



Annual Report & Accounts

For the year ended 31 December 2019

holstein UK
holstein & british friesland



Riverdane Ashlyns Gold, owned by J & L Wilson of Evening Hill Farm - class winner at European Holstein Championships, Libramont 2019. Photo by Claire Swale.

Officers of the Society

President – Mr B Thomas

Chairman – Mr M Smale

Registered Office

Speir House, Stafford Park 1,
Telford, Shropshire TF3 3BD

Advisors to the Society

Auditors

Whittingham Riddell LLP
Chartered Accountants and Statutory Auditors
Belmont House, Shrewsbury Business Park, Shrewsbury,
Shropshire SY2 6LG

Bankers

Barclays Bank Plc,
32 Clarendon Road, Watford,
Hertfordshire WD1 1LO

Fund Managers

Close Brothers Asset Management
10 Exchange Square, Primrose Street,
London EC2A 2BY

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PRESIDENT'S REPORT

BRYAN THOMAS

It has been an honour to serve as Holstein UK President for the last year, especially as it is something I never dreamed would come my way. My family and I enjoyed welcoming many of our fellow Holstein breeders to our *Gelliddu* herd for the start of my presidency. The South Wales Holstein Celebration was a great event and I hope all the attendees enjoyed their time with us. We were very lucky with the weather as the sun shone down on South Wales and helped to show off our wonderful corner of the UK. A lot of hard work and effort goes in to organising these events and I want to thank everyone involved, from the club members to the hosts for the farm visits and tours and the entertainment we received during our stay for helping to make the event such a success.

It was also fantastic to see so many of our Holstein Young Breeders travel to South Wales to take part in the Weekend Rally during August. As always, the competitors were of the highest standard and I truly believe our young breeders are the future of the Society. I strongly feel that we must continue to support and encourage the next generation to ensure that the Holstein breed has a strong and sustainable future.

Our young members also continue to show just how good they are on the European circuit, firstly attending the European Young Breeders School in Belgium followed by the Open Junior Show in Cremona. I was delighted to hear of the success of our HYB teams who competed abroad; all of the team members worked exceptionally hard and were fantastic ambassadors for Holstein UK.

In November, I had the opportunity to meet the six HYB members who had been shortlisted to interview for the President's Medal. All six candidates were worthy winners so it was a tough task to choose not only our three finalists but our eventual winner, Andrew Neilson. The other judges and I were blown away by the standard of

the candidates and they should all be very proud of what they have achieved at such a young age.

Unfortunately, I was not able to attend as many shows and events as I would have liked during the start of my Presidency, but one of the highlights was attending Agriscot in November. The standard of cattle we have in the UK is exceptional and this was clear for all to see. I was very much hoping to get out and about a bit more this year but sadly due to the current situation with COVID-19 this has not been possible. I do hope you are all keeping safe and well in these challenging times.

On behalf of myself and my wife Eirlys, I would like to thank all the clubs for their hospitality throughout the year. I would also like to offer my apologies to the clubs who invited us to attend their events but which we were sadly unable to visit. My thanks must also go to all the staff working for Holstein UK, NBDC and CIS who continue to work hard – especially during these challenging times – to ensure the continuing success of all three businesses.

Finally, I would like to pass on my congratulations to incoming President Rob Clare. I am sure Rob and his wife Hilda will be great advocates for the Society and I wish Rob an enjoyable year as Holstein UK President for 2020/ 2021.

Bryan Thomas
President



Holstein UK Celebration 2019 guests viewing the *Gelliddu* herd.

CHAIRMAN'S REPORT

MICHAEL SMALE

When I first started to put pen to paper to write this report I did not for a minute consider the situation we now find ourselves in with the ongoing COVID-19 pandemic. I hope all our members are well and able to stay safe in these very unsettling times. The health crisis we find ourselves in has not only put extra worry on members and their families from a health perspective but now we are seeing a growing crisis for dairy farming businesses due to supply and demand issues. I know this is an extremely difficult and challenging time for many and I want to assure you that we are here to help you wherever we can.

Aside from the current health situation, unsurprisingly the main topic of conversation over the last twelve months has been Brexit and the uncertainty surrounding the subject has, no doubt, been a major challenge facing our industry. Therefore it gives me great pleasure to report that Holstein UK and its subsidiaries, the Cattle Information Service (CIS) and the National Bovine Data Centre (NBDC) continue to make positive steps forward in the face of such difficult times. The trustees and executive team have been focussed on ensuring the services that are offered to members are value for money and in a contracting industry, it is positive to continue to see such support for the Society.

Financially the Holstein Group has continued to perform well, under the excellent guidance of Sue Cope and it is pleasing to report the profit after investments of £799k, a 99% growth on last year. The group has continued to make financial improvements for the last two years by streamlining our business activity and if we are to ensure a sustainable business for the future this will remain one of our key goals.

However our industry continues to face declining producer numbers. BCMS reported a decrease in dairy birth notifications last year and this has been reflected in Holstein UK membership and registrations declining by 3% over the same time period. The launch of Approved Registered Cattle (ARC) last year has been positive with over 350 members taking up the service and benefiting from registering animals with greater accuracy which helps to unlock your herd's potential.

More positively, CIS continues to buck the industry trends and reports a 14% increase in new herds signing up, which demonstrates the invaluable service CIS provides to its customers. Milk recording increased by 6% for the second consecutive year while health testing is becoming an increasingly important service for farmers, with over a million samples analysed for BVD and Johne's in the last 12 months. Whilst the Government lays out plans under the new Agriculture Bill to improve animal health & welfare, it is pleasing to see that CIS customers are ahead of the curve fully utilising this service to ensure their herds' health.

We continue to move forward with the sale of Scotsbridge House and work is ongoing to ensure the Society achieves the best value possible. We will continue to keep members updated as the sale progresses.

NBDC has also felt the effects of a decreasing national herd with Type Classification visits down by 9,000 inspections for 2019,

however 2020 has had a very encouraging start which is reflecting that the downturn can be attributed mainly to areas visited during the last two quarters of the year. Herds which continue to classify are benefiting from improving their herd type and we are now scoring five additional traits: thurl position, rear teat length, udder tilt, loin strength and front-end height. Data collected on these traits will be analysed and contribute towards breed improvements along with genomic data collected through testing. We have continued to see a steady rise in genomic tests and as the volume increases, cost savings from bulk testing will be passed on to members.



One of the highlights of the year was again UK Dairy Day (UKDD). Now in its sixth year, it is an established event in the agricultural industry calendar. The support shown by sponsors, trade stands, and visitors demonstrates the strength and positivity within the industry. We were delighted to welcome many overseas visitors as well as being able to livestream the show ring to worldwide viewers. I would like to take this opportunity to thank everyone who contributes in any way to make UKDD a flagship event for the industry and especially our sponsors who enable the event to take place.

The European Championship held in April 2019 once again gave UK breeders the opportunity to compete on the European stage. It was therefore disappointing for everyone when a Bluetongue outbreak in Belgium, meant that only a few animals from the UK could attend. Congratulations to the breeders and team members who made it out to Libramont and achieved fantastic results. It was also great to see a fellow breeder, Mark Nutsford, taking to the centre of the ring to judge the event. Congratulations Mark.

Back on home ground, I would like to thank all the herds who have welcomed members on to their farms this year, hosting the Society's events calendar. Special thanks must go to the South Wales Club who hosted both the Holstein Celebration and HYB Weekend Rally within weeks of each other. The work that goes into putting on such events is extensive and I know that all who attended enjoyed their visit to South Wales.

We continue to be immensely proud of the Holstein Young Breeders (HYB) and the events held this year have highlighted the talent and enthusiasm we have within our young members. It has been a pleasure to see such teamwork displayed at the Weekend Rally and All Breeds All Britain Calf Show, as well as by the teams who represented us abroad at The European Holstein Championships, European Young Breeders School and the Open Junior Show in Cremona who all achieved great success – well done!

Recognising not only talent but contribution and enthusiasm is a large part of HYB and this year we were fortunate to have an exceptionally high calibre of entries for the Littlestar Award



Robert Morley and Jonny Woodhouse representing Holstein Young Breeders at the European Championship, Libramont, 2019.

Photo by Claire Swale.

won by Tom Knight (Northern Ireland) and the President's Medal won by Andrew Neilson (Scotland). Congratulations to all those members who were nominated by your clubs; these awards affirm a positive future for our industry. Special congratulations also to Felicity Coates (South West) and Philip Potts (Border & Lakeland) who won the Dick Stapleton and Louise Hartley Awards respectively, in acknowledgment for their contribution to their clubs, the breed and HYB.

An impressive eighteen Master Breeder awards have been presented over the last year and this is a huge achievement as the award is based on production and type. The number of breeders who have now reached this status highlights the

quality and standards that British dairy farmers work to and cements the UK as one of the highest animal welfare countries.

Finally, I would like to thank all the staff and trustees for their hard work and dedication; it is a pleasure to work alongside you all as we continue to focus on taking the Holstein Group forward into the future.

