



# Annual Report & Accounts

For the year ended 31 December 2020

**holstein** UK  
holstein & british friesland



The Group has hosted online events, competitions and webinars to continue engaging with Members during the Covid-19 pandemic.

## Officers of the Society

**President** – Mr R Clare  
**Chairman** – Mr M Smale

**Registered Office**  
 Speir House, Stafford Park 1,  
 Telford, Shropshire TF3 3BD

## Advisors to the Society

**Auditors**  
 WR Partners  
 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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Cover photo by Richard Hodgson



# PRESIDENT'S REPORT

## Robert Clare

My year as President is rapidly coming to a close and I must say what a privilege and honour it has been to be appointed to that position. But what a year it has been. This report from the President is traditionally a resume of all the events which have been attended throughout the year of office. Well, the year started with a virtual AGM when I was duly elected to this position, that was a first-time event for the Society and it went very smoothly, but it was such a disappointment when we had to cancel all our plans for the Celebration in Shropshire which we were so looking forward to. Also of course we were arranging to host the Holstein Young Breeders Weekend Rally at Harper Adams, that we are still hoping to do when circumstances permit.

This year's Celebration and AGM, scheduled to be held in Scotland when Mr John Jamieson starts his term of Presidency, is also now postponed until, hopefully 2022, so John's inauguration will also be a virtual event. I most sincerely hope he will see some normality during his term of office.

The only event I have been able to participate in was the President's Medal competition, when it was my pleasure to interview this year's six finalists along with my co-judges Andrew Axford and Ann Taylor, with the results being published in the February Journal. Congratulations to all who competed. They had all put a tremendous amount of thought and research into their essays which I found extremely impressive, and it was a delight to talk to these ultra-enthusiastic and confident young people. The pity is we could only have one eventual winner, Steven Harris from Cornwall, with Rob Higgins (Shropshire) and Heather Martin (Northern Ireland) being runners up. It is so reassuring to know we have such a high calibre of youngsters coming along.

Another thing I would like to comment on is the buoyant trade for pedigree Holsteins over the last year. We had some very rewarding prices at the autumn sales and the Black and White Sale at Carlisle in December was probably one of the best ever. Brexit seems to have

boosted trade in most commodities, but it is causing problems with exports at the moment which I hope will only be teething troubles?

I would like to say a very big and sincere thank you to all the staff at Holstein UK for keeping things going so well during these extremely testing circumstances. The laboratory, I know, has seen very challenging times with personnel being absent either through actual sickness or shielding. Most of the office staff have been able to work from home, which in the main, has been successful but not without the additional stress, in some cases, of home schooling and the tension of isolation and furlough. The classifiers were grounded for a while, but now thankfully, they are out and about again.

Some of the clubs have done really well with virtual meetings and herd competitions, all of which help to keep the camaraderie going until we can resume normal activities.

The All-Time People's Choice competition, which has been going on recently, has been a very popular way of engaging with our membership. Thank you to those who submitted photographs and to those who set it up.

In conclusion, I would just like to again thank those who entrusted me to be your Holstein UK President for this year. I am just saddened that I have had such an inactive term of office, but nevertheless I am extremely proud to have held the position and I wish Mr Jamieson well for next year.

**Robert Clare**  
President



2020 Holstein UK President's Medal Winner Steven Harris (Cornwall) receiving the award from Michael Smale.



# CHAIRMAN'S REPORT

## MICHAEL SMALE

2021 seems to have been a year of déjà vu for many of us, with Covid, Brexit, uncertainty and volatility being a part of everyday life. But thankfully there now seems to be light at the end of the tunnel for a more normal life to return.

The past 12 months has seen a strong performance from the Holstein UK Group, particularly CIS as they continue to experience an increase in health testing demands. NBDC sees a steady improvement in its operations even though classifying has been badly affected by Covid regulations. We apologise to those whose classification service has been affected. The team are working hard, making every effort to catch up with everybody while bearing in mind the safety of members and staff alike. Holstein UK has seen a 2% increase in cow registrations and is showing a healthy profit however this is due mainly to the cancellation of shows and events which means our costs have been reduced. Overall, the Group is in a good position and the trustees and management team continue to look for new income sources and improved efficiencies.

Within the year, the board has agreed changes in the Supplementary Register, Master Breeder Award and Star Brood Award which are now both automated and updated for the British Friesian also. We have carried out a major review of registration charges which has been agreed and will be implemented throughout the year, allowing for a fairer system. We are also pleased to introduce The Consistent Performer Award for Breed Code 20, which will identify the top Friesian cows in the UK each year.

As a Society we have increased our lobbying activity over the past 12 months responding to DEFRA consultations on Milk Contracts, Livestock Transport, Gene Editing and two TB consultations. As well as responding to the Red Tractor consultation and post

Brexit Herd Book rules changes.

We continue to work with other industry organisations to voice the concerns of our membership and will maintain this activity as the agricultural industry faces a transition period to new domestic policy.

But most notably this year, we have agreed the purchase of a larger premises in Telford. The new building will allow the Society to develop and expand services in the future, covering 1,550sqm. The £1.139 million spend will be funded from our cash position made possible by the improvement in the Holstein Group's profitability over recent years and the annual gifting of profits from CIS to Holstein UK. We will remain at Speir House until the new labs and office spaces are complete and ready to move into. The sale of Scotsbridge House is still ongoing and has been affected by Covid slowing the planning permission process down.

Obviously, it has been a shame that we haven't been able to meet up with fellow breeders and friends over the last 12 months as it is very much part of the Society's activities. It is the board's intention to return to our normal calendar of shows and events as soon as it is deemed safe to do so. I would like to thank members for their patience and continued support during what has been for all, some turbulent times.



