

## **Holstein UK**

*Incorporating British Friesian Breeders*

### **Annual Report & Accounts**

**For the Year ended  
31<sup>st</sup> March 2008**

TUESDAY



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## OFFICERS OF THE SOCIETY

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**PRESIDENT**

Mr W Ley

**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

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**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 Ley

I should like to take this opportunity to thank the membership for electing me to this prestigious post. With special tribute to all those who helped in any way towards the smooth running and great atmosphere of the AGM and Convention and Dinner back in September. The wet summer and Foot & Mouth threw the plans out on more than one occasion. Our family were pleased to be able to entertain everyone for lunch, and view our herd as part of that programme, and the sun shone all day.

The hospitality has been reciprocated all the way through my term of office and fully appreciated by Marion and myself. Foot & Mouth and Bluetongue restrictions having cancelled the Dairy Event, Calf and Holstein Shows. However, the dinners and AGM's have been really enjoyable, making one appreciate the scale and diversity of our organisation.

The trading year in the dairy industry has been a rollercoaster with much needed milk price rises, quickly followed by unprecedented escalation in essential input costs. When talking to breeders and milk producers in general, it is not always appreciated the different challenges that our breed has to face, and what is achieved by the various strains that we have.

To this end, it is good to see UK breed sires now featuring highly on lists throughout the world. These rankings are increasingly tending towards welfare and sustainability traits, many of which were championed by our organisation from data that we have produced over time. One of the guiding lights of capture and use of information has been David Hewitt. From his time in field services, onto becoming Chief Executive, he has helped make all this possible. However, he has now retired and we welcome a new face in the name of Greg Ward, who I am sure will guide the society forward to face new challenges and achievements.

The profiling of the genetic make up of our cattle is now on the horizon, with some countries taking it on board at full speed. Our society is taking a measured approach of maximum gain should this technology deliver all promised. As I guess will be the case within our AI industry. Here again it will depend on the interpretation of accurate dates, which thanks to the great staff we have within the society, is in abundance.

I was fortunate to follow on as President from Wilbur Rankin and welcome for the centenary year, Ken Proctor. I hope that the members take full advantage of the full year's programme that is currently being arranged. The breed has made great stride in the last 100 years and still the most likely to give the maximum production from whatever the circumstances.

Thank you once again for electing me to this post, a tremendous year has been had.

**CHAIRMAN****Mr David Tomlinson (BILSROW)**

Our industry continues to be plagued with world health issues that are largely out of our control and having now finally eradicated Foot and Mouth, we find ourselves facing another equally virulent disease, Bluetongue. New to our shores, Bluetongue is certain to have a commercial and financial effect on The Society and its members.

Because of these ongoing problems, it has not been possible this year to hold the All Breeds All Britain Calf Show or the National Holstein Show. These two events are important for promoting our breed nationally and internationally and, as we approach our centenary year, it is vital we ensure these are re-established. As a breed society, we must never forget it is members and their investment in time and enthusiasm that makes The Society what it is today.

Members this year at last saw a very welcome, but long overdue, increase in milk price as pressure from the world commodity markets grew and many leading retailers looked to secure direct supply for their outlets. This has opened new revenue streams for The Society as we look to build on our position in the industry as service and data suppliers.

The Society maintained excellent levels of registration, membership and classification during the year, a result of the Board's vision to invest in new technology and to establish trading subsidiaries which encourage members to optimise integrated recording facilities. We have a world renowned classification programme and a highly trained team of professional classifiers who maintain the highest standards. The UK sire evaluation system is recognised as world class with UK proven bulls now ranked at the forefront of international sire listings. This clearly demonstrates that we have both the gene pool and technical programmes to compete on the world stage.

In recent years, Holstein UK has moved on from being simply a breed society to a body of influence in the dairy industry. The Cattle Information Service has revolutionised traditional milk recording practices which was recognised this year through receipt of the Queen's Award for Enterprise Innovation. The Centre for Dairy Information has at long last established a central UK database used by all dairy breed societies, evaluation units and companies in the dairy sector. These assets provide The Society with a robust infrastructure to move forward with confidence. The driving force behind these successes has been our recently retired Chief Executive David Hewitt, whose enthusiasm for the breed and vision for the future has been a great asset to The Society. We offer him all our thanks and wish both David and Jackie a long, happy and well earned retirement.