Michael Smale
Chairman

CHIEF EXECUTIVE'S REPORT

SUE COPE

I cannot begin this 2019 report without starting with 2020. The COVID-19 pandemic that is impacting every aspect of our lives is stirring many emotions, mainly worry, for our health and financial stability. Following a year that saw the average Farmgate price 9% lower than 2013, we now have a situation that has impacted the supply chain and we have milk being poured down the drain.

It is going to be challenging for every business and extremely tough and life-changing for some. As dairy producers, you have had a long history of being resilient and I know you will work tirelessly to continue to produce a product that is healthy, nutritious and essential for UK consumers.

During 2019 The Holstein Group has focused and built on the financial turnaround of 2018 by identifying cost-effective ways to deliver new and established services for members.

Membership

Sadly, we see members selling their herds and leaving our industry. In 2019 we lost 254 members; however, we are delighted to attract 193 new members to the Society which was a small increase on 2018.

Registrations

We have seen the continued trend of our members opting to do internet registrations. Over two-thirds of registrations are now received through WebReg and 45% of members prefer paperless certificates. During 2019 our new birth registrations were very erratic, with some months down in the region of 9% whilst in September we saw an increase of 19% over the previous year. The year ended with a small 1% reduction. We have since seen an increase during spring 2020 reflecting the change in calving patterns.

Approved Registered Cattle (ARC)

The ARC initiative was introduced in late 2018 to combine the buying power of members and the cattle they register. Holstein UK offers members the opportunity to purchase extremely competitively priced ear-tags, with the option to BVD test and request genomic analysis, whilst adding value to their cattle, through traceability. I am extremely pleased to report that during 2019 we sold over 60,000 pairs of tags to members.

Genomics

The Holstein UK genomic testing service processed 43% more samples for members over the previous year. Also, following a tender process, we began the AHDB Herd Advance Project in Wales which will attract 16,000 samples over four years. The increase in volumes has enabled us to make savings that we have passed back to members by lowering our prices.

Type Classification

We have seen a decline of 9,697 inspections done in 2019, 7,115 of these can be attributed to one of our classifiers being off work for a long period during the year and the remainder recognised as the areas that were allocated in the second half of the year. I'm pleased to say we are now back up to a full team.

There has been a substantial increase of our members logging onto WebMate to use linear data to identify the ideal matings for their herd from the UK available bull list. We are also now in discussions

with external companies to provide inspection services on their behalf.

Milk Recording and Animal Health Testing

The Cattle Information Service (CIS) continues to prove itself as an excellent investment for Holstein UK. The business continues to grow and the team have increased the services offered. In 2019, 111 new herds joined CIS whilst sadly 49 ceased production. This resulted in a net increase of 6% of cows now recording with CIS. The CIS laboratory at Speir House has yet again successfully passed all industry audits placing it as a leading UK animal health testing facility for milk, tissue and blood. This side of the business is very stable and adds value to the milk sample collected and also provides services for third-party businesses such as vets and ear-tag companies.

Charitable Activities

The Society is committed to encouraging, promoting and improving the breeds within the Herd Book, continuing to invest 100% of our revenue into activities that meet these objectives. *The Journal* celebrated its 100th year in 2019 and continues to be the cornerstone of our communication, promoting UK genetics and farm features. We continue to use this media platform for our in-depth reporting. As new channels of communication deliver news almost immediately, we continue to build our online presence with seven websites and over 5,000 posts onto our 18 social media platforms during the year.

As a group we have also increased our investment in education and engaged with several Agricultural Colleges during 2019 arranging presentations, research data and educational material all explaining the benefits of Holstein UK, CIS and NBDC services, to aid the education of our future dairy farmers. The Holstein Young Breeders (HYB) movement is also thriving with a growing membership. We have and will continue to develop new initiatives to further engage with the next generation.



We attend many shows across the UK which are important for us, as we meet members from different regions and capture feedback from members which forms the basis of our strategy. Since the Trustees introduced the Holstein UK Strategy in 2018, the Management Team have been working proactively to deliver the objectives ensuring we continue to help and support our dairy farmer members. We would like your feedback on our progress and insight into new initiatives that could be included when the document is reviewed in 2021. We will be circulating the member feedback survey later in the year.

In addition to attending events, we organise UK Dairy Day which hosts The National Holstein Show and organise The All Breeds All Britain Calf Show. Both events highlight the high standard of UK genetics which was proven at the 2019 European Championships in Libramont, Belgium. It was difficult to get a team there due to health restrictions, but it was worth the determination to promote our UK genetics. The team was very successful and amongst their prizes was a class first!

We rely on support from industry partners who provide financial support for our events. I would like to thank all of our 89 sponsors for their financial contribution during 2019, in particular, NWF Agriculture, Cogent Breeding Ltd, Boehringer Ingelheim Animal Health UK Ltd, Alltech & Keenan, Barclays and Semex UK who were mainline sponsors for various Holstein UK National Events.

Our HYB members flew our flag abroad, representing us in Australia, Canada, Italy, Belgium and Washington (USA). It is certainly one of the nicest things about my job when I receive positive feedback on the performance and positivity of our HYB members. I can honestly say that every young member that has had the opportunity to represent Holstein UK and HYB internationally really did us proud.

I am very pleased that we finished 2019 in a robust financial position which has enabled us to increase our charitable objectives. I would like to personally thank every employee for their hard work, loyalty, enthusiasm and their determination supporting us to deliver a turnaround of our finances since 2017. It has been extremely gratifying.

Managing the operations of the Holstein Group will continue to be challenging especially whilst we have a great deal of uncertainty within the dairy industry. I believe that if we can work together to find solutions, we will eventually build a stronger future.

I would like to thank the trustees for working with me by advising on strategy and policy and allowing the management team to deal with the operational side of the business. At the beginning of the year, Andrew Birkle was Chairman, he gave a lot of time to the Society before his retirement and I am pleased he has continued to do so as a member. Michael Smale took the office of Chairman at the 2019 AGM and the challenges for Michael have been very different to the previous Chairman as the Society has evolved. I am delighted that he stands unopposed to continue as Chairman for 2020/2021. I would like to thank both of them on behalf of the management team for their support and give a special mention to their wives Mimi and Caroline respectively, who have put up with the intrusion of Holstein UK into their daily lives.

The Society has benefitted by having two extremely capable ambassadors as President during the period. Both men have represented Holstein UK to the highest degree. Peter and Judith Waring were well travelled throughout Peter's term always giving sound advice and support. Bryan Thomas must be applauded for supporting his term with great enthusiasm with his wife Eirlys who have travelled as much as they could and always took a smile with them! I know they both enjoyed the two great events we had in South Wales, the Holstein UK Celebration and the HYB Weekend Rally, which gave the opportunity for attendees to enjoy the delights of the area whilst seeing some great cattle.

Finally, I would like to thank the members of Holstein UK and the customers of CIS and NBDC for their continued support. I hope that restrictions will be lifted as soon as possible, and we will again be able to meet up. Until that time, please know Holstein UK is with you and we will do anything we can to help you during this difficult time.

Sue Cope

Chief Executive



REPORT OF THE TRUSTEES

TRUSTEES' REPORT

The trustees present their Annual Report together with the audited financial statements of the charity for the year 1 January 2019 to 31 December 2019. The Annual Report serves the purposes of both a trustees' report and a directors' report under company law. The trustees confirm that the Annual Report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) as amended by Update Bulletin 1 (effective January 2015).

The audited consolidated financial statements comply with the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities as revised in 2005, the Charities Act 2011, the Companies Act (2006), Charities (Accounts and Reports) Regulations 2008 and Charities SORP – FRS 102. The trustees' report (including the strategic report) and financial statements are submitted to the Charity Commission following approval by the membership at the AGM.

The charity was incorporated on 25 November 1998 and is governed by its Memorandum and Articles of Association.

The trustees who served during the period were:

ELECTED 2010	Andrew Birkle retired 03.07.19	East Midlands
	Carl Smith retired 03.07.19	Lancashire
ELECTED 2011	Aled Jones	North Wales
	Stephen Brough	Northern
ELECTED 2012	Iwan Morgan	South Wales
	Jane Targett	Southern
	Edward Griffiths	Yorkshire
ELECTED 2014	Mark Nutsford retired 03.07.19	North Western
	Michael Smale	Far Western
ELECTED 2016	Peter Prior	South East & Eastern
ELECTED 2017	Sandy Pirie	Scotland
	David Jones	West Midlands
ELECTED 2018	David Yates	Scotland
	Stephen Hill*	North Midlands
	Wallace Gregg	Northern Ireland
ELECTED 2019	Jane Whittaker from 03.07.19	North Western
	John Hartley from 03.07.19	Lancashire
	Matthew Winter from 03.07.19	East Midlands
	Stephen Hill from 03.07.19	North Midlands

* Stephen Hill was representing North Midlands as a non-voting member in 2018.