### The shortlist for the Holstein UK All Time People's Choice Competition.







#### Holstein UK were Platinum Contributors of the Milk Your Moments campaign

HYB however has adapted very quickly to the virtual world for competitions and events with videos from dairies around the world, stock judging competitions, photography and Test-Your-Topline all being very well supported. Congratulations must go to our award winners Steven Harris from Cornwall winning this year's highly coveted President's Medal award. The Littlestar went to William Neale also from Cornwall and Jonny Woodhouse from Lancashire, won the Louise Hartley Award. The standard of those entering these awards remain to be outstanding and all should be congratulated for their efforts and enthusiasm.

We would like to thank Robert Clare for being our President this year. Although I haven't been able to shake him by the hand to congratulate him or thank him for his service, it should not distract from the recognition of Robert joining a distinguished list of Holstein UK Presidents.

We say goodbye to three longstanding trustees in Jane Targett, Edward Griffiths and Iwan Morgan, who have all had an important and vital part to play in the development of Holstein UK and the

wider group. However we welcome three new trustees in David Lawson, Richard Thomas and Ben Yates and look forward to their input and contribution in the future. We are also delighted to have John Jamieson as our new President. John has previously served many years on the Holstein UK board and we are honoured that he has agreed to take a two year term of office in the anticipation that normality will return by 2022 – 2023.

Finally, I would like to take the opportunity to thank members for their continued support without whom we would not have a Society; the trustees for their time and commitment in developing a strategy in pushing the business forward and most importantly our employees in the Holstein UK Group who have adapted to changes in work circumstances admirably in order to keep Holstein UK running.

**Michael Smale**  
Chairman

# CHIEF EXECUTIVE'S REPORT

## SUE COPE

Many words not previously expressed with regularity were used during 2020, pandemic, lockdown, unprecedented, Zoom, furlough and sadly for too many, loss. For me, if I had to choose one word to sum up our business's largest challenge, it would be uncertainty.

For the whole of the Holstein UK Group, the uncertainty has meant we have had daily challenges, which have required a fluid approach. We have had to manage the day-to-day issues of positive Covid cases, self-isolation, and furloughed employees; the hurdles that have been put in place due to Brexit, and new ways to engage with our members following the loss of face-to-face meetings and events. I am extremely proud of all the employees, as they have done whatever has been asked of them with a flexible and positive attitude.

Holstein UK is also very aware that the year presented great challenges for the dairy industry, that has directly impacted our members and customers. The turmoil of market conditions throughout the year compounded the last five years of the dairy sector being battered by volatile and low milk prices. The resilience demonstrated by UK dairy farmers and their ability to adapt to new challenges is a credit to them.

Whilst 2020 will not be remembered as a good year, in fact, quite the opposite, it is now that we must look to the future and consider the way forward. During 2020, consumption of dairy in the UK took a positive turn as many households cooked and baked more from scratch. I believe a growing number of UK residents are now much more appreciative of your hard work and UK food standards. We must do all we can to continue to promote the benefits of UK dairy produce domestically and internationally.

The financial results for the Group within this Annual Report are very positive, this is due to our core services continuing and the loss of the cost of our events. As an organisation we need to consider though that our Pedigree and Membership Services continue to trade negatively and without the return on Holstein UK investments the Society would not be financially viable. We are pleased that we have made significant movement in the right direction since publishing our strategy in 2018. The trustees are now considering the feedback from the membership, and they will launch the Holstein UK strategy for the next five years imminently.

### Membership

As the dairy industry continues to be financially challenging, we inevitably have dairy farmers deciding to leave the industry. As a result, we have sadly seen members selling their herds and ceasing milk production. This has impacted membership volumes with lost members slightly up on previous years but in line with industry trends. I am pleased to report though, that we attracted 135 new members.

### Herd Book Management

We are extremely pleased that registrations have increased in 2020 by 2% over the previous year resulting in 194,537 new animals entering the Herd Book. This trend has continued into 2021. We continue to strive to meet the challenges of new legislation that is being placed on us following Brexit. Holstein UK is now a recognised third-country Breed Society following EU approval of our Breeding Programme. Our registration processes and certificates have been updated to meet the requirements of (EU) 2016/1012 and (EU) 2017/717 but we know that

depending on the future actions of the devolved Governments, that we will need to continue to invest in this area.

### Approved Registered Cattle (ARC)

The ARC initiative continues to grow momentum with sales of tags increasing by 28% in 2020 as more members take advantage of their combined buying power. The increase in sales has also been attributed to the escalation of BVD testing through CIS and genomic testing through NBDC.



### Genomics

The NBDC genomic testing service processed 26% more samples over the previous year. This is exceptional growth, especially as we were forced into pausing the AHDB Herd Advance Project in Wales due to the restrictions, which was expected to bring more than 4,000 samples during the period.

### Type Classification

It has been a difficult year for the classifiers as they were placed on furlough during the lockdowns and had to rearrange work to ensure they did not contravene government guidelines. I am very pleased to report, due to the flexibility given by members and the classifier's determination to catch up, the team inspected 133,412 cattle; a slight decrease of 809.

### Milk Recording and Animal Health Testing

The Cattle Information Service (CIS) continues to prove itself as an excellent investment for Holstein UK. Even through a difficult year when a proportion of milk recordings had to be cancelled or the level of service was changed by the customer, which resulted in credits being given. The continued growth in health testing for milk, blood, and tissue has meant that the business has remained in a stable position. The strategy of performing tests and providing services for third-party companies is also paying off as the combined test volumes from CIS customers and external contracts keep the prices as low as possible.

The CIS milk recording customer base increased in 2020 with 123 new herds joining CIS, a 9.8% increase over the previous year. Whilst the lost customers decreased by 19.4% to 54; most of these herds have gone out of production.

