Holstein UK has produced good financial results during the year built on the benefits of integration and financial efficiency. This has been achieved by good management combined with the quality of our programs, without passing on any additional financial burden to our members during these very difficult times. The key to this success is our organisations structure and working ethos. We have produced programs that enable work to happen efficiently, however we must never forget it takes people to make it happen and in this respect we are blessed to have skilled, dedicated and enthusiastic staff throughout every sector of our business.

DIRECTORS' REPORT AND RESPONSIBILITIES

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31st March 2007

The directors who served during the period were -

Elected 23 09 2003

Mr H Evans	-	North Wales
Mr T Gue	-	South Eastern
Mr D Perry	-	Northern Ireland
Mr D Robinson	-	Northern

Elected 15 09.2004

Mr N Helyer	-	Southern
Mr T Phillips	-	South Wales
Mr P Warrng	-	Yorkshire
Mr J Cousar	-	Scotland

Elected 06 09.2005

Mr R Barron	-	Scotland
Mr L Baugh	-	Eastern
Mr D Jones	-	West Midlands
Mr W Bunting	-	North Midlands

Elected 05 09.2006

Mr T Barrett	-	East Midlands
Mr D J Tomlinson -	-	Lancashire
Mr J R Edge	-	North Western
Mr R J Laity	-	Far Western

Retired 05.09.2006

Mr D J Smith	-	Far Western
Mr M Gould	-	North Western

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

In accordance with company law, as the company's directors, we certify that

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information

STRUCTURE, GOVERNANCE & MANAGEMENT

The Company is a registered Charity No 1072998. Annual Reports and Accounts are submitted to the Charity Commission following formal approval by the membership at the Annual General Meeting. The Company is a Company limited by guarantee and not having a Share Capital, incorporated on 25th November 1998. The Company is governed by its Memorandum and Articles of Association (Company No 3674328), which includes wide investment powers. For the purposes of the Companies Act 1985 members of the Board are treated as directors for which services they receive no remuneration.

APPOINTMENT OF TRUSTEES

The Articles of Association allows for the appointment of sixteen trustees, who are eligible to serve for a period of four years. The Trustees also have the power to co-opt three further members to the Board to fill specialist roles. Co-opted members are appointed on an annual basis at each subsequent AGM. All members within the region of the retiring trustees are circulated with invitations to nominate trustees prior to the AGM.

TRUSTEE INDUCTION & TRAINING

New Trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making process, the business plan and recent financial performance of the charity. During the induction day they meet key employees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

DIRECTORS' REPORT AND RESPONSIBILITIES *CONTINUED*

ORGANISATION

The Board of Trustees administers the Charity. The Board meets on a regular basis. Within the Board trustees are nominated to represent areas covering Breed Development, Shows & Sales, Research & Development, Membership & Marketing, Cattle Information Services, Finance & Holstein Young Breeders. A Chief Executive is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance and employment.

RISK MANAGEMENT

The Directors have examined the major strategic, business and operational risks which the charity faces and confirm that systems have been established to enable regular reports to be produced so that necessary recommendations can be made to lessen these risks. The Directors also consider non-financial risk arising from fire, and the health and safety aspects of the employment of its staff. A key element in the management of financial risk is the setting of a reserves policy.

INVESTMENT POWERS AND POLICY

Under the memorandum and Articles of Association, the charity has the power to invest in anyway the trustees wish. The trustees currently operate a discretionary policy with its appointed Investment Brokers. During the period £365,165 were traded yielding a profit of £92,998. The funds raised, together dividend income allowed for £513,191 to be re-invested. The trustees acknowledge the importance of the charity's investments which support its activities and having instigated suitable measures during the previous financial year are satisfied that future requirements from its investment portfolio should be limited.

RESERVES POLICY

It is the policy of the charity to maintain unrestricted funds, which are the free reserves of the charity. The level of unrestricted funds equates to approximately one-year of unrestricted expenditure. This provides sufficient funds to cover management and administration and promotional costs. Unrestricted funds have been maintained at this level throughout the period.

PLANS FOR FUTURE PERIODS

The charity will continue to promote and encourage the breeding of Holstein and Friesian Cattle within the UK dairy herd. Where appropriate links with other industry bodies and parties will be encouraged to achieve the charity's objectives. Centralising information and data for the benefit of Dairy information and the promotion of "complete" management systems, which embrace all the charity's services to its members, remains a key feature in the trustees' plans. Where appropriate the charity will undertake research into available information promoting and disseminate the results to breeders.