OBJECTIVES AND ACTIVITIES

a. Policies and objectives

The objectives of the charity are to support the development of the UK dairy industry by focusing on breeding pedigree Holstein and British Friesian cattle in the United Kingdom. The Society also supports other charities working in the dairy industry through the provision of services in support of their objectives. As a member organisation, Holstein UK represents the views of its members to those with influence or interest in dairying for the further interest of the industry.

b. Strategies for achieving objectives and activities undertaken

The charity aims to increase the efficiency of dairy cattle, specifically Holstein and British Friesian breeds, in a sustainable manner consistent with the advancement of animal welfare and environmental protection.

At the AGM in June 2018, the charity launched its 2018-2022 Strategy which incorporated feedback from Members. The full strategy document can be found on the Holstein UK website, however, in summary, the strategy covers the following:

BREED DEVELOPMENT ASPIRATION

To have the ideal cow within the Holstein UK Herd Book for the UK and international markets.

OBJECTIVE

1. Develop the Society breeds to meet the demands of dairy producers.
2. Provide tools and services to aid improvement in the financial value of the Society breeds.

ACTION

- Encourage UK producers to maximise genetic gain by utilising technology such as genotyping, sexed semen and embryo transfer.
- Educate producers about the benefits of genetic gain.
- Promote the benefits of using independent mating services.
- Measure the financial impact of type improvement and promote the benefits.
- Continually review traits collected and add new traits when necessary.
- Annually review the model cow to ensure its relevance to dairy producers.
- Introduce an interpretation service following herd type evaluation visits in order to maximise usefulness.

RESEARCH & DEVELOPMENT ASPIRATION

The UK Holstein and British Friesian breeds to be the best placed breed choices for all UK farming systems and be recognised internationally.

OBJECTIVE

1. Ensure UK dairy farmers recognise evidence and understand the benefits.
2. Ensure international dairy cattle breeders understand the strengths of UK genetics.
3. Share data to prove the relationship between the use of Holstein UK services and herd profitability.

ACTION

- Introduce research to determine the relationship between conformation and profitability.
- Investigate correlation of type traits against production, health and fertility.
- Analyse production and type data to establish longevity and profitability trends for comparisons with other breeds and crossbreeds.
- Partner with research establishments to investigate issues affecting the productive life of a cow.
- Work with type evaluation teams to track progress and direction.
- Communicate research findings with members and promote benefits to a wider audience.
- Keep up to date with external research and communicate findings to members.
- Recommend changes to services and products following research projects.

PROMOTION ASPIRATION

Every UK dairy producer benefits from Holstein UK services and the Society Herd Book genetics at some level. International breeders recognise the quality of breed genetics and services.

OBJECTIVE

1. Ensure all UK dairy farmers understand the benefits of registered cattle.
2. Increase the use of Holstein UK services amongst UK producers.
3. Ensure international dairy cattle breeders recognise the type, performance and longevity of Holstein UK breed genetics.
4. Decrease the average age of the membership by encouraging youth members.
5. Partner with key agricultural education centres.
6. Ensure industry bodies understand the importance of registered cattle and the related benefits.

ACTION

- Maximise the shop window at UK Dairy Day, which incorporates The National Holstein Show.
- Attend key agricultural events that benefit the Society and members.
- Invest in UK print and digital advertising.
- Ensure Holstein UK type evaluations are relevant to UK dairy producers.
- Highlight the diverse range of genetics within the Herd Book.
- Invest in educational activities for future farming decision makers.
- Develop key messages that incorporate interested parties.
- Develop quarterly marketing campaigns.
- Use technology wherever possible to promote the Society to a wider audience.
- Rigorously encourage education centres to use Holstein UK Group resources as a tool to aid learning.
- Promote the Society as an independent source of information.
- Invest in international digital advertising.
- Encourage international visitors to UK Dairy Day and Holstein UK members' farms.
- Have representation at key international events with a clear objective.
- Have representation on the European Herd Book committee.
- Compete internationally, where possible, with people and cattle.
- Encourage international exchange programs for HYB.
- Promote the Holstein UK breeds, referencing performance.

SERVICES ASPIRATION

Society members use and benefit from all Holstein UK Group Services.

OBJECTIVE

1. Ensure members understand the portfolio of services and their benefits.
2. Attract new members to the Society using the benefits of its services.
3. Eradicate, wherever possible, duplication of data entry.
4. Ensure services meet the requirements of Holstein UK members and appeal to all dairy producers.
5. Ensure services make use of the latest technology and innovation.

ACTION

- Assess the relevance of current services and structure a development plan, where necessary, to become more efficient at the lowest possible cost.
- Introduce new services as the market/industry requires.
- Forge partnerships with third party companies to eradicate duplication of data entry.
- Introduce robust project planning.
- Develop response and completion targets for all services.
- Inform members of benefits of services through marketing.
- Ensure UK Dairy Day becomes an avenue to promote services to existing and potential members.
- With the use of IT, extend the access to tools and services to be available 24/7.
- Introduce, wherever possible, new technology to aid the use of services.
- Develop help guides for all services.

FINANCE ASPIRATION

Holstein UK to have a secure long-term future and remain the largest independent breed Society in Europe.

OBJECTIVE

1. Ensure Holstein UK is financially viable both short and long-term.
2. Ensure the Holstein UK Group remains a relevant body within the domestic and international dairy sectors through investment.

ACTION

- Ensure the Holstein UK Group operates at a profit to allow reinvestment.
- Spread the risk of investments with an emphasis on property.
- Return revenue to the Charity through the subsidiaries without harming the companies' growth.
- Produce monthly management accounts by working day ten of each new month.
- Compile the Holstein UK Annual Report following completion of audited accounts.
- Have robust internal and external audits and procedures.
- Maintain risk register and review annually to reduce exposure to liability.
- Review supplier contracts on an annual basis.
- Follow correct protocols for purchases and expenditure.

VOICE ASPIRATION

Holstein UK members to have a voice at industry and Government level.

OBJECTIVE

1. Ensure Holstein UK understands member opinion.
2. Have a unified message as a point of reference for all members.
3. Have an established avenue of communication to industry and Government.
4. Have robust facts and figures to support communication.
5. Become a source of data for the industry.

ACTION

- Develop a process to collect member opinion and disseminate feedback.
- Develop a united message regarding the future of the dairy industry, which represents the membership.
- Forge partnerships with current industry lobbying parties.
- Promote the benefits of registered cattle to milk buyers and retailers.
- Work with industry partners to support consumer engagement and promotion of dairy products.
- Share industry news, education and developments with members.
- Establish key data that will support communication.
- Track trends within the Herd Book genetics and develop predictions based on past data.
- Address legislation matters that directly impact members.
- Compile a communication document highlighting the forward planning required by members to meet future milk contracts.
- Respond to Government consultations on behalf of members.
- Develop direct communication with serving MP's.

COMMUNICATION ASPIRATION

All members are fully informed and educated on the Society and relevant industry activities.

OBJECTIVE

1. Ensure Holstein UK members fully understand the activities of the Society.
2. Understand Holstein UK member needs.
3. Ensure Holstein UK members contribute to and know the strategy for the Society.
4. Share relevant industry developments through Society communication channels.

ACTION

- Use *The Journal* as a tool to keep members informed.
- Gather communication data from members, such as email addresses and mobile numbers.
- Ensure Group news contains up-to-date information on services and their benefits.
- Review communication avenues and make best use of new technologies and tools.
- Ensure UK Dairy Day, Holstein UK events and attended shows become a portal to showcase Society activity.
- Use the news sections of the Group websites and social media to keep members informed.
- Ensure timely communication of Board decisions to all members.
- Ensure trustees have up-to-date Society news to communicate with Clubs and members.
- Effectively capture affiliated Clubs' opinions.
- Gather feedback from members and action as appropriate.
- Ensure all ways of communication meet GDPR legislation.

RECOGNITION ASPIRATION

Holstein UK awards to be held with high regard within the domestic and international industries.

OBJECTIVE

1. Ensure individual cow awards are relevant to the whole industry and recognised as adding value to the animal.
2. Ensure herd awards recognise management as well as genetic quality.
3. Ensure member awards acknowledge personal achievements.

ACTION

- Review all awards and assess the relevance of each Society accolade.
- Investigate new awards which recognise herd management, cattle health and welfare, genetics and efficiency.
- Compare UK awards with international competitions and develop awards that have global recognition.
- Introduce marketing plans for each award.
- Develop a calendar of awards and make it available to all members.
- Promote award winners internally and externally to raise profile of awards.
- Engage with national agricultural press to heighten coverage of award winners.
- Compile a database of regional press contacts to recognise award winners within their local area.
- Develop and maintain a Hall of Fame of award winners.

GOVERNANCE ASPIRATION

Holstein UK continues to strive to meet its charitable objective whilst adapting to the evolving dairy and agricultural industries.