### Charitable Activities

The Society is committed to encouraging, promoting, and improving the breeds within the Herd Book, representing our Members, and investing in activities to encourage the next generation.

The turmoil of 2020 forced us into looking at different ways to engage with our membership, promote UK genetics and ensure the voice of our members was heard. When it became apparent that we were not going to be able to host our usual events and exhibit at agricultural shows, we began a series of initiatives to meet the Charitable Objectives virtually.

Holstein UK launched a series of 'Just for Fun' competitions, these ranged from light-hearted photographic competitions, poster designs, scrapyard challenges, and quizzes to testing stock judging skills, video clipping competitions, and voting for The All-Time People's Choice calf,

heifer, and cow. These competitions helped us keep in touch with our Members and certainly gave some a break from home schooling!

We also embarked on a raft of educational online features. The longest running was 'Trait Talk' where each classifier talked viewers through how and why they linear score cows, giving a real guide to the importance of good type. In addition, we hosted webinars on BVD, IBR, Neospora, pregnancy testing and launched a range of 'how to' guides for our online tools. It was also a great pleasure for us to be invited to speak on externally organised webinars on subjects such as profitable cows, the value of milk recording, disease testing, and genomics. Many of these were arranged by agricultural colleges, further building the relationship we have with the next generation of dairy farmers.

Partly due to these initiatives we have seen a 26% increase in page views of our website and followers of our social media.

Whilst it was good to build on our online presence, we were disappointed that we were unable to host and attend many of our usual events, however, we did find ways to facilitate some of the HYB competitions. Congratulations to Lancashire HYB member Jonny Woodhouse on winning the Louise Hartley Award and to Cornwall HYB member William Neale for winning the Littlestar Award. The Cornwall Club achieved double award success when Steven Harris was announced as the winner of the President's Medal Award. Congratulations to Steven and runners-up Heather Martin (Northern Ireland) and Rob Higgins (Shropshire).

During 2020 we reviewed all of our awards and automated as many as possible to ensure that all cows and members had the opportunity to be included; these included our production, Star Brood, and breeder awards. We also introduced a British Friesian Herd of the Year Award; my congratulations go to the Stockdale Family of the Castledale herd in Northern Ireland for being the first winners.

The Master Breeder Award was also automated with new criteria to recognise Holstein members whose herds achieve a high standard in both classification and production. I was delighted that the new criteria recognised herds that had previously been awarded Master Breeder status - a remarkable achievement as their herd can only be considered every ten years - and Members that received Master Breeder for the first time. Congratulations to all at Clarby, Corringham, Erie, Foxminster, Holymoor, Llancourt, Richaven, Sahara, Whinchat and Whitgreave who have all received Master Breeder 2021 Awards.

The lack of events has certainly helped our positive financial results for 2020, I am aware though, that as a Breed Society we must meet our Charitable Objectives, and whilst we will have made new lines of communication with our Members, we cannot replace our usual club, regional and national activities with virtual interaction. It is comforting though that whilst we still have uncertainty in the future, our businesses as a whole are in a much better position than they were three years ago, which gives us a robust outlook.

The robustness of the Holstein UK Group can be attributed to strong strategy and policy decisions from Holstein UK Trustees and the hard work and flexibility shown by the employees to operationally meet those decisions. I would like to thank every single one of them for their support.

It has been a pleasure to work with Michael Smale as Chairman for a second year, and I feel between us we have made great progress. Michael is never shy of giving his time to the Society and for that I would like to thank him and his family.

Holstein UK has been extremely lucky to have some great ambassadors as President of the Society and Bryan Thomas certainly fulfilled that role. I was so very sad that he passed away following his retirement as President. My admiration grew for Bryan as I saw him carry out his duties with great enthusiasm, even though he was often suffering with ill health. The support of his wife Eirlys and family was ever-present, and I am sure they are very proud.

Robert Clare became President at the AGM in 2020. Robert has had a very different set of challenges to any previous Holstein UK President, I am sure when he was nominated, he did not know he would be conducting most of his duties via Zoom. It is a shame that Robert and his wife Hilda were unable to meet as many Members as they would have liked, but I know Robert was very proud to be voted as President, and whilst he was only able to represent the Society at limited events, his willingness to support the Society and encourage Members has been a tribute. So, Robert is not the first President to be an ambassador, but he certainly is the first virtual one!

Finally, I would like to thank the members of Holstein UK and the customers of CIS and NBDC for their continued support and the flexibility given to us as we have strived to keep our core services going. I look forward to a time when we will be able to meet again.

**Sue Cope**  
Chief Executive



Photo by Laura Button, winner of the HYB Photo Competition intermediate category



# 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 2020 to 31 December 2020. 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 Bulletins 1 and 2.

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.

**Emily Davis and Jonny Woodhouse representing Holstein Young Breeders at the Masters Open Competition in Verden, Germany**



The trustees who served during the period were:

ELECTED 2011	Aled Jones retired 01.07.20	North Wales
	Stephen Brough retired 01.07.20	Northern
ELECTED 2012	Iwan Morgan	South Wales
	Jane Targett	Southern
	Edward Griffiths	Yorkshire
ELECTED 2014	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
	Wallace Gregg	Northern Ireland
ELECTED 2019	Jane Whittaker	North Western
	John Hartley	Lancashire
	Matthew Winter	East Midlands
	Stephen Hill	North Midlands
ELECTED 2020	William Williams from 01.07.20	North Wales
	Andrew Williamson from 01.07.20	Northern



## 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.

In setting objectives and planning for activities, the trustee have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public Benefit: running a charity (PB2)'.