Finally, in welcoming Greg Ward to Holstein UK as our new Chief Executive, we look forward to working with him as we face the challenges of the future and seize the opportunities that lie ahead.

**NON-EXECUTIVE DIRECTOR FOR FINANCE****Mr Louis Baugh (NEATISHALL)**

During the 2007-08 financial year the Society and its trading subsidiary CIS were exposed to the impact of animal disease, namely foot and mouth and the blue tongue virus. CIS in particular suffered disruption to normal operations causing some income to be lost and incurring extra expenditure.

Income from registrations continued to decline, albeit below budgeted levels. This decline was softened somewhat by the increased movement of members into Holstein Complete Services. The extent of the decline in income can be calculated by the addition of all the registration related income items. It should also be noted that the other element of the 'Complete' service is Classification, and the increase in income from Complete of £182,900, accounts also for the apparent decline in income from this service, evident in note 2 of the accounts. After some migration between services this exercise shows an overall decline in income of £182,224.

Also within Incoming Resources is Other Society Services, which discloses a large decline. This income now flows into CDI and the decline is offset by the additional income shown in Inter Company Service Charges.

Within Resources Expended (note 4), notable savings have been made in the areas on Telephone, Postage and Stationery charges and also on Journal printing and circulation costs. Additional expenditure has arisen due to exceptional items in Repairs and Renewals, for office refurbishment and Professional Fees in recruitment and planning fees.

The item of greatest impact upon the Statement of Financial Activity is the reported Investment asset losses of £134,459. This is the second major downward adjustment in investment valuation during the past seven years. It is disappointing to report that the growth of the Societies reserve investments during the past three years has been eroded by the recent fall in stock values. The Societies investment portfolio is diverse which has helped to keep the fall in value above those falls reported for the stock market indices, a medium to long term view must be taken whilst considering investment market performance, in the short term we can hope for less volatility within this sector and a period of sustainable growth.

The redevelopment of the Stable Block within the grounds of Scotsbridge House has commenced, this property will be re-valued in the forthcoming financial year, as will all freehold land and buildings in accordance with the accounting policy of re-valuation every three years.

In summary, the accounts report a reduction in financial performance within our core business, recording a Net Incoming Resource figure of £127,163 (2007 £300,119). Investment losses reduce the Net Movement in Funds figure to £31,665 (2007 £562,289).

## **CHIEF EXECUTIVE'S REPORT**

**Mr David Hewitt**

From an industry perspective, this year will be remembered for the long awaited and significant improvement in milk price, combined with increasingly high pedigree stock values. The continuous reduction in cow numbers and dairy farmers has eased due to the entry of supermarkets into direct farm milk supply contracts, resulting in higher farm gate milk price. In addition these contracts have a requirement for comprehensive management and recording systems, as they focus on attracting quality producers. This places our members, the breed and The Society, together with its subsidiary companies, in an enviable position having focused The Society's services on improving and monitoring the breed through high levels of recording and herd book authenticity complimented by optimising functional type, which addresses many animal welfare issues. The wisdom of this policy is becoming increasingly evident as pedigree cattle sale prices reach record levels. In addition, many of the services integrate with the desire of both Defra and the milk buyers for improved traceability, welfare and health.

The Society has been active in many non traditional areas as it seeks to ensure the breed develops in line with the expectations of breeders, government and consumers. The Society was awarded one of the Defra Farm Health Planning contracts, which promotes the prevention of disease through improved animal health and welfare monitoring. This government initiative integrates with the Cattle Information Service's farm management recording services, which already meets the requirements of the Dairy Farm Assurance Scheme and the British Cattle Movement Service. This 'one stop shop' approach reduces paperwork and simplifies the burden of on farm recording. In addition, it has been developed as an optional paper free service, which fits with our new and expanding environmental policy. Collectively these developments demonstrate our commitment to our environmental and ethical responsibilities at the same time as giving members freedom of choice.