OBJECTIVE

1. Introduce a five-year strategic plan for the Charity which incorporates the subsidiary companies.
2. Meet Holstein UK's charitable objective through consultation with stakeholders (members).
3. Have robust procedures in place for all processes.
4. Meet the requirements of new and existing relevant legislation.

ACTION

- Ensure governance of the Charity meets legislation, following Charity Commission guidelines and representing stakeholders without discrimination.
- Ensure trustees continue to represent the Society and members within their elected region, acting as a voice for members and communicating developments at Society level.
- Ensure the Board of trustees meets the Charity Commission guidelines, rules and regulations.
- Ensure nominated trustees receive training before joining the Board.
- Ensure the Chair of the Board continues to act as the direct communication point between the trustees and CEO.
- Ensure trustees continue to be responsible for short and long-term strategy.
- Ensure management remains responsible for all operational activity.
- Ensure trustee procedures follow the Articles of Association, which will be reviewed annually prior to the AGM.
- Revise the strategic plan and amend, where necessary, every three years.

OPERATIONS ASPIRATION

Holstein UK is operated using maximum efficiency.

OBJECTIVE

1. Work efficiently to enable members to gain the maximum benefit.
2. Ensure management and processes are relevant and meet the requirements of members.
3. Make the appropriate investments in IT and equipment, to give maximum benefit to the membership.
4. Ensure operational processes are flexible to meet future developments.

ACTION

- Ensure that the office facilities and employment terms meet legislation.
- Invest in current and new employees by introducing personal development plans.
- Ensure future Group office facilities encourage retention of experienced staff.
- Attract skilled individuals to employment within Holstein UK.
- Keep employees' knowledge up to date with industry and member needs.
- Introduce new processes to meet member needs following annual reviews.
- Annually review and update the Membership Handbook.
- Drive coordination and consistency between Holstein UK Group departments.
- Continue to build on the integrity of the Herd Book, with an emphasis on traceability.
- Develop a resource for the membership to provide advice when in times of industry adversity, such as disease outbreaks or anti-dairy campaigns.
- Ensure Group core services remain as the first priority, whilst looking for opportunities that will directly or indirectly benefit members.

QUALITY ASPIRATION

Holstein UK Group data is proven and recognised as first class .

OBJECTIVE

1. Have accreditations in place from external bodies to give confidence in data collection and distribution.
2. Have consistent procedures.
3. Ensure full confidence in data handling, storage and reporting.

ACTION

- Follow guidelines and recommendations for ISO:17025 (UKAS) for all appropriate services.
- Participate in International Committee of Animal Recording (ICAR) accreditation schemes.
- Partake in external audits from ring testing with like-minded organisations, both formally and informally.
- Conform to UK and international legislation.
- Review domestic and international procedures to view opportunities for internal improvement.
- Document all processes to ensure services and/or products are delivered consistently every time.

MEMBER DEVELOPMENT ASPIRATION

Leaders within the dairy industry have benefited from being members of Holstein Young Breeders (HYB).

OBJECTIVE

1. Ensure HYB is seen as an educational organisation.
2. Ensure HYB members experience a range of dairy related operations.
3. Use competitions to improve knowledge whilst encouraging new participation.
4. Include a networking element in events which builds individual connections.
5. Ensure HYB activities broaden knowledge and skills that prove useful in career development.

ACTION

- Form partnerships with agricultural colleges to create opportunities to speak to dairy students.
- Widen areas of interest within HYB to attract non-Holstein UK family members.
- Create awards in partnership with external bodies.
- Encourage exchange programs nationally and internationally.
- Review and, if necessary, introduce competitions that encourage all skill levels to participate.
- Expand awards available to incorporate all elements of the dairy industry.
- Introduce public speaking training and opportunities.
- Promote the benefits of Dairy Pro training to HYB members.
- Register Holstein UK and HYB events and activities with Dairy Pro to add value for members.
- Structure mentoring schemes between senior and HYB members.
- Introduce online competitions and awards to give maximum return on investment.

c. Volunteers

Holstein UK does not use volunteers to achieve its objectives.

d. Main activities undertaken to further the charity's purposes for the public benefit

In setting out our aims and objectives, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on the advancement of animal welfare, the advancement of environmental protection or improvement and the advancement of education, and fee charging. The charity aims to increase the efficiency of dairy cattle, specifically Holstein and British Friesian breeds, in a sustainable manner consistent with the advancement of animal welfare and environmental protection.

Membership of the charity is available not only to those whose interests are in the husbandry of Holstein and British Friesian cattle but the wider public. Within the categories of membership there is a junior section for those aged up to 27 years of age with similar interests to those above and again this section is not restricted. The charity also offers a reduced associate membership for those who wish to maintain a communication with the charity. The trustees do not consider the membership fees for the above categories restrictive. Trustees are levied with the same fees for services as those incurred by other members of the charity.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

a. Main achievements of the charity

The principal activity of the charity is that of the promotion of the Holstein and British Friesian breeds and the recording and maintenance of pedigree records for the benefit of charity members.

The charity has continued to undertake registrations of animals, registering 181,673 full pedigree females during the full year January to December 2019 (2018: 183,455). The charity has established processes for its members, one of which authenticates parentage via DNA samples. The charity continues to explore technological advances in the collection and analysis of genetic, genomic and phenotypic data and is working with other industry bodies to further improve the accuracy of such measurements. The charity has an on-going project to monitor the total number of tests undertaken to ensure acceptable compliance levels.

During the full year January to December 2019, the charity undertook 117,534 (2018: 125,756) inspections of animals which were assessed on 27 varying traits. The results of these assessments were published in the charity's Journal and are freely available to view on the charity's website. The traits collected are also used for research purposes. The assessments are acknowledged by the industry for independent use in the valuation of animals.

The charity's trading subsidiaries are actively involved in disease testing and record a number of on farm events both on a compulsory and optional basis. During the reporting period significant investment has again been made to enhance the capabilities for widening the number and variety of tests available, and UKAS accreditation has been obtained for a number of these tests. The charity encourages, wherever possible, the inclusion of regular health and welfare programs for monitoring of the herd.

The charity is committed to hosting events that share knowledge throughout the dairy industry. UK Dairy Day, Holstein UK Celebration, HYB Weekend Rally and The All Breeds All Britain Calf Show, are proven examples of events that contain educational, networking and marketing opportunities.

The charity has made representations and responded on a number of matters relating to the dairy industry within national and devolved Governments and other bodies. Information is available to the wider community via the charity's website www.holstein-uk.org and via its trading subsidiaries www.thecis.co.uk and www.nbdc.uk.

b. Fundraising activities and income generation

Holstein UK does not undertake fundraising activities.

c. Investment policy and performance

Under the Memorandum and Articles of Association, the charity has wide powers to invest at the discretion of the trustees. The investment policy is designed to support the reserves policy. The charity seeks to adopt a cautious, prudent and well-diversified investment stance to balance potential returns with appropriate levels of risk.

The charity's aim is to ensure that reserves maintain a real value across an investment cycle. Close Brothers Asset Management managed the reserves on a discretionary basis. The portfolio was invested in a range of securities in line with levels agreed by the charity.

The charity ensures that performance is managed against appropriate benchmarks. The income from investments for the year was £36,907 (2018: £42,505) and investment gains totalled £195,994 (2018: £79,886 loss). Across the asset classes, returns were generally in line with benchmarks. A review of the policy is conducted every year.

FINANCIAL REVIEW

a. Going concern

Due to the current COVID-19 situation we are working under unusual circumstances and having to adapt to new ways of working. With the support of our members and customers we are continuing to deliver services where it is safe to do so. Our laboratory at Speir House is continuing to test samples within normal timescales and our member services for registrations, DNA and genomic testing are continuing without impact. We have unfortunately had to take our classifiers off the road to comply with Government restrictions regarding essential travel but we will be ready to reintroduce classification visits as soon as restrictions are relaxed. The situation is under constant review and with the support of our dedicated staff and the trustees, we are able to flex our approach promptly to meet changing needs.

The trustees have considered the ongoing financial viability of the charity and the appropriateness of preparing the accounts on a going concern basis. With the Government support provided through the Job Retention Scheme (and the associated furloughing of staff where appropriate), ongoing provision of services, positive year end cash balances and banking support in place should the situation extend to the end of the year, the trustees are confident that the charity can continue to operate in the future.

b. Reserves policy

Our reserves policy is set to ensure our work is protected from the risk of disruption at short notice due to a lack of funds, whilst at the same time ensuring we do not retain income for longer than required.

It is the policy of the charity to maintain unrestricted funds, which are free reserves of the charity. The purpose of maintaining unrestricted funds is to cover:

- administration and support costs for the charity
- designated projects to be undertaken when appropriate
- sufficient promotion of its objectives

The Group's reserves at the end of 2019 were £14,303,803 (2018: £13,496,963). A substantial proportion of the reserves are held in property and assets other than 'managed cash and investments'.