### 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 trustee 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 185,261 full pedigree females during the full year January to December 2020 (2019: 181,673). 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 2020, the Charity undertook 117,407 (2019: 117,534) inspections of Holstein and British Friesian cattle 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. Sadly during 2020, we had to cancel UK Dairy Day, Holstein UK Celebration, HYB Weekend Rally and The All Breeds All Britain Calf Show. The Group compensated by facilitating online events which have enabled us to continue engaging with members to provide educational, networking and marketing opportunities during the Covid-19 pandemic.

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](http://www.holstein-uk.org) and via its trading subsidiaries [www.thecis.co.uk](http://www.thecis.co.uk) and [www.nbdc.uk](http://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 £34,652 (2019: £36,907) and investment gains totalled £92,845 (2019: £195,994). 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 during two periods to comply with Government restrictions regarding essential travel. 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 further into 2021, 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 2020 were £15,383,071 (2019: £14,296,461). 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 £2,820,645 (2019: £1,544,558), representing on average 15 (2019: 8) weeks running costs. Assets which could be reasonably realised were £7,742,227 (2019: £6,104,270), representing 78% (2019: 57%) 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.





**Wilton Silver Centerpiece owned by N & L Sercombe at UK Dairy Expo, the only Holstein show which took place during 2020.**

### 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.

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.

### d. Principal funding

The annual accounts presented are the report on the year to December 2020.

The Charity's principal funding sources are: voluntary income (membership and registration 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 £11,012,644 (2019: £11,243,041). On a like-for-like comparative basis, income is down 2.05%.

The budget set for 2021 will enable the Society to operate within its resources whilst still delivering the high-quality services members deserve.

National Bovine Data Centre Ltd (NBDC) was set up and began trading in 2017. In its fourth year of operation a deficit of £5,555 was recorded (£123,654 in 2019). NBDC received Government support in 2020 of £91,022 through the Job Retention Scheme for the period the classifiers were furloughed.

The Cattle Information Service Ltd (CIS) continued to contribute to the Holstein UK Group with surpluses of £1,066,682 (2019: £1,171,424) 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 5,471 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 06 May 2021. All trustees are members of the charity and directors of the charitable company. During the reporting period there were 9 (2019: 6) trustees' meetings due to the requirement to conduct meetings remotely, which achieved a 92.6% (2019: 82%) attendance; this excludes the Annual General Meeting. The individual trustees' percentage attendance for the reporting period was as follows: S Brough 100%, W Gregg 100%, E Griffiths 88.9%, J Hartley 100%, S Hill 77.8%, A Jones 100%, D Jones 100%, I Morgan 100%, S Pirie 100%, P Prior 77.8%, M Smale 100%, J Targett 77.8%, M Winter 77.8%, J Whittaker 100%, W Williams 83.3%, A Williamson 100%, D Yates 100%. The amount of expenses reimbursed to trustees during the reporting period was £6,856 (2019: £33,955).

##### **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.

#### **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 with delivery continuing in 2020.

#### **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.

#### **h. 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.

#### **i. 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.

#### **j. Engagement with employees 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.

#### **k. 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. 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, WR Partners, have indicated their willingness to continue in office. The designated trustees will propose a motion reappointing the auditors at the Holstein UK AGM.

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



Michael Smale (Chairman)

**Date:** 17 May 2021



# 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 2020 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 2020 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We reviewed the susceptibility of the Charity's financial statements to material misstatement and identified the principal risks, implementing a series of testing procedures to provide us with sufficient comfort to issue our opinion.
- We reviewed the Charity's regulatory environment to ensure we could conclude that it had acted in accordance with the framework relevant to the Charity and its environment and identify any instances of non-compliance.

- We also assessed the Charity's internal control procedures to ensure we could appropriately scrutinise these controls and establish whether our understanding of the control environment was sufficient to supplement our additional testing procedures.

- The engagement team consisted of a team that the engagement partner believes is equipped with the relevant level of technical and Charity awareness to carry out our work to the required standard.

The audit team obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity and the Group and determined that the most significant are those that relate to the reporting framework (FRS102 and the Companies Act 2006), the relevant tax compliance regulations, employment law, Health and Safety Regulations and the EU General Data Protection Regulation (GDPR).

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](http://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

WR Partners  
Chartered Accountants and Statutory Auditors  
Belmont House  
Shrewsbury Business Park  
Shrewsbury  
Shropshire SY2 6LG

**Date:** 18 May 2021

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an income and expenditure account)

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>INCOME FROM:</b>				
Donations	4	172,838	172,838	25,995
Charitable activities	5	2,325,441	2,325,441	2,693,078
Other trading activities	6	8,370,761	8,370,761	8,334,901
Investments	7	143,604	143,604	189,067
<b>Total income</b>		<b>11,012,644</b>	<b>11,012,644</b>	<b>11,243,041</b>
<b>EXPENDITURE ON:</b>				
Raising funds	8	7,451,856	7,451,856	7,287,129
Charitable activities	9	2,567,023	2,567,023	3,352,408
<b>Total expenditure</b>		<b>10,018,879</b>	<b>10,018,879</b>	<b>10,639,537</b>
Net gains on investments		92,845	92,845	195,994
Net movement in funds		1,086,610	1,086,610	799,498
<b>RECONCILIATION OF FUNDS:</b>				
Total funds brought forward	22	14,296,461	14,296,461	13,496,963
Net movement in funds		1,086,610	1,086,610	799,498
<b>Total funds carried forward</b>		<b>15,383,071</b>	<b>15,383,071</b>	<b>14,296,461</b>