PRINCIPAL ACTIVITIES

The objects for which the Society is established are to encourage, promote and improve the breeding of Holstein & Friesian Cattle in Great Britain & Northern Ireland. The principal activity of the company is that of the promotion of the Holstein Breed and the recording and maintenance of pedigree records for the use of Society members. The progress of the Society during the period accorded with expectations and the position at the period-end is regarded as satisfactory.

Additional information

Further disclosures and information required by the Statement of Recommended Practice are contained in the reports on pages 2 to 4 and contents page.

By order of the Trustees

D J Tomlinson
Chairman



G Watson
Company Secretary

Scotsbridge House, Rickmansworth, Herts WD3 3BB
18th July 2007

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOLSTEIN UK

We have audited the financial statements of Holstein UK for the year ended 31 March 2007 on pages 8 to 15. These financial statements have been prepared under the accounting policies set out on page 11.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities, the trustees who are also the directors of Holstein UK for the purposes of company law are responsible for the preparation of the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if in our opinion, the Trustees' Report is consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

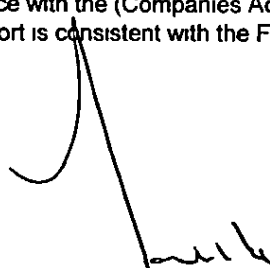
Opinion

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom generally Accepted Accounting Practice of the state of the charity's affairs as at 31st March 2007 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended, and
- have been properly prepared in accordance with the (Companies Act 1985)
- The information given in the director's report is consistent with the Financial Statements

MERCER & HOLE

Chartered Accountants and Registered Auditors
Gloucester House
72 London Road
St Albans
Herts AL1 1NS



18th July 2007

STATEMENT OF FINANCIAL ACTIVITIES

Incorporating an Income and Expenditure Account
for the year ended 31st March 2007

		Unrestricted funds	
	Notes	2007 £	2006 £
INCOMING RESOURCES			
Incoming Resources from Charitable Activities			
Subscriptions and Fees for Services	2	3,215,407	3,162,799
Investment income	3	156,057	163,950
		<hr/>	<hr/>
TOTAL INCOMING RESOURCES		3,371,464	3,326,749
		<hr/>	<hr/>
RESOURCES EXPENDED			
Charitable Activities			
Cost of Membership Services	4	2,991,591	3,174,083
Governance Costs	4	79,754	82,447
		<hr/>	<hr/>
TOTAL RESOURCES EXPENDED		3,071,345	3,256,530
		<hr/>	<hr/>
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR		300,119	70,219
Other recognised gains / (losses)			
Unrealised Property Gains	5	0	665,000
Gains / losses on Investment assets	6	152,179	162,194
Charitable donation		109,991	106,533
		<hr/>	<hr/>
NET MOVEMENT IN FUNDS		562,289	1,003,946
TOTAL FUNDS AT 1 APRIL 2006		5,209,177	4,205,231
		<hr/>	<hr/>
TOTAL FUNDS AT 31 MARCH 2007		5,771,466	5,209,177
		<hr/>	<hr/>

There were no gains or losses other than as shown above. The results for the period are wholly derived from continuing activities.

The annexed notes are to be read as part of these financial statements.

BALANCE SHEET

as at 31st March 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	5	3,021,621	3,063,447
Investments	6	2,084,314	1,877,108
Investment funds on deposit		32,105	29,142
		<hr/>	<hr/>
		5,138,040	4,969,697
CURRENT ASSETS			
Stocks		12,780	13,461
Debtors	7	710,446	728,583
Cash at Bank and in Hand		234,710	186,447
		<hr/>	<hr/>
		957,936	928,491
CREDITORS: Amounts falling due within one year	8	(324,510)	(689,011)
		<hr/>	<hr/>
NET CURRENT ASSETS		633,426	239,480
		<hr/>	<hr/>
NET ASSETS		5,771,466	5,209,177
		<hr/>	<hr/>
FUNDS			
General Fund		3,012,242	2,449,973
Revaluation Reserve		2,313,120	2,313,120
Investment Revaluation Reserve		446,084	446,084
		<hr/>	<hr/>
		5,771,466	5,209,177
		<hr/>	<hr/>

The annexed notes are to be read as part of these Financial Statements

Approved by the Board at a meeting on the 18th July 2007

Chairman of the Board D J Tomlinson
 Director of Finance L Baugh
 Chief Executive D Hewitt