At the reporting date, assets represented by Net Current Assets were £1,544,558 (2018: £636,556), representing on average 8 (2018: 3) weeks running costs. Assets which could be reasonably realised were £6,104,270 (2018: £5,232,383), representing 57% (2018: 50%) of annual running costs. The trustees consider it prudent that unrestricted reserves should be sufficient:

- to avoid the necessity of realising fixed assets held for charity's use
- to cover one year's administration and support costs

The reserves policy is kept under periodic review and reserves levels will be adjusted as perceptions of risk and other factors change.

Young members at the Future Farmers Breakfast, hosted by Holstein UK at UK Dairy Day 2019.



Under the Memorandum and Articles of Association, the charity has wide powers to invest at the discretion of the trustees. The investment policy is designed to support the reserves policy. The charity seeks to adopt a cautious, prudent and well-diversified investment stance to balance potential returns with appropriate levels of risk.

The charity's aim is to ensure that reserves maintain a real value across an investment cycle. Close Brothers Asset Management managed the reserves on a discretionary basis. The portfolio was invested in a range of securities in line with levels agreed by the charity.

The charity ensures that performance is managed against appropriate benchmarks. The income from investments for the year was £36,907 (2018: £42,505) and investment gains totalled £195,994 (2018: £79,886 loss). Across the asset classes, returns were generally in line with benchmarks. A review of the policy is conducted every year.

The main risk to the charity's financial well-being would be CIS ceasing to gift aid sufficient profits to enable Holstein UK to achieve its charitable objectives. This is a risk which is reviewed by the trustees at the quarterly board meetings. The services delivered by CIS are constantly reviewed with new products developed to meet changing needs and protect market share where appropriate. Spend within Holstein UK is also under constant review to ensure maximum return is received for each pound expended.

Total closing funds were £14,296,461 (2018: £13,496,963) all of which were unrestricted funds. Group free reserves (unrestricted funds less fixed assets) were £1,544,558 (2018: £636,556).

c. Principal risks and uncertainties

The Board 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 reduce these risks. The Board also considers non-financial risks arising from fire, and health and safety aspects of the employment of its staff. The finance committee regularly reviews the risk register, discussing the risks faced by the charity and the mitigating actions taken to manage these risks. The risk management approach is reviewed annually by the Board.

d. Principal funding

The annual accounts presented are the report on the year to December 2019.

The charity's principal funding sources are: voluntary income (membership, registration and classification income contribute mainly to this), investment income (through properties held by the charity for rent and return on shares via dividends) and profit from trading subsidiaries which undertake various activities including health testing, milk recording, genomic testing, type classification and other farm events.

Group consolidated income for the year totalled £11,243,04 (2018: £10,980,075). On a like-for-like comparative basis, income is up 2.4%.

The budget set for 2020 will enable the Society to operate within its resources whilst still delivering the high quality services members deserve.

National Bovine Data Centre Ltd was set up and began trading in 2017. In its third year of operation a deficit of £123,654 was recorded (£51,405 in 2018). This was due to a fall in the number of cows classified and a prior year corporation tax adjustment.

The Cattle Information Service Ltd (CIS) continued once again to increase its contribution to the Holstein UK Group with surpluses of £1,171,424 (2018: £841,497) gift aided to the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

a. Constitution

Holstein UK (the charity) is a company limited by guarantee (not having a share capital) and is a registered charity. It is governed by a Board of Trustees (the Board). The Board sets strategic direction and ensures the charity achieves its objectives. It oversees governance and is responsible for upholding the charity's values. It is supported by four committees (Finance (incl. Scotsbridge House Sale), Show & Sale, Science and Operations) to which it delegates certain authorities. The day-to-day running of the charity is the responsibility of the Executive Team.

b. Members

The charity's constitution allows for the appointment of members and has no restriction on member numbers. They are entitled to attend all general meetings, including the AGM, where they receive the Annual Report and accounts and elect or re-elect trustees. Regular contact is maintained with members, mainly through the bi-monthly magazine *The Journal*.

There are currently 5,866 members, of which 15 are trustees. Each member guarantees to contribute up to one pound sterling (£1) to the charity's debts, liabilities and costs in the event of the charity being wound up and for one year after ceasing to be a member.

c. Organisational structure and decision-making policies

The Board

The Board oversees a robust governance framework. The charity's governance complies with the Code for the Voluntary and Community Sector endorsed by the Charity Commission, and with other best practice guidelines. It has agreed a schedule of matters reserved to the Board which includes approval of annual budgets. It delegates operational responsibility for the charity's activities to the Chief Executive and Executive Team and provides advice, guidance and support on an on-going basis. Fifteen trustees comprised the Board at 07 May 2020. All trustees are members of the charity and directors of the charitable company. During the reporting period there were 6 (2018: 6) trustees' meetings, which achieved an 82% (2018: 86%) attendance; this excludes the Annual General Meeting. The individual trustees percentage attendance for the reporting period was as follows: A Birkle 100%, S Brough 67%, E Griffiths 83%, A

Jones 67%, D Jones 83%, W Gregg 67%, J Hartley 100%, S Hill 100%, I Morgan 83%, M Nutsford 67%, S Pirie 100%, P Prior 33%, M Smale 100%, C Smith 67%, J Targett 83%, J Whittaker 100%, M Winter 100%, D Yates 100%. The amount of expenses reimbursed to trustees during the reporting period was £33,955 (2018: £38,484).

Committees

All trustees serve on at least one committee. The committees are delegated specific responsibilities by the trustees. They provide counsel, expertise and support to the Executive Team. Committees undertake an evaluation of their own performance on a periodic basis and use any feedback to support improvements in the overall governance of the charity.

Executive Team

The Executive Team is responsible for the day-to-day running of the charity under authority delegated by the Board. It proposes to the Board where the charity should invest its time, money and expertise. It reviews with the Board any changes to strategy on an annual basis. It proposes an annual operating budget to the finance committee and the Board for approval and monitors financial performance accordingly. It recommends any changes to budget in light of performance to date. The Executive Team comprises of the following key employees: Chief Executive Officer, Chief Finance Officer, Head of Events & Marketing, Head of IT, Head of Product Development and Head of NBDC & Breed Development, and for CIS, Head of Field Services and Head of Laboratory Operations.

Members

The charity's constitution allows for the appointment of members and has no restriction on member numbers. They are entitled to attend all general meetings, including the AGM, where they receive the annual report and accounts and elect or re-elect trustees. Regular contact is maintained with members, mainly through the bi-monthly magazine *The Journal*.

d. Policies adopted for the induction and training of trustees

The trustees offer a wide range of skills and experience essential to the good governance of the charity. 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 committees and decision making process, the business plan and recent financial performance of the charity. During the induction day, trustees meet key employees of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the performance of their role.

e. Pay policy for key management personnel

Key management staff do not have annual salary reviews, however, annual cost of living pay increases are given to key management staff at the same inflationary rate as for all other staff. The salaries awarded

to new key management staff are benchmarked against the market to ensure appropriately qualified staff are attracted to the organisation.

f. Related party relationships

The Charity works with other organisations to further its objectives. In 2019, the Group won two contracts from AHDB to increase testing.

g. Financial risk management

The trustees have assessed the major risks to which the group and the charity are exposed, in particular those related to the operations and finances of the group and the charity, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

PLANS FOR FUTURE PERIODS

The charity will continue to promote and encourage the breeding of Holstein and British Friesian cattle within the UK dairy herd. Where appropriate, links with other industry bodies will continue to achieve the charity's objectives. Centralising information and data for the beneficial improvement of the dairy breeds and the promotion of holistic management systems for dairy cattle will be a key objective.

The expansion of health and welfare testing within the UK and collection of on-farm data for research purposes to improve the charity's services to its members remains a key feature of the trustees' plans.

The charity will undertake research into future trends in dairy cattle breeding and management and will disseminate these results to its members and the wider industry. The charity will maintain its position as the pre-eminent source of independent dairy cattle breeding information in Europe.

The charity is very aware of the issues facing the dairy industry and the need to develop the next generation of pedigree farmers, fully equipped to be successful in a rapidly changing industry. The charity will continue to invest in its Holstein Young Breeders scheme to ensure that future dairy farmers will continue to enjoy success.

At the AGM in June 2018, the charity launched its 2018-2022 Strategy which incorporated feedback from members.

MEMBERS' LIABILITY

The Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up.

EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF THE DISABLED

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The group and the charity carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the trustees.

The group and the charity has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the group and the charity's equal opportunities policy, the group and the charity has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the charity's offices.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of the charity for the purposes of company law) are responsible for preparing the Trustees' Report including the Strategic Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the charity and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are trustees at the time when this Trustees' Report is approved has confirmed that:

- so far as that trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

AUDITORS

The auditors, Whittingham Riddell LLP, have indicated their willingness to continue in office. The designated trustees will propose a motion reappointing the auditors at a meeting of the trustees.