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 BALANCE SHEET

AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	14	308,291	524,457
Tangible assets	15	8,632,880	8,737,206
Investments	17	1,621,255	1,490,240
Investment property	16	2,000,000	2,000,000
		12,562,426	12,751,903
<b>CURRENT ASSETS</b>			
Stocks	19	145,305	221,796
Debtors	20	1,948,897	1,758,880
Cash at bank and in hand		2,026,770	633,354
		4,120,972	2,614,030
Creditors: amounts falling due within one year	21	(1,300,327)	(1,069,472)
<b>Net current assets</b>		<b>2,820,645</b>	<b>1,544,558</b>
Total net assets		15,383,071	14,296,461
<b>CHARITY FUNDS</b>			
Restricted funds	22	-	-
Unrestricted funds	22	15,383,071	14,296,461
<b>Total funds</b>		<b>15,383,071</b>	<b>14,296,461</b>

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:** 17 May 2021

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

# CHARITY BALANCE SHEET

AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>FIXED ASSETS</b>			
Intangible assets	14	308,291	524,457
Tangible assets	15	8,300,520	8,302,070
Investments	17	2,387,240	2,256,225
Investment property	16	2,000,000	2,000,000
		<b>12,996,051</b>	<b>13,082,752</b>
<b>CURRENT ASSETS</b>			
Debtors	20	3,101,419	2,376,585
Cash at bank and in hand		1,314,529	220,248
		4,415,948	2,596,833
Creditors: amounts falling due within one year	21	(3,715,815)	(2,008,884)
<b>Net current assets</b>		<b>700,133</b>	<b>587,949</b>
Total net assets		13,696,184	13,670,701
<b>CHARITY FUNDS</b>			
Restricted funds	22	-	-
Unrestricted funds	22	13,696,184	13,670,701
<b>Total funds</b>		<b>13,696,184</b>	<b>13,670,701</b>

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:** 17 May 2021

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £	2019 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash used in operating activities	24	1,352,568	470,768
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividends, interests and rents from investments		143,604	189,067
Purchase of tangible fixed assets		(64,586)	(55,891)
Disposal of investments		280,265	237,314
Purchase of investments		(318,435)	(280,326)
<b>Net cash provided by investing activities</b>		<b>40,848</b>	<b>90,164</b>
Change in cash and cash equivalents in the year		1,393,416	560,932
Cash and cash equivalents at the beginning of the year		633,354	72,422
<b>Cash and cash equivalents at the end of the year</b>	<b>25</b>	<b>2,026,770</b>	<b>633,354</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 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 second edition 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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.

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.

#### 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 £25,483 (2019: loss of £593,223).

#### 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.

Grants are included in the Consolidated Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

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 of a capital nature are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

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.

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 - not depreciated
- Motor vehicles - 3 to 4 years
- Office equipment - 2 to 8 years
- Computer equipment - 2 years
- Promotional equipment - not depreciated

## 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, NOW: Pensions Ltd (previously Phoenix Life & Pension Ltd, ceased December 2020). 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 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 (2019: £Nil).

### 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. There are no estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 4. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Gift aid	26,133	<b>26,133</b>	25,995
Grants*	146,705	<b>146,705</b>	-
	172,838	<b>172,838</b>	25,995
<b>Total 2019</b>	<b>25,995</b>	<b>25,995</b>	

\*Job Retention Scheme



## 5. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>INCOME FROM:</b>			
Member subscription fees	289,644	<b>289,644</b>	309,486
Herd Book entry fees	1,577,316	<b>1,577,316</b>	1,579,321
Herd Book services and sundry income	283,282	<b>283,282</b>	227,480
Journal advertising	39,469	<b>39,469</b>	34,917
Livestock events	(599)	<b>(599)</b>	443,258
Other Society services	13,638	<b>13,638</b>	5,284
Pre-2017 classification fees	(56,764)	<b>(56,764)</b>	837
Catalogue and herd brochure services	-	-	(82)
Breeder awards	130,793	<b>130,793</b>	31,627
Re-issue, transfer fees and fines	48,662	<b>48,662</b>	60,950
<b>Total 2020</b>	<b>2,325,441</b>	<b>2,325,441</b>	2,693,078
<i>Total 2019</i>	<i>2,693,078</i>	<i>2,693,078</i>	

## 6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
The Cattle Information Service Limited	7,079,575	<b>7,079,575</b>	7,024,092
National Bovine Data Centre Limited	1,291,186	<b>1,291,186</b>	1,310,809
	8,370,761	<b>8,370,761</b>	8,334,901
<i>Total 2019</i>	<i>8,334,901</i>	<i>8,334,901</i>	

## 7. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Rents receivable*	108,952	<b>108,952</b>	151,865
Dividends from listed investments	34,652	<b>34,652</b>	36,907
Interest receivable	-	-	295
	143,604	<b>143,604</b>	189,067
<i>Total 2019</i>	<i>189,067</i>	<i>189,067</i>	

\*All the remaining tenancies at Scotsbridge House were terminated during 2020 in preparation for the sale.

## 8. EXPENDITURE ON RAISING FUNDS

### Cattle Information Services Limited and National Bovine Data Centre

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Cost of sales	3,529,946	<b>3,529,946</b>	3,317,138
Admin expenses	888,130	<b>888,130</b>	976,118
Admin staff costs	2,870,134	<b>2,870,134</b>	2,827,466
Depreciation	163,646	<b>163,646</b>	166,407
	7,451,856	<b>7,451,856</b>	7,287,129
Total 2019	7,287,129	7,287,129	

## 9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

### Summary by fund type

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Holstein Society Services	2,567,023	<b>2,567,023</b>	3,352,408
Total 2019	3,352,408	3,352,408	

## 10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

### Summary by fund type

	Activities undertaken directly 2020 £	Total funds 2020 £	Total funds 2019 £
Holstein Society Services	2,567,023	<b>2,567,023</b>	3,352,408
Total 2019	3,352,408	3,352,408	