D J Tomlinson
L Baugh
D Hewitt

CASH FLOW STATEMENT

For the year ended 31st March 2007

	Notes	2007 £	2007 £	2006 £	2006 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	A		(55,202)		(177,081)
RETURNS FROM INVESTMENTS AND SERVICING OF FINANCE					
Investment income from listed UK investments		74,021		79,405	
Interest receivable		7,155		2,455	
NET CASH INFLOW FROM INVESTMENTS AND SERVICING OF FINANCE			81,176		81,860
CAPITAL EXPENDITURE					
Purchase of tangible fixed assets less proceeds of disposals		80,280		3,629	
Purchase of fixed assets investments		(513,191)		(254,097)	
Sale of fixed asset investments		458,163		499,096	
NET CASH INFLOW FROM CAPITAL EXPENDITURE			25,252		248,628
INCREASE/ (DECREASE) IN CASH	B		51,226		153,407
Note A RECONCILIATION OF CHANGE IN RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES					
Net Incoming Resources			300,119		70,219
Investment income from listed UK investments			(74,021)		(79,405)
Interest receivable			(7,155)		(2,455)
Depreciation			53,991		53,061
(Decrease) in stocks			(681)		(3,319)
Decrease/(Increase) in debtors			18,137		(113,431)
(Decrease) in creditors			(364,501)		(208,284)
(Profit)/Loss on disposal of fixed assets			(200)		0
Charitable Donation			19,109		106,533
Net cash outflow from operating activities			(55,202)		(177,081)

Note B ANALYSIS OF CHANGES IN CASH

	At 1 April 2006	Cash flow	At 31 March 2007
Cash in hand, at bank	186,447	48,263	234,710
Investment funds on deposit	29,142	2,963	32,105
	215,589	51,226	266,815

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) Basis of the Accounts:

The accounts have been prepared under the historical cost convention with the exception of investments, which are included on a market value basis. The accounts, incorporating a Statement of Financial Activities, have been prepared in accordance with the Statement of Recommended Practice (SORP)-Accounting and Reporting by Charities 2005 and applicable Accounting Standards.

(b) Entry Fees

Entry Fees are brought into the Statement of Financial Activities only after the relevant animal has been accepted for registration.

(c) Conversion of Foreign Currency

Assets and liabilities are translated into sterling at the rate of exchange ruling at the Balance Sheet date. Income and Expenditure are translated into sterling at the average rate for the year. All differences on translation are taken to the Statement of Financial Activities.

(d) Depreciation and Amortisation

Depreciation is calculated to write off the cost of assets evenly over the following useful lives -

Furniture and Fittings	10 Years		
Royal Show Pavilion	20 Years	Motor Vehicles	4 Years
Office Machinery & Equipment	2-8 Years	Computer Equipment	2 Years

(e) Research & Development:

Expenditure on research & development is written off in the year in which it occurs.

(f) Pension Costs:

The amount charged to the Statement of Financial Activities in respect of pension costs is the contributions payable in the year.

(g) Stocks

Stocks of consumables are stated at the lower of cost and net realisable value.

(h) Leased Assets:

Rentals paid under the operating leases are charged to Statement of Financial Activities on a straight-line basis over the life of the lease.

(i) Investments and Investment Income

Investments are stated at market value. It is the Society's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities only includes those unrealised gains and losses arising from the revaluation of the investment portfolio throughout the year. Disclosure is made within note 6 to the financial statements of the difference between historic cost and the sales proceeds of the investments sold during the year.

(j) Freehold Land, Buildings and Investment Properties

These are held for the long term continuing benefit of the Charity at Market Value. Any gain or loss is taken to the SOFA and held in the unrealised revaluation reserve account. Further disclosure is made in note 5.

(j) Group Accounts:

The Society has not prepared Group Accounts as it has taken advantage of the exemptions available to a medium sized group under the Companies Act 1985.

(k) Subscriptions

Subscriptions received are taken to the Statement of Financial Activities on the day in the year in which they fall due.

(k) Deferred Income

Deferred Income represents amounts received for future periods and is released to incoming resources in the period for which it has been received.