Approved by order of the members of the Board of Trustees and signed on their behalf by:



Michael Smale (Chairman)

Date: 07 May 2020

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF HOLSTEIN UK

OPINION

We have audited the financial statements of Holstein UK (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could

reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' 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 charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Malpass (Senior Statutory Auditor)

for and on behalf of

Whittingham Riddell LLP

Chartered Accountants and Statutory Auditors Belmont House

Shrewsbury Business Park Shrewsbury

Shropshire SY2 6LG

Date:

29th May 2020

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:				
Donations	4	25,995	25,995	54,141
Charitable activities	5	2,693,078	2,693,078	2,717,377
Other trading activities	6	8,334,901	8,334,901	8,013,770
Investments	7	189,067	189,067	194,787
Total income		11,243,041	11,243,041	10,980,075
EXPENDITURE ON:				
Raising funds	8	7,287,129	7,287,129	7,195,018
Charitable activities	9	3,352,408	3,352,408	3,310,320
Total expenditure		10,639,537	10,639,537	10,505,338
Net gains on investments		195,994	195,994	(79,886)
Net income before taxation		799,498	799,498	394,851
Taxation		-	-	7,341
Net movement in funds		799,498	799,498	402,192
RECONCILIATION OF FUNDS:				
Total funds brought forward		13,496,962	13,496,962	13,094,770
Net movement in funds		799,498	799,498	402,192
Total funds carried forward		14,296,460	14,296,460	13,496,962

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 24 to 38 form part of these financial statements.

CONSOLIDATED AND CHARITY BALANCE SHEETS

AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Intangible assets	14	524,457	726,592
Tangible assets	15	8,737,206	8,854,818
Investments	17	1,490,240	1,278,997
Investment property	16	2,000,000	2,000,000
		12,751,903	12,860,407
CURRENT ASSETS			
Stocks	19	221,796	212,087
Debtors	20	1,758,880	1,669,877
Cash at bank and in hand		633,354	72,422
		2,614,030	1,954,386
Creditors: amounts falling due within one year	21	(1,069,472)	(1,317,830)
Net current assets		1,544,558	636,556
Total assets less current liabilities		14,296,461	13,496,963
Net assets excluding pension asset		14,296,461	13,496,963
Total net assets		14,296,461	13,496,963
CHARITY FUNDS			
Restricted funds	22	-	-
Unrestricted funds	22	14,296,461	13,496,963
Total funds		14,296,461	13,496,963

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees and signed on their behalf by:



Michael Smale (Chairman)

Date: 07 May 2020

The notes on pages 24 to 38 form part of these financial statements.

CHARITY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 £	As restated 2018 £
FIXED ASSETS			
Intangible assets	14	524,457	726,592
Tangible assets	15	8,302,070	8,294,250
Investments	17	2,256,225	2,044,982
Investment property	16	2,000,000	2,000,000
		13,082,752	13,065,824
CURRENT ASSETS			
Debtors	20	2,376,585	1,972,754
Cash at bank and in hand		220,248	21,501
		2,596,833	1,994,255
Creditors: amounts falling due within one year	21	(2,008,884)	(1,982,601)
Net current assets		587,949	11,654
Total assets less current liabilities		13,670,701	13,077,478
Net assets excluding pension asset		13,670,701	13,077,478
Total net assets		13,670,701	13,077,478
CHARITY FUNDS			
Restricted funds	22	-	-
Unrestricted funds	22	13,670,701	13,077,478
Total funds		13,670,701	13,077,478

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the trustees and signed on their behalf by:



Michael Smale (Chairman)

Date: 07 May 2020

The notes on pages 24 to 38 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

AS AT 31 DECEMBER 2019

	2019 £	As restated 2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash used in operating activities	470,768	(86,767)
Cash flows from investing activities		
Dividends, interests and rents from investments	189,067	194,787
Purchase of intangible assets	-	(17,199)
Purchase of tangible fixed assets	(55,891)	(24,819)
Disposal of investments	237,314	210,803
Purchase of investments	(280,326)	(224,032)
Net cash provided by investing activities	90,164	139,540
Cash flows from financing activities		
Net cash provided by financing activities	-	-
Change in cash and cash equivalents in the year	560,932	52,773
Cash and cash equivalents at the beginning of the year	72,422	19,649
Cash and cash equivalents at the end of the year	633,354	72,422

The notes on pages 24 to 38 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Holstein UK is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office and operating address is Speir House, Stafford Park 1, Telford, Shropshire TF3 3BD. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

2. ACCOUNTING POLICIES

2.1. Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity has elected to apply all amendments to FRS 102, as set out in the Financial Reporting Council's triennial review published in December 2017, and included in Update Bulletin 2 to the Charities SORP (FRS 102), prior to mandatory adoption for accounting periods beginning on or after 1 January 2019.

Holstein UK meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Restatement

The prior year financial statements for the parent charity have been restated to accurately reflect the gift aid payment from the trading subsidiaries following the Charities SORP Information Sheet 2 issued in January 2019.

2.2. Basis of consolidation

The consolidated financial statements present the results of the company and its own subsidiaries ("The group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date

on which control is obtained. They are deconsolidated from the date control ceases.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these financial statements. The net movement in funds for the charity was a surplus of £593,223 (2018: £453,596).

2.3. Going concern

After making enquires, the trustees have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

The trustees have also assessed the potential impact on the future operations of the group with regard to the Covid-19 outbreak. The group is considered to be well positioned given the current environment with no impact on the going concern basis of the financial statements.

2.4. Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

2.5. Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central

staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.6. Research and development

Development costs are capitalised within intangible assets where they can be identified with a specific product or project anticipated to produce future benefits, and are amortised on the straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Consolidated Statement of Financial Activities.

2.7. Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Consolidated Statement of Financial Activities.

2.9. Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.10. Intangible assets and amortisation

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the charity assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined to be the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

The estimated useful lives are as follows: Amortisation is provided on the following basis:

Development expenditure - 20 %

2.11. Tangible fixed assets and depreciation

Tangible fixed assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the revaluation model, tangible fixed assets whose fair value can be measured reliably shall be carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

Fair values are determined from market-based evidence by appraisal that is normally undertaken by professionally qualified valuers. If there is no market-based evidence of fair value because of the specialised nature of the tangible fixed asset and it is rarely sold, except as part of a contributing business, a charity may need to estimate fair value using an income or depreciated replacement cost approach.

Gains and losses on revaluation are recognised in the Consolidated Statement of Financial Activities, with a separate revaluation reserve being shown in the Statement of funds note.

Investment property rented to other group entities and accounted for under the cost model is stated at historic cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases: Freehold property -

Motor vehicles - 3 to 4 years

Office equipment - 2 to 8 years

Computer equipment - 2 years

2.12. Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated Statement of Financial Activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.13. Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

2.14. Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.15. Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.16. Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated Statement of Financial Activities as a finance cost.

2.17. Financial instruments

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.18. Operating leases

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

2.19. Pensions

The group operates an occupational pension scheme providing money purchase benefits on a defined contribution basis. Employees

who joined the money purchase pension scheme contract directly with the pension company, Phoenix Life & Pension Ltd. Contributions by the group and employees are determined by the scheme rules. The group acts as an agent in collecting and paying over employee pension contributions. Once the contributions have been paid, the group, as employer, has no further obligations. From 1 April 2015, the pension scheme has closed to new entrants and no further contributions are being made.

From April 2015, under the Pensions Act 2008, the group must put certain staff into a pension scheme and contribute towards it. This is called automatic enrolment. To comply with automatic enrolment laws, the group signed a participation agreement with a pension provider by which staff become members on an independently administered pension plan. The group and staff make contributions as specified in the plan.

At the reporting date contributions outstanding amounted to £nil (2018: £4,121).

2.20. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the group and which have not been designated for other purposes.

Investment income, gains and losses are allocated to unrestricted funds.