The Board, conscious of the need for continual breed improvement, have consulted with the industry to make significant changes to the type classification system. The increased weightings in type traits associated with fertility, longevity and production will result in a more robust and physically balanced Holstein cow. Particular attention is also being paid to locomotion, as this is rapidly becoming a priority trait. The new classification system should identify the 'easy care' cow, the goal many breeders aspire to. The Society were the pioneers in developing locomotion scoring, which has become an internationally recorded trait, demonstrating one of the results of The Society's research and development program.

As anticipated, calf registrations eased slightly due to the reduction in UK cow numbers and the continuing exit of dairy farmers from the industry. The decline in registration income has been largely offset by the increase in Complete recording services, which enable members to make well informed management decisions aimed at improving overall profitability. There is no doubt pedigree Holsteins and Friesians can provide the required standards of quality demanded by the consumer and industry. 'Pedigree Assured' is far more than just breeding, it is THE brand for the future of The Society and is obtainable by participating in The Society's fully integrated Complete recording programs.

The downside to the year was again disease related. Movement restrictions imposed as a result of bluetongue and foot and mouth resulted in most shows being cancelled. This also affected the Holstein Young Breeders Weekend Rally and All Breeds All Britain Calf Show, resulting in this important sector of The Society having limited activities over the year. However, keen interest has been maintained through the web as we all look to start afresh in the future.

The Society's subsidiaries, the Cattle Information Service and the Centre for Dairy Information, continued to expand and flourish during a year that witnessed continuing industry rationalisation. The Centre for Dairy Information is quickly becoming the industry information source for all breeds. This is extremely rewarding as it is exactly why it was formed. The Cattle Information Service continues expanding, based on new technology and high levels of innovation. This has been acknowledged by the award of the prestigious Queen's Award for Enterprise Innovation, a truly remarkable accolade for such a new company. Focusing on all aspects of animal production, performance, health and dairy farm management, CIS has also launched a web based sales centre for customers. This allows animals to be traded direct from farm to farm, with full information available on all purchases. The continuing expansion of both these organisations is an essential and important facet in monitoring and developing the breed to meet the needs of future generations and ensure the continued sustainability of pedigree breeding.

The Society has maintained a robust financial position built on property assets and investment in service provision. The investment portfolio was subject to the forces of the market during a very turbulent year, performing as well as could be expected in difficult circumstances. All The Society's service sectors operated efficiently, resulting in an overall financial surplus without raising prices for services to members.

Finally, after twenty nine years service, the last nine as Chief Executive, my tenure comes to an end. I leave behind a breed and society that has maintained its dominance through a willingness to evolve to meet the challenges of the industry for sustained and profitable milk production and the increasing demands of the consumer for accountability and traceability. The Society has embraced technology to revolutionise the way it operates, introducing Complete and integrated services to ensure the Holstein and Friesian breeds are effectively monitored and progress to new levels of overall performance, health and welfare. This has been achieved through investment in world class recording systems and the integration of information, aided and managed by the professionalism and commitment of truly excellent staff. This has resulted in The Society being one of the first international recording organisations to receive the ICAR Certificate of Quality for its registration programs. However, this is only part of a never ending journey as there is still much to achieve if The Society is to maintain its independence and influence on the progress of a truly remarkable breed at the same time as remaining an important, influential, independent and active part of the UK dairy industry.

