

ICBF 2003 Annual Report

**For 11 months ending
31st December 2003**

*Irish Cattle Breeding Federation
Society Limited*

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1 SUMMARY

To achieve the greatest possible genetic improvement in the national cattle herd for the benefit of Irish Farmers, the Dairy and Beef industries, and Members, is the reason for ICBF's existence.

Outputs from the database are now fully operational for the Irish Holstein Friesian Assn's (IHFA's) pedigree registration, grading-up and linear scoring services to Irish farmers and some 5,500 milk recorded herds. The EBI herd report (containing genetic information on relevant production, fertility, durability and type traits for both milking cows and replacement stock) based on a revised EBI and recently distributed to all milk recorded herds, encapsulates the progress that has been made on the dairy side of the cattle breeding database and genetic evaluations in the last twelve months.

The Beef Breeding Quality Initiative (BBQI) provides a means for ensuring the data required is available and that the industry is able to deliver benefits to farmers through more productive stock and more efficient operations. The revamping of Tully has begun to deliver better bulls for use in AI.

The national database has improved the accuracy and scope of the data that can be used in genetic evaluations. When breeding decisions are based on these more accurate evaluations the profitability of beef and dairy farming will be advanced. While progress with the database and genetic evaluation system is very pleasing to report, much still remains to be done to ensure the breeding scheme design is optimised and that the benefits are realised by all Irish cattle farmers.

2 INTRODUCTION

The Irish Cattle Breeding Federation Society Limited (ICBF) has been established with the objective of **achieving the greatest possible genetic improvement in the national cattle herd for the benefit of Irish Farmers, the Dairy and Beef industries and Members.** Genetic improvement comes about when the parents of the next generation are genetically superior to their contemporaries. Bringing about improvement requires:

- **Identification, ancestry and quantitative data** on those traits of importance for large numbers of animals in each generation.
- A **genetic evaluation** system to identify the genetically superior animals in each generation. An essential part of the genetic evaluation system is a clear knowledge of the objectives of cattle breeding.
- A **breeding scheme design** that ensures the required data is available and that commercial farmers have ready access to the genetically best animals in each generation.

In 2003 ICBF's focus moved to include breeding scheme design as well as the first two points which were the prime focus in earlier years. While much work remains to be undertaken before the breeding scheme design in Ireland can be described as optimal, or near optimal, it is pleasing to see that progress has been made towards the establishment of a national stud in order to facilitate a better breeding scheme design for all breeds.

This annual report has been prepared for the purpose of providing ICBF's shareholders and other stakeholders with a summary of activities and achievements in relation to the objective of the Society for the 11-month period 1st February 2003 and 31st December 2003. In future the financial and calendar years will coincide.

3 Beef Cattle Breeding

Over this last year ICBF has proceeded with creating the infrastructure required to support the Beef Breeding Quality Initiative established in 2002. The main achievement of 2003 was the launch of beef herd-book services on 1st January 2004.

The key elements of the BBQI and progress made in 2003 include:

3.1 Genetic Evaluations

The **genetic evaluation systems** to identify those animals that provide the best returns, net of production costs, from the markets available to Irish cattle farmers. The main progress in 2003 was:

- (a) Modifications to the existing genetic evaluation systems for the Limousin, Simmental and Charolais breeds. The systems were changed to use the database as the source of all data, as opposed to the relevant herd book files previously, and to store the resulting evaluations in the database for subsequent publication. Also, the system was updated to utilise historical linear scoring data, and data resulting from the new linear scoring system implemented in 2003.
- (b) Genetic evaluations for beef traits were computed and provided to the breeders of Limousin, Charolais and Simmental cattle. These evaluations utilised weight and linear score data collected by the respective Herd Books and weight data as part of DAF's weight recording service.
- (c) Results from the International Evaluation project lead by ICBF established the practicality for an evaluation system to use performance data from France, UK, and Ireland to provide evaluations for the Charolais breed in each country. As a consequence, ICBF is leading an initiative to establish an official service under the auspices of ICAR & INTERBULL.
- (d) ICBF has initiated a project to undertake a complete review of the genetic evaluation systems for beef cattle in Ireland. A team lead by Dr Roel Veerkamp and including Dr Peter Amer has commenced work with the first results for calving traits currently under consideration by the breeding industry.

3.2 Database

The database containing accurate identification, location, ancestry, reproduction, growth performance and slaughter data for a large part of the pedigree (stock bull breeding), suckler and dairy beef populations in Ireland. The main progress in 2003 was:

- (a) Herd Book Data. Collection of national identifications (NID's) for herd book registered cattle and loading of pedigree files into the ICBF database. Excellent progress was made with the co-operation of the relevant herd books, enabling Animal Event recording to be extended to some 6,000 herds (as at 15th April 2004) containing pedigree beef cattle.
- (b) Calving Survey Data. 2003 is the second year in which the animal events system has been operating for dairy herds and the dramatic improvement in both the quality and quantity of calving survey data has been maintained with some 224,000 new calving survey records added in 2003. Of the 298,000 births recorded via animal events, 84% had known sires and 75% with calving survey information.
- (c) Carcase & Growth Data. A modified linear scoring system for beef weanling age animals commenced operation in 2003 and after a number of initial teething problems largely associated with the technology used to collect linear scores, some 11,000 animals were linear scored by the end of April 2004. Systems have been established for factory slaughter data to be provided electronically by DAF to the ICBF database. This data in combination with linear scores and weight records of live animals will form the basis of future developments in growth and carcase genetic evaluations.