2 INCOMING RESOURCES

Subscriptions and Fees for Services	2007	2006
	£	£
Subscriptions	294,556	289,570
Herd Book Entry Fees	1,357,786	1,399,501
1-Stop Recording Fees	107,389	123,370
Total Herd Recording Fees	172,645	197,636
Holstein Complete	189,525	39,113
Supplementary Register Entry Fees	144,236	178,115
Re-issue, Transfer Fees & Fines	45,840	34,973
Superior Producer Awards	12,936	11,888
Journal Advertising	60,928	32,166
Linear Assessment/Classification Fees	632,373	690,173
Catalogue & Herd Brochure Service	7,674	8,713
Other Society Registration Services	166,935	105,110
Herd Book Services	20,079	20,607
Breed Evaluations	0	5,142
Sundry Income	2,505	26,722
	<hr/>	<hr/>
	3,215,407	3,162,799
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS *continued*

3	INVESTMENT INCOME		2007	2006
			£	£
	Dividends receivable - Listed - UK		74,021	79,405
	Interest receivable		7,155	2,455
	Rental Income		74,881	82,090
			<hr/>	<hr/>
			156,057	163,950
			<hr/>	<hr/>
4	RESOURCES EXPENDED			
		Cost of Membership Services	Governance Costs	
		£	£	
	MARKETING & PUBLICITY	68,754		2007 £ 68,754
				2006 £ 77,330
	STAFF COSTS			
	Salaries & Wages	1,470,647		1,470,647 1,384,660
	Social Security	165,595		165,595 149,410
	Pension Costs	142,757		142,757 214,065
	Redundancy Costs	6,500		6,500 9,012
		<hr/>		<hr/>
	Total Employment Costs	1,785,499		1,785,499 1,757,147
		<hr/>		<hr/>
	OTHER CHARITABLE COSTS			
	Depreciation & Amortisation	53,991		53,991 53,061
	Hire of Office Equipment	21,061		21,061 38,708
	Motor Vehicle Lease Charges	97,288		97,288 140,170
	Conferences & Other Events	21,670		21,670 21,507
	Shows	79,265		79,265 95,172
	Journal Printing & Circulation	99,983		99,983 89,347
	Office and Administration			
	Rates, Lighting, Heating & Insurance	79,994		79,994 79,718
	Telephones, Postage and Stationery	112,943		112,943 104,532
	Repairs & Renewals	37,065		37,065 23,563
	Computer Expenses			
	Maintenance	23,488		23,488 49,124
	Development Charges	94,790		94,790 73,576
	CDI Database Charges	86,002		86,002 86,611
	CDI Establishment Charges	0		0 43,668
	Travel & Accommodation			
	Board Directors, Trustees & Staff	57,435	52,805	110,240 112,875
	Field Staff	182,063		182,063 230,280
	Blood type, DNA Charges & Herd book	21,328		21,328 7,897
	Research and Business Development	4,656		4,656 34,993
	(Profit)/Loss on disposal of Tangible Fixed Assets	(200)		(200) 0
	Auditors' Remuneration and Expenses		10,200	10,200 10,200
	Professional Fees and Charges	23,049	16,749	39,798 53,714
	Loan Interest Payable	8,690		8,690 35,829
	Loss/(Profit) on Foreign Exchange	74		74 (443)
	Other costs and charges	32,703		32,703 37,951
		<hr/>	<hr/>	<hr/>
		2,991,591	79,754	3,071,345 3,256,530
		<hr/>	<hr/>	<hr/>

4(a) Particulars of Employees -

The average number of persons employed by the Society during the period was 55 (53 - 2006) of which 4 (4 - 2006) were not employed full time throughout the year

4(b) Emoluments -

Annual Staff emoluments fell within the following bands,

£60,000 - £70,000	1	(1 - 2006)
£50,000 - £60,000	3	(3 - 2006)

4(c) Pension Contributions -

In respect of 4(b) above, Annual employers pension contributions were paid of £90,804 (£109,588 - 2006)

NOTES TO THE ACCOUNTS *continued*

5.	TANGIBLE ASSETS	Freehold Land and Buildings	Royal Show Pavilion	Computer and other Equipment	Investment Properties	Total
	Cost or Valuation	£	£	£	£	£
	At 1 st April 2006	2,425,000	219,286	1,228,161	575,000	4,447,447
	Additions	-	-	12,165	-	12,165
	Disposals	-	-	-	-	0
	At 31st March 2007	2,425,000 *	219,286	1,240,326	575,000 *	4,459,612
	Aggregate Depreciation					
	At 1st April 2006	-	211,736	1,172,264	-	1,384,000
	Charged for the year	-	1,539	52,452	-	53,991
	Disposals	-	-	-	-	0
	At 31st March 2007	-	213,275	1,224,716	-	1,437,991
	Net Book Value					
	At 31 st March 2007	2,425,000	6,011	15,610	575,000	3,021,621
	At 31 st March 2006	2,425,000	7,550	55,897	575,000	3,063,447