### Analysis of direct costs

	2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	1,243,697	<b>1,243,697</b>	1,232,070
Depreciation	221,430	<b>221,430</b>	209,231
Research and business development	32,816	<b>32,816</b>	77,740
Testing parentage	207,769	<b>207,769</b>	162,800
Livestock shows	41,532	<b>41,532</b>	676,483
Journal printing and circulation	137,553	<b>137,553</b>	153,719

## 10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

### Analysis of direct costs

Facilities management and utilities	120,960	<b>120,960</b>	144,802
Telephone	41,089	<b>41,089</b>	43,974
Postage and stationery	75,396	<b>75,396</b>	84,799
Computer maintenance	176,560	<b>176,560</b>	180,944
IT development charges	3,319	<b>3,319</b>	(2,692)
Field staff	22,541	<b>22,541</b>	65,607
Audit fees	16,900	<b>16,900</b>	15,000
Governance costs	10,104	<b>10,104</b>	50,672
Bank charges	12,898	<b>12,898</b>	19,094
Donations	100	<b>100</b>	-
Marketing and publicity	45,801	<b>45,801</b>	45,961
Professional fees and charges	118,043	<b>118,043</b>	155,438
Hire of equipment and vehicles	38,515	<b>38,515</b>	36,766
<b>Total 2020</b>	<b>2,567,023</b>	<b>2,567,023</b>	3,352,408
<i>Total 2019</i>	<i>3,352,408</i>	<i>3,352,408</i>	

## 11. AUDITORS' REMUNERATION

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Fees payable to the Charity's auditor for the audit of the Charity's annual accounts	<b>15,450</b>	15,000
Fees payable to the Charity's auditor in respect of: Audit of subsidiary accounts	<b>13,130</b>	12,750
All non-audit services not included above	<b>2,320</b>	2,250

## 12. STAFF COSTS

	<b>Group</b> <b>2020</b> <b>£</b>	<b>Group</b> <b>2019</b> <b>£</b>	<b>Charity</b> <b>2020</b> <b>£</b>	<b>Charity</b> <b>2019</b> <b>£</b>
Wages and salaries	<b>3,454,246</b>	3,403,067	<b>994,507</b>	988,464
Social security costs	<b>376,510</b>	369,168	<b>136,289</b>	134,655
Pension costs	<b>283,075</b>	287,301	<b>112,901</b>	108,951
	<b>4,113,831</b>	4,059,536	<b>1,243,697</b>	1,232,070

Included in the above is a severance payment of £30,704 (2019: £9,371) relating to the redundancies of 2 members of staff (2019: 1).

## 12. STAFF COSTS (CONTINUED)

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

	<b>Group 2020 No.</b>	<i>Group 2019 No.</i>
Employees (including casual and part-time staff)	120	120

Included in the average number of employees are 10 (2019: 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:

	<b>Group 2020 No.</b>	<i>Group 2019 No.</i>
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	-
In the band £100,001 - £110,000	1	1

The key management personnel of the Charitable Company comprise of the Chief Executive Officer and the Chief Financial Officer. The total employee benefits (including pension contributions and employer's national insurance) amounted to £219,435 (2019: £211,986).

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 £580,296 (2019: £567,967).

## 13. TRUSTEES' REMUNERATION AND EXPENSES

During the year ended 31 December 2020, expenses totalling £6,856 were reimbursed or paid directly to 13 trustees (2019 £50,672 to 17 trustees). These expenses relate to the payment or reimbursement of travel and subsistence in relation to attendance at meetings of the trustees, at meetings of trustees of subsidiary companies and other management activities.

Holstein UK trustees do not receive remuneration for their time.

## 14. INTANGIBLE ASSETS

### Group and Charity

<b>Cost</b>	Website / application development. costs £
At 1 January 2020	<b>1,080,827</b>
At 31 December 2020	<b>1,080,827</b>
<b>Amortisation</b>	
At 1 January 2020	<b>556,370</b>
Charge for the year	<b>216,166</b>
At 31 December 2020	<b>772,536</b>
<b>Net book value</b>	
At 31 December 2020	<b>308,291</b>
At 31 December 2019	<b>524,457</b>



## 15. TANGIBLE FIXED ASSETS

### Group

	Freehold property £	Plant and machinery £	Promotional equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2020	8,312,386	2,868,760	16,783	11,197,929
Additions	-	64,586	-	64,586
At 31 December 2020	8,312,386	2,933,346	16,783	11,262,515
<b>Depreciation</b>				
At 1 January 2020	30,494	2,421,104	9,125	2,460,723
Charge for the year	-	168,912	-	168,912
At 31 December 2020	30,494	2,590,016	9,125	2,629,635
<b>Net book value</b>				
At 31 December 2020	<b>8,281,892</b>	<b>343,330</b>	<b>7,658</b>	<b>8,632,880</b>
At 31 December 2019	8,281,892	447,656	7,658	8,737,206

### Charity

	Freehold property £	Office equipment £	Computer equipment £	Promotional equipment £	Total £
<b>Cost or valuation</b>					
At 1 January 2020	8,312,386	429,983	130,488	16,783	8,889,640
Additions	-	-	3,716	-	3,716
At 31 December 2020	8,312,386	429,983	134,204	16,783	8,893,356
<b>Depreciation</b>					
At 1 January 2020	30,494	429,983	117,968	9,125	587,570
Charge for the year	-	-	5,266	-	5,266
At 31 December 2020	30,494	429,983	123,234	9,125	592,836
<b>Net book value</b>					
At 31 December 2020	<b>8,281,892</b>	-	<b>10,970</b>	<b>7,658</b>	<b>8,300,520</b>
At 31 December 2019	8,281,892	-	12,520	7,658	8,302,070

### 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 2020	2,000,000
At 31 December 2020	<b>2,000,000</b>

### Charity

Freehold  
investment  
property  
£

#### Valuation

At 1 January 2020	2,000,000
At 31 December 2020	<b>2,000,000</b>

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 (2019: £411,295).