# DIRECTORS' REPORT AND RESPONSIBILITIES

## DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31st March 2008  
The directors who served during the period were:-

### Elected 05.09.2007

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

### Elected 06.09 2005

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

### Retired 05.09 07

Mr D Perry	-	Northern Ireland
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### Elected 15 09.2004

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

### Elected 05 09.2006

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

### Resigned 05.09.2007

Mr D Jones	-	West Midlands
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## 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 company'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 Chantry. 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 £435,772 was traded yielding a profit of £62,849. The funds raised, together dividend income allowed for £401,550 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  
1<sup>st</sup> July 2008



# 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 2008 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 2008 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



1<sup>st</sup> July 2008

# STATEMENT OF FINANCIAL ACTIVITIES

Incorporating an Income and Expenditure Account  
for the year ended 31<sup>st</sup> March 2008

		Unrestricted funds	
	Notes	2008 £	2007 £
<b>INCOMING RESOURCES</b>			
<b>Incoming Resources from Charitable Activities</b>			
Subscriptions and Fees for Services	2	3,073,734	3,215,407
Investment income	3	164,671	156,057
		<hr/>	<hr/>
<b>TOTAL INCOMING RESOURCES</b>		<b>3,238,405</b>	<b>3,371,464</b>
		<hr/>	<hr/>
<b>RESOURCES EXPENDED</b>			
<b>Charitable Activities</b>			
Cost of Membership Services	4	3,032,876	2,991,591
Governance Costs	4	78,366	79,754
		<hr/>	<hr/>
<b>TOTAL RESOURCES EXPENDED</b>		<b>3,111,242</b>	<b>3,071,345</b>
		<hr/>	<hr/>
<b>NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR</b>		<b>127,163</b>	<b>300,119</b>
<b>Other recognised gains / (losses)</b>			
Unrealised Property Gains	5	0	0
Gains / losses on Investment assets	6	(134,459)	152,179
Charitable donation		38,961	109,991
		<hr/>	<hr/>
<b>NET MOVEMENT IN FUNDS</b>		<b>31,665</b>	<b>562,289</b>
<b>TOTAL FUNDS AT 1 APRIL 2007</b>		<b>5,771,466</b>	<b>5,209,177</b>
		<hr/>	<hr/>
<b>TOTAL FUNDS AT 31 MARCH 2008</b>		<b>5,803,131</b>	<b>5,771,466</b>
		<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 31<sup>st</sup> March 2008

	Notes	2008 £	2007 £
<b>FIXED ASSETS</b>			
Tangible assets	5	3,139,793	3,021,621
Investments	6	1,852,785	2,084,314
Investment funds on deposit		192,847	32,105
		<hr/>	<hr/>
		5,185,425	5,138,040
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks		13,625	12,780
Debtors	7	709,846	710,446
Cash at Bank and in Hand		117,876	234,710
		<hr/>	<hr/>
		841,347	957,936
		<hr/>	<hr/>
<b>CREDITORS: Amounts falling due within one year</b>	8	(223,641)	(324,510)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		617,706	633,426
		<hr/>	<hr/>
<b>NET ASSETS</b>		5,803,131	5,771,466
		<hr/>	<hr/>
<b>FUNDS</b>			
General Fund		3,043,927	3,012,262
Revaluation Reserve		2,313,120	2,313,120
Investment Revaluation Reserve		446,084	446,084
		<hr/>	<hr/>
		5,803,131	5,771,466
		<hr/>	<hr/>