*At valuation The historic cost of Freehold Land & Buildings (£1,875,000 at Scotsbridge House and Investment properties (£285,000) were re-valued at £2,425,000 and £575,000 respectively by Brasier Harms Chartered Surveyors, on the 1st February 2006 As at 31st March 2007 there were no capital items authorised or contracted for

6	FIXED ASSET INVESTMENTS	2007 £	2006 £
	Market Value as at 1st April 2006	1,877,108	1,959,913
	Additions	513,191	254,097
	Disposals	(458,163)	(499,096)
	Net investment Gains	152,179	162,194
	Market Value as at 31st March 2007	2,084,315	1,877,108
	Investments		
	Fixed interest securities	191,799	165,848
	Equity shares	1,499,888	1,337,459
	Unit trusts	105,250	109,050
		1,796,937	1,612,357
	Investment in subsidiary undertakings		
	The Cattle Information Service Limited	287,376	264,749
	The Centre for Dairy Information	0	0
	Link Great Britain & Ireland Limited	2	2
		2,084,135	1,877,108
	Historical cost as at 31st March 2006		
	Listed Investments	1,482,554	1,348,798
	The Cattle Information Service	1,500,000	1,500,000
	Link Great Britain and Ireland Ltd	2	2
		2,982,556	2,848,800
	Investment Gains Calculated on Historic Cost	78,728	10,579

Investment in subsidiary undertaking

The Cattle Information Service Limited has been included in the Financial Statements as a fixed asset investment at the value of that company's net assets as at the 31st March 2007 (the investment in this company had previously been written off). Turnover for the year was £3,182,543 (2006 £2,954,218), the net profit was £22,627 (2006 £33,776). The Society holds 100% of the total shareholding in The Cattle Information Service Ltd whose principal activity is Milk Recording. The Society also holds 100% of the issued share capital of Link Great Britain and Ireland, which is a dormant company registered in England and Wales. The Society is the controlling party of The Centre for Dairy Information Limited, a company limited by guarantee whose principal activity is the collection and dissemination of statistics and data relating to all species of animal livestock within a single database. Turnover for the year was £212,644 (2006 £194,844) the net profit was £19,109 (2006 £106,533). This was appropriated to Holstein UK, resulting in net assets at 31 March 2007 of £nil.

NOTES TO THE ACCOUNTS *continued*

7	DEBTORS	2007	2006
		£	£
	Debtors for Fees and Services	444,803	478,944
	Other Debtors	173,080	158,676
	Prepayments & Accrued Income	92,563	90,963
		<hr/>	<hr/>
		710,446	728,583
		<hr/>	<hr/>

During the year there were £nil (£8,585 2006) of sales, and £734,938 (£304,695 2006) of purchases between the Society and the Cattle Information Service Ltd. During the year there were £55,337 (£56,176 2006) of sales, and £79,862 (£82,800 2006) of purchases between the Society and the Centre for Dairy Information Ltd. The figure stated above for other debtors includes £nil (£2,293 2006) due from Cattle Information Services Ltd and £84,624 (£106,533 2006) due from The Centre for Dairy Information Ltd.

8	CREDITORS (Amounts falling due within One Year)	2007	2006
		£	£
	Taxation and Social Security	93,625	105,186
	Other Creditors	102,352	191,654
	Trade Creditors and Accruals	57,169	48,400
	Deferred Income	71,364	60,201
	Scotsbridge House Secured Mortgage Facility	0	283,570
		<hr/>	<hr/>
		324,510	689,011
		<hr/>	<hr/>

The figure stated above for Other Creditors includes £96,786 (£126,997 – 2006) due to the Cattle Information Service Ltd. The figure stated above for Other Creditors includes £nil (£58,880 2006) due to the Centre for Dairy Information Ltd.