## 17. FIXED ASSET INVESTMENTS

### Group

Listed  
investments  
£

#### Cost or valuation

At 1 January 2020	1,490,240
Additions	318,435
Disposals	(271,851)
Revaluations	84,431
<b>At 31 December 2020</b>	<b>1,621,255</b>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<b>1,621,255</b>
<i>At 31 December 2019</i>	<i>1,490,240</i>

## 17. FIXED ASSET INVESTMENTS (CONTINUED)

Charity	Investments in subsidiary companies £	Listed investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2020	765,985	1,490,240	2,256,225
Additions	-	318,435	318,435
Disposals	-	(271,851)	(271,851)
Revaluations	-	84,431	84,431
<b>At 31 December 2020</b>	<b>765,985</b>	<b>1,621,255</b>	<b>2,387,240</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>765,985</b>	<b>1,621,255</b>	<b>2,387,240</b>
At 31 December 2019	765,985	1,490,240	2,256,225

## 18. ANALYSIS OF LISTED INVESTMENTS

	2020 £	2019 £
Corporate bonds - fixed interest	202,955	254,244
Equities - listed UK	367,452	396,812
Equities - listed international	715,824	633,627
Property and alternatives	335,024	205,557
	<b>1,621,255</b>	<b>1,490,240</b>

## 19. STOCKS

	Group 2020 £	Group 2019 £
Laboratory consumables	145,305	221,796

## 20. DEBTORS

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Due within one year				
Trade debtors	1,473,668	1,451,725	581,143	608,080
Amounts owed by Group undertakings	-	-	2,165,940	1,598,263
Other debtors	41,414	67,973	32,179	58,701
Prepayments and accrued income	433,815	239,182	322,157	111,541
	<b>1,948,897</b>	<b>1,758,880</b>	<b>3,101,419</b>	<b>2,376,585</b>

## 21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Bank overdrafts	-	4,720	-	4,720
Trade creditors	472,662	595,585	202,557	232,065
Amounts owed to Group undertakings	-	-	3,329,884	1,657,855
Other taxation and social security	665,423	346,455	96,934	44,468
Other creditors	55,152	54,167	26,561	26,854
Accruals and deferred income	107,090	68,545	59,879	42,922
	1,300,327	1,069,472	3,715,815	2,008,884
Resources deferred during the year	20,343	-	20,343	-

### 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 2020 £	Income £	Expenditure £	Gains/ Losses £	Balance at 31 December 2020 £
<b>Unrestricted funds</b>					
Free Reserves	5,304,707	2,563,707	(2,516,465)	92,845	5,444,794
Non-Charitable Subsidiaries	1,393,394	8,448,937	(7,502,414)	-	2,339,917
Revaluation reserve	7,598,360	-	-	-	7,598,360
	14,296,461	11,012,644	(10,018,879)	92,845	15,383,071

### Statement of funds - prior year

	Balance at 1 January 2019 £	Income £	Expenditure £	Gains/ Losses £	Balance at 31 December 2019 £
<b>Unrestricted funds</b>					
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



## 23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

### Analysis of net assets between funds current period

	Unrestricted funds 2020 £	Total funds 2020 £
Tangible fixed assets	8,632,880	8,632,880
Intangible fixed assets	308,291	308,291
Fixed asset investments	1,621,255	1,621,255
Investment property	2,000,000	2,000,000
Current assets	4,120,972	4,120,972
Creditors due within one year	(1,300,327)	(1,300,327)
<b>Total</b>	<b>15,383,071</b>	<b>15,383,071</b>

### Analysis of net assets between funds prior period

	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)
<b>Total</b>	<b>14,296,461</b>	<b>14,296,461</b>

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

	Group 2020 £	Group 2019 £
Net income for the period (as per Statement of Financial Activities)	1,086,610	799,498
<b>Adjustments for:</b>		
Depreciation charges	168,912	173,503
Amortisation charges	216,166	202,135
Revaluation on investments	(84,431)	(168,231)
Dividends, interests and rents from investments	(143,604)	(189,067)
Profit on the sale of investments	(8,414)	-
Decrease/(increase) in debtors	76,491	(9,709)
Increase in debtors	(190,017)	(89,003)
Increase/(decrease) in creditors	230,855	(248,358)
Net cash provided by/(used in) operating activities	1,352,568	470,768

## 25. ANALYSIS OF CASH AND CASH EQUIVALENTS

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
Cash in hand	<b>2,026,770</b>	633,354
Total cash and cash equivalents	<b>2,026,770</b>	633,354

## 26. ANALYSIS OF NET DEBT

	<b>At 1 January 2020 £</b>	<b>Cash flow £</b>	<b>At 31 December 2020 £</b>
Cash at bank and in hand	<b>633,354</b>	<b>1,393,416</b>	<b>2,026,770</b>
Bank overdrafts repayable on demand	<b>(4,720)</b>	<b>4,720</b>	-
	<b>628,634</b>	<b>1,398,136</b>	<b>2,026,770</b>

## 27. CAPITAL COMMITMENTS

At the year end the Charity had non-cancellable capital commitments of £1,035,000 relating to its new Head Office.

## 28. PENSION COMMITMENTS

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, NOW: Pensions Ltd (previously Phoenix Life & Pension Ltd, ceased December 2020).

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.