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

Approved by the Board at a meeting on the 1<sup>st</sup> July 2008

Chairman of the Board D J Tomlinson

Director of Finance L Baugh

Chief Executive G Ward

# CASH FLOW STATEMENT

For the year ended 31<sup>st</sup> March 2008

	Notes	2008 £	2008 £	2007 £	2007 £
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>A</b>		<b>20,261</b>		<b>(55,202)</b>
<b>RETURNS FROM INVESTMENTS AND SERVICING OF FINANCE</b>					
Investment income from listed UK investments		74,946		74,021	
Interest receivable		8,196		7,155	
<b>NET CASH INFLOW FROM INVESTMENTS AND SERVICING OF FINANCE</b>			<b>83,142</b>		<b>81,176</b>
<b>CAPITAL EXPENDITURE</b>					
Purchase of tangible fixed assets less proceeds of disposals		(156,565)		80,280	
Purchase of fixed assets investments		(401,550)		(513,191)	
Sale of fixed asset investments		498,620		458,163	
<b>NET CASH INFLOW FROM CAPITAL EXPENDITURE</b>			<b>(59,495)</b>		<b>25,252</b>
<b>INCREASE/ (DECREASE) IN CASH</b>	<b>B</b>		<b>43,908</b>		<b>51,226</b>
<b>Note A. RECONCILIATION OF CHANGE IN RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>					
Net Incoming Resources			127,163		300,119
Investment income from listed UK investments			(74,946)		(74,021)
Interest receivable			(8,196)		(7,155)
Depreciation			39,200		53,991
Increase/(Decrease) in stocks			845		(681)
Decrease in debtors			600		18,137
(Decrease) in creditors			(100,869)		(364,501)
Profit on disposal of fixed assets			(2,497)		(200)
Charitable Donation			38,961		19,109
<b>Net cash outflow from operating activities</b>			<b>20,261</b>		<b>(55,202)</b>

## Note B. ANALYSIS OF CHANGES IN CASH

	At 1 April 2007	Cash flow	At 31 March 2008
Cash in hand, at bank	234,710	(116,834)	117,876
Investment funds on deposit	32,105	160,742	192,847
	<b>266,815</b>	<b>43,908</b>	<b>310,723</b>

# 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
Office Machinery & Equipment	2-8 Years
Motor Vehicles	4 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	2008 £	2007 £
Subscriptions	288,560	294,556
Herd Book Entry Fees	1,202,045	1,357,786
1-Stop Recording Fees	101,402	107,389
Total Herd Recording Fees	148,145	172,645
Holstein Complete	372,425	189,525
Supplementary Register Entry Fees	128,890	144,236
Re-issue, Transfer Fees & Fines	52,747	45,840
Superior Producer Awards	15,399	12,936
Journal Advertising	78,594	60,928
Linear Assessment/Classification Fees	468,823	632,373
Catalogue & Herd Brochure Service	9,597	7,674
Other Society Services	10,283	166,935
Herd Book Services	17,965	20,079
Inter Company Services	175,142	0
Sundry Income	3,717	2,505
	<hr/>	<hr/>
	3,073,734	3,215,407

# NOTES TO THE ACCOUNTS *continued*

3.	<b>INVESTMENT INCOME</b>		<b>2008</b>	<b>2007</b>
			£	£
	Dividends receivable - Listed - UK		<b>74,946</b>	<b>74,021</b>
	Interest receivable		<b>8,196</b>	<b>7,155</b>
	Rental income		<b>81,529</b>	<b>74,881</b>
			<hr/>	<hr/>
			<b>164,671</b>	<b>156,057</b>
			<hr/>	<hr/>
4	<b>RESOURCES EXPENDED</b>		<b>Governance</b>	
		<b>Cost of</b>	<b>Costs</b>	
		<b>Membership Services</b>		
		£	£	
	<b>MARKETING &amp; PUBLICITY</b>	<b>31,096</b>		<b>2008</b>
				<b>2007</b>
				£
				£
	<b>STAFF COSTS</b>			
	Salaries & Wages	1,514,975		<b>1,514,975</b>
	Social Security	169,643		<b>169,643</b>
	Pension Costs	178,884		<b>178,884</b>
	Redundancy Costs	0		<b>0</b>
		<hr/>		<hr/>
	Total Employment Costs	<b>1,863,502</b>		<b>1,863,502</b>
				<b>1,785,499</b>
				<hr/>
	<b>OTHER CHARITABLE COSTS</b>			
	Depreciation & Amortisation	39,200		<b>39,200</b>
	Hire of Office Equipment	21,146		<b>21,146</b>
	Motor Vehicle Lease Charges	78,345		<b>78,345</b>
	Conferences & Other Events	35,809		<b>35,809</b>
	Shows	75,314		<b>75,314</b>
	Journal Printing & Circulation	83,744		<b>83,744</b>
	Office and Administration			
	Rates, Lighting, Heating & Insurance	72,915		<b>72,915</b>
	Telephones, Postage and Stationery	98,474		<b>98,474</b>
	Repairs & Renewals	65,488		<b>65,488</b>
	Computer Expenses			
	Maintenance	19,627		<b>19,627</b>
	Development Charges	92,918		<b>92,918</b>
	CDI Database Charges	76,992		<b>76,992</b>
	Travel & Accommodation			
	Board Directors, Trustees & Staff	72,387	50,456	<b>122,843</b>
	Field Staff	187,315		<b>187,315</b>
	Blood type, DNA Charges & Herd book	11,993		<b>11,993</b>
	Research and Business Development	(12,787)		<b>(12,787)</b>
	(Profit)/Loss on disposal of Tangible Fixed Assets	(2,497)		<b>(2,497)</b>
	Auditors' Remuneration and Expenses		10,200	<b>10,200</b>
	Professional Fees and Charges	80,403	17,710	<b>98,113</b>
	Loan Interest Payable	0		<b>0</b>
	Loss/(Profit) on Foreign Exchange	127		<b>127</b>
	Other costs and charges	41,365		<b>41,365</b>
		<hr/>	<hr/>	<hr/>
		<b>3,032,876</b>	<b>78,366</b>	<b>3,111,242</b>
				<b>3,071,345</b>
		<hr/>	<hr/>	<hr/>