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Gift aid	25,995	25,995	54,141

5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:			
Member Subscription Fees	309,486	309,486	264,123
Herd Book Entry Fees	1,565,391	1,565,391	1,623,146
Herd Book Services and Sundry Income	242,247	242,247	236,385
Journal Advertising	34,917	34,917	37,952
Livestock Events	443,258	443,258	435,552
Other Society Services	5,284	5,284	10,935
Catalogue and Herd Brochure Services	(82)	(82)	202
Breeder Awards	31,627	31,627	28,669
Re-issue, Transfer Fees and Fines	60,950	60,950	80,413
Total 2019	2,693,078	2,693,078	2,717,377

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
The Cattle Information Service Limited	7,024,092	7,024,092	6,816,156
National Bovine Data Centre Limited	1,310,809	1,310,809	1,197,614
	8,334,901	8,334,90	8,013,770

7. INVESTMENT INCOME

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Rents receivable	151,865	151,865	152,282
Dividends from listed investments	36,907	36,907	42,505
Interest receivable	295	295	-
	189,067	189,067	194,787

8. EXPENDITURE ON RAISING FUNDS

Cattle Information Service Limited and National Bovine Data Centre

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Cost of sales	3,317,138	3,317,138	3,273,608
Admin expenses	976,118	976,118	916,139
Admin staff costs	2,827,466	2,827,466	2,752,386
Depreciation	166,407	166,407	252,885
	7,287,129	7,287,129	7,195,018

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Summary by fund type

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Holstein Society Services	3,352,408	3,352,408	3,310,320

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

Summary by fund type

	Activities undertaken directly 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Holstein Society Services	3,352,408	3,352,408	3,310,320
<i>Total 2018</i>	<i>3,310,320</i>	<i>3,310,320</i>	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of direct costs

	Total funds 2019 £	<i>Total funds 2018 £</i>
Staff costs	1,232,070	1,154,264
Depreciation	209,231	225,260
Research and Business Development	77,740	79,279
Testing - Parentage	162,800	111,944
Livestock Shows	676,483	668,596
Journal Printing and Circulation	153,719	150,150
Facilities Management and Utilities	144,802	147,238
Telephone	43,974	54,069
Postage and Stationery	84,799	104,662
Computer Maintenance	180,944	145,357
IT Development Charges	(2,692)	27,571
Field Staff	65,607	71,249
Audit Fees	15,000	18,000
Board Meeting Expenses	50,672	50,385
Bank Charges	19,094	29,847
Marketing and Publicity	45,961	62,870
Professional Fees and Charges	155,438	154,549
Hire of Equipment and Vehicles	36,766	55,030
Total 2019	3,352,408	3,310,320

11. AUDITORS' REMUNERATION

	2019 £	<i>2018 £</i>
Fees payable to the charity's auditor for the audit of the charity's annual accounts	15,000	18,000
Fees payable to the charity's auditor in respect of: Audit of subsidiary accounts	12,750	14,000

12. STAFF COSTS

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Wages and salaries	3,403,067	3,272,025	988,464	896,217
Social security costs	369,168	340,663	134,655	130,186
Pension costs	287,301	291,289	108,951	127,862
	4,059,536	3,903,977	1,232,070	1,154,265

Included in the above is a severance payment of £9,371 relating to the redundancies of 1 member of staff (2018: Nil).

The average number of persons employed by the charity during the year was as follows:

	Group 2019 No.	<i>Group 2018 No.</i>
Employees (including casual and part-time staff)	120	120

Included in the average number of employees 14 (2018: 14) employees who were not employed on a full-time basis throughout the reporting period.

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2019 No.	<i>Group 2018 No.</i>
In the band £60,001 - £70,000	1	1
In the band £100,001 - £110,000	1	1

The key management personnel of the charitable company comprise of the trustees, the Chief Executive Officer and the Chief Financial Officer. The total employee benefits (including pension contributions) amounted to £181,054 (2018: £176,498).

The key management personnel of the group comprise of those of the charitable company and the key management personnel of the group comprise of those listed on page 16. The total employee benefits of those listed on page 16 amounted to £496,655 (2018: £266,803).

13. TRUSTEES' REMUNERATION AND EXPENSES

During the year, no trustees received any remuneration or other benefits (2018 - £NIL).

During the year ended 31 December 2019, expenses totalling £50,672 were reimbursed or paid directly to 17 trustees (2018 - £50,385 to 16 trustees). These expenses relate the payment or reimbursement of travel and subsistence in relation to attendance at meetings

14. INTANGIBLE ASSETS

Group and Charity

	<i>Website / application development. costs £</i>
Cost	
At 1 January 2019	1,080,827
At 31 December 2019	1,080,827
Amortisation	
At 1 January 2019	354,235
Charge for the year	202,135
At 31 December 2019	556,370
Net book value	
At 31 December 2019	524,457
At 31 December 2018	726,592

15. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Promotional Equipment £	Total £
Cost or valuation				
At 1 January 2019	8,312,386	2,812,870	16,783	11,142,039
Additions	-	55,891	-	55,891
At 31 December 2019	8,312,386	2,868,761	16,783	11,197,930
Depreciation				
At 1 January 2019	30,494	2,247,602	9,125	2,287,221
Charge for the year	-	173,503	-	173,503
At 31 December 2019	30,494	2,421,105	9,125	2,460,724
Net book value				
At 31 December 2019	8,281,892	447,656	7,658	8,737,206
At 31 December 2018	8,281,892	565,268	7,658	8,854,818

Charity

	Freehold property £	Office equipment £	Computer equipment £	Promotional Equipment £	Total £
Cost or valuation					
At 1 January 2019	8,312,386	429,983	115,572	16,783	8,874,724
Additions	-	-	14,916	-	14,916
At 31 December 2019	8,312,386	429,983	130,488	16,783	8,889,640
Depreciation					
At 1 January 2019	30,494	429,772	111,083	9,125	580,474
Charge for the year	-	211	6,885	-	7,096
At 31 December 2019	30,494	429,983	117,968	9,125	587,570
Net book value					
At 31 December 2019	8,281,892	-	12,520	7,658	8,302,070
At 31 December 2018	8,281,892	211	4,489	7,658	8,294,250

The group and charity

The freehold land and buildings at Scotsbridge House and Speir House were revalued at £7,565,000 and £600,000 respectively. The Scotsbridge House valuation is based on trustees' valuation. Speir House valuation was undertaken by Towler Shaw Roberts LLP, Chartered Surveyors, on 1 December 2015. The historical cost of the properties were £352,948 and £762,386 respectively.

Charity

The charity has a legal charge in place with Barclays Bank PLC, secured against the land and buildings held at Scotsbridge House, Rickmansworth, Hertfordshire.

16. INVESTMENT PROPERTY

Group

Freehold
investment
property
£

Valuation

At 1 January 2019	2,000,000
At 31 December 2019	2,000,000

Charity

Freehold
investment
property
£

Valuation

At 1 January 2019	2,000,000
At 31 December 2019	2,000,000

The investment properties residing at the Scotsbridge House site were revalued at £2,000,000 based upon valuations produced by Gibbs Gillespie Estate Agents, Surveyors and Valuers on 16 January 2019. The historical cost of the properties was £411,295 (2018: £411,295).

17. FIXED ASSET INVESTMENTS

Group

Listed
investments
£

Cost or valuation

At 1 January 2019	1,278,997
Additions	280,326
Disposals	(237,314)
Revaluations	168,231
At 31 December 2019	1,490,240
Net book value	
At 31 December 2019	1,490,240
<i>At 31 December 2018</i>	<i>1,278,997</i>

Charity	Investments in subsidiary companies £	Listed investments £	Total £
Cost or valuation			
At 1 January 2019	765,985	1,278,997	2,044,982
Additions	-	280,326	280,326
Disposals	-	(237,314)	(237,314)
Revaluations	-	168,231	168,231
At 31 December 2019	765,985	1,490,240	2,256,225
Net book value			
At 31 December 2019	765,985	1,490,240	2,256,225
<i>At 31 December 2018</i>	<i>765,985</i>	<i>1,278,997</i>	<i>2,044,982</i>

18. ANALYSIS OF LISTED INVESTMENTS

	2019 £	<i>2018</i> £
Corporate bonds - fixed interest	254,244	243,812
Equities - listed UK	396,812	335,690
Equities - listed international	633,627	527,264
Property and alternatives	205,557	172,231
	1,490,240	1,278,997

19. STOCKS

	Group 2019 £	<i>Group</i> <i>2018</i> £
Laboratory consumables	221,796	212,087

20. DEBTORS

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Due within one year				
Trade debtors	1,451,725	1,336,295	608,080	575,808
Amounts owed by group undertakings	-	-	1,598,263	1,169,273
Other debtors	67,973	91,512	58,701	88,245
Prepayments and accrued income	239,182	242,070	111,541	139,428
	1,758,880	1,669,877	2,376,585	1,972,754

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group as restated 2018 £	Charity 2019 £	Charity as restated 2018 £
Bank overdrafts	4,720	310,281	4,720	290,778
Trade creditors	595,585	592,708	232,065	288,879
Amounts owed to group undertakings	-	-	1,657,855	1,325,303
Other taxation and social security	346,455	310,073	44,468	20,307
Other creditors	54,167	30,590	26,854	14,311
Accruals and deferred income	68,545	74,178	42,922	43,023
	1,069,472	1,317,830	2,008,884	1,982,601

The prior year financial statements for the parent charity have been restated to accurately reflect the gift aid payment from the trading subsidiaries following the Charities SORP Information Sheet 2 issued in January 2019.

GROUP AND CHARITY

The bank overdrafts are secured by a cross guarantee between the charity and group companies.

CHARITY

The charity has a legal charge in place with Barclays Bank PLC, secured against the land and buildings held at Scotsbridge House, Rickmansworth, Hertfordshire.