9	FINANCIAL COMMITMENTS	2007	2006
	At 31 st March 2007 the Society had annual commitments under non-cancellable operating leases as follows	£	£
	Expiry Date		
	Within one Year	2,949	55,110
	Between Two and Five Years	94,629	72,039
		<hr/>	<hr/>
		97,578	127,149
		<hr/>	<hr/>

10. PENSION COSTS

The Society operates a money purchase scheme providing benefits on a defined contribution basis. For those current members who had service prior to the 31st December 1991 the scheme aims to provide similar benefits at normal retirement age to those previously provided under the Holstein-Friesian Society defined benefits scheme but these target benefits are not guaranteed. These members have individually calculated employer contribution rates calculated so that, on the basis of assumptions regarding future experience, the target benefits provided from the money purchase scheme will be similar to those which would have been provided had the previous defined benefit scheme continued. These contribution rates are subject to regular review by the Society and Royal & SunAlliance although the Society is under no obligation to amend these contribution rates. For the 2006 Scheme Year employee contribution rates for all employees and employer contribution rates for new and previous members who joined the scheme were 4% of pensionable earnings. For the Scheme Year 2007 employee and employer contribution rates were increased to 5% of pensionable earnings.

NOTES TO THE ACCOUNTS *continued*

		2007 £	2006 £
11	NET INCOMING RESOURCES ARE STATED AFTER		
	Auditors Remuneration	10,200	10,200
	Operating Lease Costs	118,349	178,878
	Depreciation	53,991	53,061

12 TRUSTEES EXPENSES

The amount of expenses reimbursed to Trustees during the period was £52,805 (£54,715 2006)

The Charity is governed by 16 (16 2006) Trustees. During the period there were 7 (12 2006) Trustees meetings, which achieved a 88% attendance (90% 2006)

		2007 £	2006 £
13.	DEFERRED INCOME		
	Opening Balance	60,201	57,153
	Fees Received	71,364	60,201
	Released to Incoming Resources	(60,201)	(57,153)
	Balance Carried Forward	71,364	60,201

		General Fund		Revaluation Reserve		Investment Revaluation Reserve	
		2007	2006	2007	2006	2007	2006
14.	MOVEMENT IN RESERVES						
	As at 1 April 2006	2,449,973	2,111,027	2,313,120	1,763,120	446,084	331,084
	Net Incoming Resources	300,119	70,219	-	-	-	-
	Realised Gains	211,327	150,888	-	-	-	-
	Unrealised Gains	50,823	117,839	-	550,000	-	115,000
	As at 31 March 2007	3,012,242	2,449,973	2,313,120	2,313,120	446,084	446,084

15 LEGAL STATUS

The Company is limited by guarantee and has no share capital

Statistics – For the Period 1st April 2006 to 31st March 2007

Registrations

Category	Male		Female		SR		Total	
Year	2007	2006	2007	2006	2007	2006	2007	2006
England (by region)								
Northern	418	450	22,659	21,756	2,128	1,897	25,205	24,103
North Western	677	612	30,906	32,006	1,931	2,519	33,514	35,137
Eastern	60	67	4,387	4,559	146	309	4,593	4,935
East Midland	123	83	6,462	5,709	572	402	7,157	6,194
West Midland	251	221	16,044	15,765	1,341	1,775	17,636	17,761
Southern	204	264	19,651	19,631	2,753	2,961	22,608	22,856
South East	45	63	3,375	3,618	353	624	3,773	4,305
Far Western	312	277	20,891	22,631	3,249	5,216	24,452	28,124
Total	2,090	2,037	124,375	125,675	12,473	15,703	138,938	143,415
Scotland	406	431	16,226	15,786	1,507	1,010	18,139	17,227
Wales	368	400	21,790	22,474	2,199	2,863	24,357	25,737
Northern Ireland	861	795	19,245	20,887	1,514	2,328	21,620	24,010
Overseas	2	1	33	17	0	0	35	18
TOTALS	3,727	3,664	181,669	184,839	17,693	21,904	203,089	210,407

	<u>Type Classification</u>		<u>Membership</u>	
	2007	2006	2007	2006
England (by region)				
Northern	10,679	16,265	1,030	1,048
North Western	18,767	17,176	1,363	1,403
Eastern	2,774	3,859	224	223
East Midland	3,077	4,448	273	280
West Midland	8,721	9,580	610	634
Southern	8,665	11,031	692	711
South East	3,230	2,665	178	193
Far Western	11,554	9,664	710	713
Total	67,467	74,688	5,080	5,205
Scotland	11,682	6,782	646	669
Wales	11,506	16,217	979	978
Northern Ireland	16,379	7,177	1,038	1,056
Overseas			14	12
TOTALS	107,034	104,864	7,757	7,920