## 4(a) Particulars of Employees -

The average number of persons employed by the Society during the period was 52 (55 – 2007) of which 5 (4 – 2007) were not employed full time throughout the year

## 4(b) Emoluments -

Annual Staff emoluments fell within the following bands,

£70,000 - £80,000 1 (0 – 2007)

£60,000 - £70,000 1 (1 – 2007)

£50,000 - £60,000 2 (3 – 2007)

## 4(c) Pension Contributions -

In respect of 4(b) above, Annual employers pension contributions were paid of £92,480 (£90,804 – 2007)

# 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 <sup>st</sup> April 2007	2,425,000	219,286	1,240,326	575,000	4,459,612
	Additions	-	-	100,564	69,825	170,389
	Disposals	-	-	(77,193)	-	(77,193)
	At 31st March 2008	2,425,000 *	219,286	1,263,697	644,825 *	4,552,808
	Aggregate Depreciation					
	At 1st April 2007	-	213,275	1,224,716	-	1,437,991
	Charged for the year	-	1,451	37,749	-	39,200
	Disposals	-	-	(64,176)	-	(64,176)
	At 31st March 2007	-	214,726	1,198,289	-	1,413,016
	Net Book Value					
	At 31 <sup>st</sup> March 2008	2,425,000	4,560	65,408	644,825	3,139,793
	At 31 <sup>st</sup> March 2007	2,425,000	6,011	15,610	575,000	3,021,621

\*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 Harris Chartered Surveyors, on the 1<sup>st</sup> February 2006. As at 31st March 2008 there were no capital items authorised or contracted for. The Trustees are not aware of any changes since last valuation.

6	FIXED ASSET INVESTMENTS	2008 £	2007 £
	Market Value as at 1st April 2007	2,084,314	1,877,108
	Additions	401,550	513,191
	Disposals	(498,620)	(458,163)
	Net investment (Losses) / Gains	(134,459)	152,179
	Market Value as at 31st March 2008	1,852,785	2,084,315
	Investments		
	Fixed interest securities	315,238	191,799
	Overseas Investment Trust	141,138	0
	Equity shares	945,641	1,499,888
	Unit trusts	157,332	105,250
		1,559,349	1,796,937
	Investment in subsidiary undertakings		
	The Cattle Information Service Limited	293,434	287,376
	The Centre for Dairy Information	0	0
	Link Great Britain & Ireland Limited	2	2
		1,852,785	2,084,315
	Historical cost as at 31st March 2007		
	Listed Investments	1,448,333	1,482,554
	The Cattle Information Service	1,500,000	1,500,000
	Link Great Britain and Ireland Ltd	2	2
		2,948,335	2,982,556
	Investment Gains Calculated on Historic Cost	62,849	78,728

## 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 31<sup>st</sup> March 2008 (the investment in this company had previously been written off). Turnover for the year was £3,541,888 (2007 £3,182,543), the net profit was £6,057 (2007 £22,627). 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 £300,637 (2007 £212,644) the net profit was £16,430 (2007 £19,109). This was appropriated to Holstein UK, resulting in net assets at 31 March 2008 of £nil.