### 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.

## 29. OPERATING LEASE COMMITMENTS

At 31 December 2020 the Group and the Charity had commitments to make future minimum lease payments under noncancellable operating leases as follows:

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Charity 2020 £</b>	<b>Charity 2019 £</b>
Not later than 1 year	<b>325,395</b>	313,953	<b>177,959</b>	173,306
Later than 1 year and not later than 5 years	<b>291,730</b>	456,268	<b>157,512</b>	323,423
	<b>617,125</b>	770,221	<b>335,471</b>	496,729

## 30. 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 (2019: £36,000);
- the provision of staff by the Charity to CIS and NBDC amounted to £287,971 (2019: £309,139) and £59,949 (2019: £9,502) respectively;
- the provision of administrative costs by the Charity to CIS and NBDC amounted to £39,900 (2019: £37,620) and £8,276 (2019: £10,037) respectively;
- the transfer of gift aid of the trading profits of CIS to the Charity of £1,066,682 (2019: £1,171,416);
- the outstanding balances as at 31 December 2020, from the Charity to CIS was £2,158,468 (2019: £1,657,855), and from CDI and NBDC to the Charity was £212,375 (2019: £212,375) and £1,953,565 (2019: £1,385,888) 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.

## 31. PRINCIPAL SUBSIDIARIES

The following were subsidiary undertakings of the Charity:

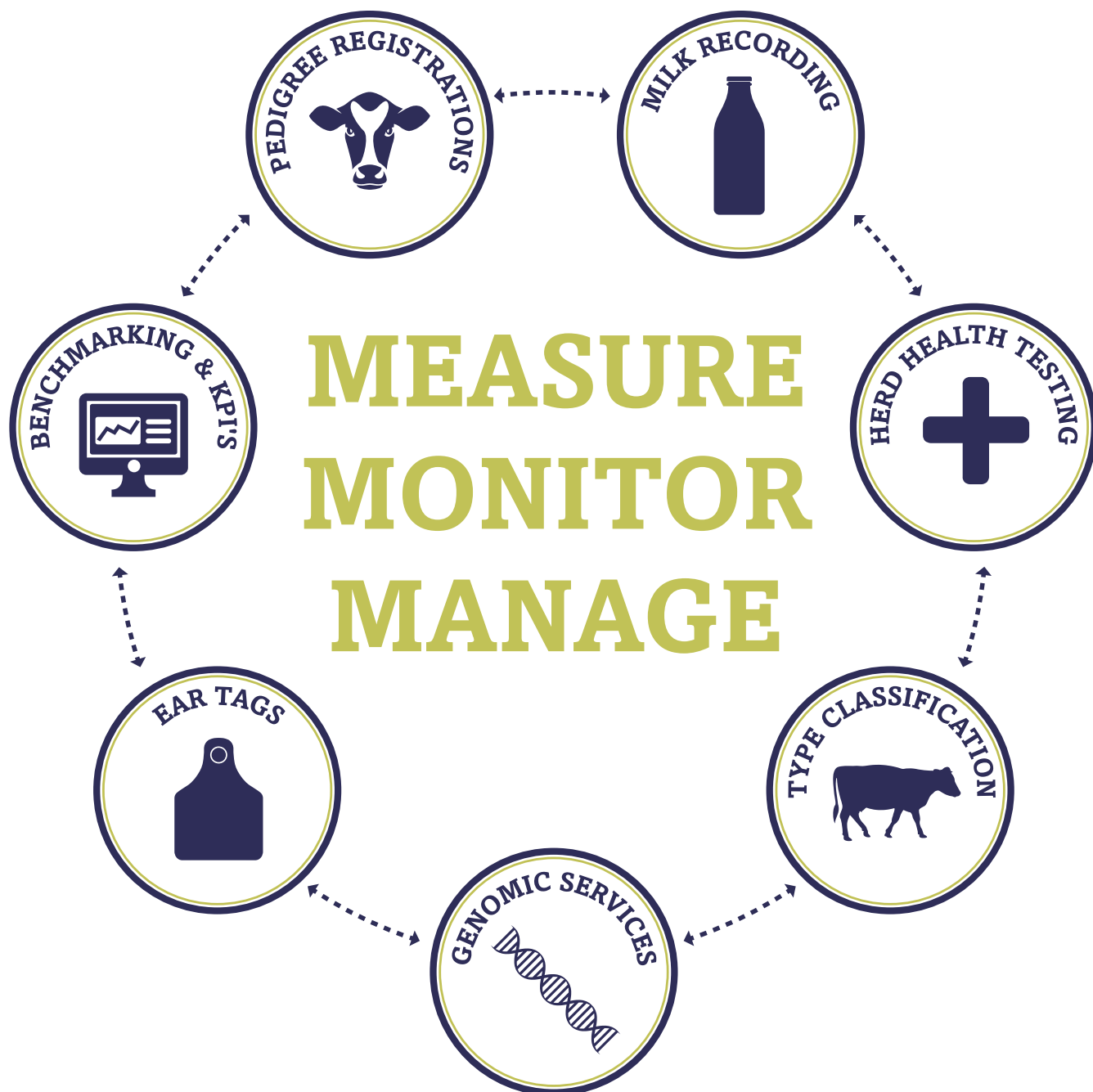
Names	Company number	Registered office or principal place of business	Principal activity	Class of shares	Holding	Included in consolidation
<b>The Cattle Information Service LTD</b>	SC144462	9 Queens Road, Aberdeen, AB15 4YL	Support activities for animal production and data processing, hosting and related activities	Ordinary A & Ordinary B	100%	Yes
<b>The Centre for Dairy Information LTD</b>	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
<b>National Bovine Data Centre LTD</b>	10052419	Speir House, Stafford Park 1, Telford, Shropshire, TF3 3BD	Support activities for animal production.	Ordinary	100%	Yes

## 32. PRINCIPAL SUBSIDIARIES

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	7,103,157	6,036,475	1,066,682	1,832,666
The Centre for Dairy Information LTD	-	-	-	(163,571)
National Bovine Data Centre LTD	1,382,208	1,387,763	(5,555)	(387,647)





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