22. STATEMENT OF FUNDS

Statement of funds - current year

	Balance at 1 January 2019 £	Income £	Expenditure £	Gains/ Losses £	Balance at 31 December 2019 £
Unrestricted funds					
Free Reserves	5,552,979	2,908,141	(3,352,407)	195,994	5,304,707
Non-Charitable Subsidiaries	345,624	8,334,900	(7,287,130)	-	1,393,394
Revaluation reserve	7,598,360	-	-	-	7,598,360
	13,496,963	11,243,041	(10,639,537)	195,994	14,296,461

Statement of funds - prior year

	Balance at 1 January 2018 £	Income £	Expenditure £	Gains/ Losses £	Balance at 31 December 2018 £
Unrestricted funds					
Free Reserves	5,101,038	2,229,905	(1,698,078)	(79,886)	5,552,979
Non-Charitable Subsidiaries	395,388	8,750,167	(8,799,931)	-	345,624
Revaluation reserve	7,598,360	-	-	-	7,598,360
	13,094,786	10,980,072	(10,498,009)	(79,886)	13,496,963

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	8,737,206	8,737,206
Intangible fixed assets	524,457	524,457
Fixed asset investments	1,490,240	1,490,240
Investment property	2,000,000	2,000,000
Current assets	2,614,030	2,614,030
Creditors due within one year	(1,069,472)	(1,069,472)
Total	14,296,461	14,296,461

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	8,854,818	8,854,818
Intangible fixed assets	726,592	726,592
Fixed asset investments	1,278,997	1,278,997
Investment property	2,000,000	2,000,000
Current assets	1,954,386	1,954,386
Creditors due within one year	(1,317,830)	(1,317,830)
Total	13,496,963	13,496,963

24. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2019 £	Group 2018 £
Net income for the year (as per Statement of Financial Activities)	799,498	402,192
Adjustments for:		
Depreciation charges	173,503	316,405
Amortisation charges	202,135	161,740
Gains/(losses) on investments	(168,231)	74,449
Dividends, interests and rents from investments	(189,067)	(194,787)
Increase in stocks	(9,709)	(134,704)
Decrease/(increase) in debtors	(89,003)	340,780
Decrease in creditors	(248,358)	(1,052,839)
Net cash provided by/(used in) operating activities	470,768	(86,764)

25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2019 £	Group 2018 £
Cash in hand	633,354	72,422
Total cash and cash equivalents	633,354	72,422

26. ANALYSIS OF NET DEBT

	At 1 January 2019 £	Cash fl w £	At 31 December 2019 £
Cash at bank and in hand	72,422	560,932	633,354
Bank overdrafts repayable on demand	(310,281)	305,561	(4,720)
	(237,859)	866,493	628,634

27. PENSION COMMITMENTS

The Charitable Company (charity) and The Cattle Information Service Limited (Subsidiary), both operate an occupational pension as a money purchase scheme providing benefits on a defined contribution basis. The schemes are established under a Declaration of Trust and accordingly, are administered by an independent trustee with all assets and liabilities kept separate from the charity and subsidiary respectively. As from 1 April 2015, the schemes are closed to new entrants and no further contributions are taken and consequently the schemes are considered fully paid-up as at 31 March 2015.

THE CHARITY

As from 1 January 1999, Holstein UK was established to unify the following societies: The Holstein Friesian Society of Great Britain & Ireland (HFS) and the British Holstein Society. At 31 December 1991, members of the HFS were on a defined benefits scheme and for those current members the money purchase scheme aims to provide similar benefits at normal retirement age to those previously provided under the HFS defined benefit 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.

The contribution rates for the money purchase scheme are subject to regular review by the charity and Phoenix Life Ltd (previously Royal and Sun Alliance Life & Pensions Ltd), although the charity is under no obligation to amend these contribution rates. For the 2015 scheme year, employee contribution rates for all employees and employer contribution rates for new and previous members who have joined the scheme have remained at 5% of pensionable earnings.

THE SUBSIDIARY

Prior to 9 July 2002, the subsidiary operated a pension plan, the Scottish Milk Group Pension Plan (SMGPP), providing benefits based on final pensionable earnings. At 9 July 2002, as part of an ownership restructure, for those current members, the money purchase scheme aims to provide similar benefits at normal retirement age to those previously provided under the SMGPP, but these target benefits are not guaranteed. These members have individually calculated employer contribution rates 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 they continued service within the SMGPP.

The contribution rates for the money purchase scheme are subject to regular review by the subsidiary and Phoenix Life Ltd (previously Royal and Sun Alliance Life & Pensions Ltd), although the subsidiary is under no obligation to amend these contribution rates. For the 2015 scheme year, employee contribution rates for all employees and employer contribution rates for new and previous members who have joined the scheme have remained at 5% of pensionable earnings.

AUTOMATIC ENROLMENT

From 1 April 2015, the charity and subsidiary, separately entered into a participation agreement with NOW: Pensions Ltd which ultimately allows the employees of the charity and subsidiary to become members of NOW: Pensions Trust (Plan), which is a registered occupational pension scheme governed by the Trust Deed and Rules dated 29 November 2011 by which the Plan was established. NOW: Pensions Ltd is currently the Trust Manager and the Trustee of the Plan is currently NOW: Pension Trustee Ltd.

PLAN SUMMARY:

- is an occupational pension scheme established in the United Kingdom;
- is registered with HM Revenue and Customs under the Finance Act 2004; and
- allows for employees to be enrolled into the Plan automatically, without them needing to express any choice or provide any information on any matter.

Accordingly, the Plan is capable of acting as an automatic enrolment scheme for the purposes of the Automatic Enrolment Laws. However, in order to act as an automatic enrolment scheme, it will also need to satisfy certain contribution requirements. The charity and subsidiary will both be responsible for ensuring that those requirements are satisfied, and for giving any certificate which is required under the Automatic Enrolment Laws for that purpose.

28. OPERATING LEASE COMMITMENTS

At 31 December 2019 the group and the charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Charity 2019 £	Charity 2018 £
Not later than 1 year	313,953	322,829	173,306	193,402
Later than 1 year and not later than 5 years	456,268	545,147	323,423	481,279
	770,221	867,976	496,729	674,681

29. RELATED PARTY TRANSACTIONS

- During the year, the following transactions took place between the charity and its wholly controlled subsidiaries, The Cattle information Service Limited (CIS), The Centre for Dairy Information Limited (CDI) and National Bovine Data Centre Limited (NBDC):
- the charity is party to a group registration for VAT purposes. As the representative member, the charity is jointly and severally liable for any VAT liabilities of the subsidiary companies that are part of the same VAT registration;
- the bank overdraft in CIS is secured by a cross guarantee with the charity;
- the provision of property under lease agreement renewable annually by the charity to CIS amounted to £36,000 (2018: £36,000);
- the provision of staff by the charity to CIS and NBDC amounted to £309,139 (2018: £311,232) and £9,502 (2018: £7,482) respectively;
- the provision of administrative costs by the charity to CIS and NBDC amounted to £67,620 (2018: £34,313) and £10,037 (2018: £7,547) respectively;
- the transfer of gift aid of the trading profits of CIS to the charity of £1,171,416 (2018: £859,442);
- the outstanding balances as at 31 December 2019, from the charity to CIS was £1,657,855 (2018: £465,860), and from CDI and NBDC to the charity was £212,375 (2018: £212,376) and £1,385,888 (2018: £956,898) respectively;
- the outstanding balance from CDI and NBDC are secured over the respective company's assets, and is repayable on demand;
- the provision of laboratory testing services by CIS to the charity is received on the same terms as they are received by other beneficiaries of the charity.

30. PRINCIPAL SUBSIDIARIES

The following were subsidiary undertakings of the charity:

Names	Company number	Registered office or principal place of business	Principal activity	Class of shares	Holding	Included in consolidation
The Cattle Information Service LTD	SC144462	9 Queens Road, Aberdeen, AB15 AYL	Support activities for animal production and data processing, hosting and related activities	Ordinary A & Ordinary B	100%	Yes
The Centre for Dairy Information LTD	05409255	Speir House, Stafford Park 1, Telford, Shropshire, TF3 3BD	Support activities for animal production - currently dormant	Limited by guarantee and no share capital.	100%	Yes
National Bovine Data Centre LTD	10052419	Speir House, Stafford Park 1, Telford, Shropshire, TF3 3BD	Support activities for animal production.	Ordinary	100%	Yes

The financial results of the subsidiaries for the year were:

	Income £	Expenditure £	Profit (loss) surplus/ (deficit) for the year £	Net assets (liabilities) £
The Cattle Information Service LTD	7,024,091	5,852,667	1,171,424	1,937,408
The Centre for Dairy Information LTD	-	-	-	(163,571)
National Bovine Data Centre LTD	1,310,809	1,434,463	(123,654)	(382,093)

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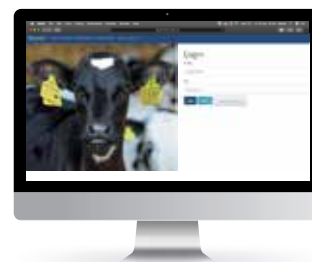
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