# NOTES TO THE ACCOUNTS *continued*

<b>7. DEBTORS</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Debtors for Fees and Services	<b>441,219</b>	<b>444,803</b>
Other Debtors	<b>175,617</b>	<b>173,080</b>
Prepayments & Accrued Income	<b>93,010</b>	<b>92,563</b>
	<hr/>	<hr/>
	<b>709,846</b>	<b>710,446</b>
	<hr/>	<hr/>

During the year there were £nil (2007 £nil) of sales, and £558,204 (2007 £734,938) of purchases between the Society and the Cattle Information Service Ltd. During the year there were £126,081 (2007 £55,337) of sales, and £80,672 (2007 £79,862) of purchases between the Society and the Centre for Dairy Information Ltd. The figure stated above for other debtors includes £2,304 (2007 £nil) due from Cattle Information Services Ltd and £47,716 (2007 £84,624) due from The Centre for Dairy Information Ltd.

<b>8. CREDITORS (Amounts falling due within One Year)</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Taxation and Social Security	<b>85,911</b>	<b>93,625</b>
Other Creditors	<b>70,255</b>	<b>102,352</b>
Trade Creditors and Accruals	<b>55,136</b>	<b>57,169</b>
Deferred Income	<b>12,339</b>	<b>71,364</b>
	<hr/>	<hr/>
	<b>223,641</b>	<b>324,510</b>
	<hr/>	<hr/>

The figure stated above for Other Creditors includes £64,975 (£96,786 – 2007) due to the Cattle Information Service Ltd. The figure stated above for Other Creditors includes £nil (£nil – 2007) due to the Centre for Dairy Information Ltd.

<b>9. FINANCIAL COMMITMENTS</b>	<b>Land &amp; Buildings</b>		<b>Other</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
At 31 <sup>st</sup> March 2008 the Society had annual commitments under non-cancellable operating leases as follows	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiry Date				
Within one Year	<b>160,925</b>	<b>-</b>	<b>29,294</b>	<b>2,949</b>
Between Two and Five Years			<b>83,384</b>	<b>94,628</b>
	<hr/>	<hr/>	<hr/>	<hr/>
	<b>160,925</b>	<b>-</b>	<b>112,678</b>	<b>97,578</b>
	<hr/>	<hr/>	<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 31<sup>st</sup> 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 2008 Scheme Year employee contribution rates for all employees and employer contribution rates for new and previous members who joined the scheme were 5% of pensionable earnings.



# NOTES TO THE ACCOUNTS *continued*

	2008 £	2007 £
<b>11 NET INCOMING RESOURCES ARE STATED AFTER:</b>		
Auditors Remuneration	10,200	10,200
Operating Lease Costs	99,491	118,349
Depreciation	39,200	53,991
<b>Audit fees for Pension &amp; Associated Companies</b>		
Pension Scheme	1,250	1,250
Cattle Information Services Ltd	4,200	4,200
Centre for Dairy Information Ltd	3,000	2,750
<b>12 TRUSTEES EXPENSES</b>		
The amount of expenses reimbursed to Trustees during the period was £50,456 (2007 £52,805)		
The Charity is governed by 16 (2007.16) Trustees During the period there were 7 (2007 7) Trustees meetings, which achieved a 93% attendance (2007 88%)		

	2008 £	2007 £
<b>13 DEFERRED INCOME</b>		
Opening Balance	60,201	60,201
Fees Received	12,339	71,364
Released to Incoming Resources	(60,201)	(60,201)
<b>Balance Carried Forward</b>	<b>12,339</b>	<b>71,364</b>

	General Fund		Revaluation Reserve		Investment Revaluation Reserve	
	2008	2007	2008	2007	2008	2007
<b>14 MOVEMENT IN RESERVES</b>						
As at 1 April 2007	3,012,262	2,449,973	2,313,120	2,313,120	446,084	446,084
Net Incoming Resources	127,163	300,119	-	-	-	-
Realised Gains	107,887	211,347	-	-	-	-
Unrealised Gains / (Losses)	(203,365)	50,823	-	-	-	-
<b>As at 31 March 2008</b>	<b>3,043,927</b>	<b>3,012,262</b>	<b>2,313,120</b>	<b>2,313,120</b>	<b>446,084</b>	<b>446,084</b>

<b>15. LEGAL STATUS</b>	
The Company is limited by guarantee and has no share capital	

**Statistics – For the Period 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2008**

**Registrations**

<b>Category</b>	<b>Male</b>		<b>Female</b>		<b>SR</b>		<b>Total</b>	
<b>Year</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>England (by region)</b>								
Northern	482	418	21,495	22,659	1,551	2,128	23,528	25,205
North Western	735	677	29,230	30,906	1,546	1,931	31,511	33,514
Eastern	92	60	4,096	4,387	157	146	4,345	4,593
East Midland	140	123	5,791	6,462	319	572	6,250	7,157
West Midland	269	251	15,041	16,044	1,218	1,341	16,528	17,636
Southern	214	204	16,405	19,651	1,897	2,753	18,516	22,608
South East	69	45	3,208	3,375	479	353	3,756	3,773
Far Western	331	312	20,166	20,891	2,544	3,249	23,041	24,452
<b>Total</b>	<b>2,332</b>	<b>2,090</b>	<b>115,432</b>	<b>124,375</b>	<b>9,711</b>	<b>12,473</b>	<b>127,475</b>	<b>138,938</b>
<b>Scotland</b>	<b>464</b>	<b>406</b>	<b>16,948</b>	<b>16,226</b>	<b>1,650</b>	<b>1,507</b>	<b>19,062</b>	<b>18,139</b>
<b>Wales</b>	<b>524</b>	<b>368</b>	<b>22,840</b>	<b>21,790</b>	<b>3,125</b>	<b>2,199</b>	<b>26,489</b>	<b>24,357</b>
<b>Northern Ireland</b>	<b>1,080</b>	<b>861</b>	<b>18,745</b>	<b>19,245</b>	<b>1,750</b>	<b>1,514</b>	<b>21,575</b>	<b>21,620</b>
<b>Overseas</b>	<b>40</b>	<b>2</b>	<b>208</b>	<b>33</b>	<b>7</b>	<b>0</b>	<b>255</b>	<b>35</b>
<b>TOTALS</b>	<b>4,440</b>	<b>3,727</b>	<b>174,173</b>	<b>181,669</b>	<b>16,243</b>	<b>17,693</b>	<b>194,856</b>	<b>203,089</b>

	<b><u>Type Classification</u></b>		<b><u>Membership</u></b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
<b>England (by region)</b>				
Northern	15,322	10,679	987	1,030
North Western	18,376	18,767	1,335	1,363
Eastern	3,903	2,774	209	224
East Midland	3,941	3,077	243	273
West Midland	5,969	8,721	580	610
Southern	9,816	8,665	670	692
South East	2,244	3,230	166	178
Far Western	7,665	11,554	695	710
<b>Total</b>	<b>67,236</b>	<b>67,467</b>	<b>4,885</b>	<b>5,080</b>
<b>Scotland</b>	<b>8,642</b>	<b>11,682</b>	<b>631</b>	<b>646</b>
<b>Wales</b>	<b>17,569</b>	<b>11,506</b>	<b>996</b>	<b>979</b>
<b>Northern Ireland</b>	<b>8,093</b>	<b>16,379</b>	<b>1,028</b>	<b>1,038</b>
<b>Overseas</b>	<b>45</b>	<b>0</b>	<b>13</b>	<b>14</b>
<b>TOTALS</b>	<b>101,585</b>	<b>107,034</b>	<b>7,553</b>	<b>7,757</b>