3.3 Field Services

Field services to pedigree, suckler and dairy-beef populations that are attractive to herd owners, and result in the collection of the data needed to ensure the database is accurately updated in a timely manner. Main progress in 2003 was:

- (a) Field Services Development Manager. This new position was filled in May 2003 and it has been instrumental in establishing the new linear scoring service.
- (b) Linear Scoring. ICBF established its linear scoring service based on a team of some 11 contract scorers each trained and certified by ICBF and operating on the basis of a contract with ICBF. These scorers have been equipped with computer technology that enables them to receive electronically from the ICBF database a schedule of herds and animals to be inspected, to record the results of their scoring and to return the results to the ICBF database.
- (c) Weight Recording. 2003 saw the end of DAF's weight recording service and its replacement with a combination of DIY weight recording and plans for weight recording to be conducted by the linear scorers.
- (d) Bull Performance Recording. Tully is now well established under ICBF's management with excellent progress being made in both the quality of bulls entering test and in the bulls graduating from the test. The Tully centre held its first sale as an ICBF operation in March of 2003 and tested intakes commencing in May and September 2003. The September intake of 2003 was sold in the second sale in March 2004. FBD provided very generous sponsorship for the two sales.

4 Dairy Cattle Breeding

4.1 Database

A central element of ICBF's strategy for ensuring the data so essential for cattle breeding decisions is readily available has been the establishment of the Cattle Breeding Database. This large and complex project is now largely complete for dairy herds and animals.

In this year a great deal of progress was made in improving the quality and availability of essential dairy cattle breeding data. The major achievement in 2003 was the roll out of ICBF database support for milk recording to all Milk Recording Organisations in Ireland. So far, some 5,500 of the 6,500 milk-recorded herds in Ireland have had at least one visit processed through the database. Special tribute must be paid to the efforts of the milk recorders, staff of ICBF's Milk Recording members, staff of the Animal Events Office and to the small team in ICBF responsible to this change-over.

One of the benefits of an integrated database is the ease with which data and information can be collated and combined to support decision-making. A good example of the way the cattle breeding database is now bringing a great deal of information together is provided by IHFA's Pedigree Certificate – it contains the latest information on Identification, Ancestry, Milk Records and Genetic Evaluations on an animal and three generations of its ancestors. The new EBI Herd Report, recently distributed to all milk recorded herds, provides a good example of how a large amount of data can be consolidated into a few figures to guide a farmer's decisions on breeding replacement stock.

In 2003 a new set of calving and fertility reports were provided to milk recording herds for the first time.

Outputs from the database are now supporting IHFA's pedigree registration, grading-up and linear scoring services to Irish farmers and milk recording for all Milk Recording Service providers.

4.2 Field Services

With Milk Recording up and running on the database, ICBF's emphasis is now shifting to look at ways of increasing the number of Dairy cattle and herds being recorded in Ireland.

ICBF's focus for Milk Recording in 2004 and subsequent years will be to;

- (a) Increase the range and quality of services on offer to the farmer. The SLAC method of lactation yield calculation means we can predict 305 day yields more accurately with less tests than previous methods. This in turn means more flexible and "farmer friendly" intervals between tests. For example, 4 visits per year for seasonal calving herds.
- (b) Improve Reports by providing farmer reports that are focussed on decision making.
- (c) Reduce costs of Milk Recording through technology, better equipment utilisation and reducing overheads. The cost of recorders, staff and laboratory testing must be addressed so that the farmers "get more for less". To this end ICBF has been working with Dairygold on a DIY trial using the Tru-Test Electronic Milk Meter since February 2004. We see this system as a key part of the future of Milk Recording in Ireland. Subject to successful trials and Service Provider agreement this system could start its roll-out nationally in 2005.

4.3 Genetic evaluations

Efforts to improve the accuracy of the EBI, introduced in 2001, have continued.

The main technical developments in the last year have been:

- Removal of the 150-day rule thus enabling all milk records to be used in the evaluations, regardless of length of lactation to date. A consequence is that evaluations are available some three to six months earlier for bulls being proven for the first time.
- Work towards the implementation of revised Economic Weights in the EBI in February 2004. The main change was an increase in emphasis on calving interval, primarily as a result of making greater use of field data on lactation curves to replace research station data collected many years ago.

Genetic evaluations are published on a number of media including ICBF's website for use by farmers and the breeding industry. Revenue from this information is generated through ICBF's AI approval and genetic evaluation service to licensed organisations. The Active Bull List has become ICBF's main tool for communicating with farmers and following an extensive education campaign in early 2004 the new EBI has achieved a high level of acceptance by dairy farmers.

4.4 Holstein Friesian Breeding Scheme Design

With the database now fully operational for the breed and the EBI system well bedded in, a considerable amount of ICBF's resources in 2003 were focused on improving the efficiency of the Holstein Friesian breeding program. This work led to an initiative by ICBF to facilitate the establishment of a "national stud". It was also one of the topics of the Dairy Cattle Breeding Conference held in early February 2004.

That cattle breeding is a means for increasing dairy farm profitability, is now well established. The EBI, by considering both income and expenditure, is identifying a strain of black & white cattle in which the fertility problems caused by past breeding decisions are now being reversed with minimal compromise of other economically important traits.

ICBF's genetic evaluation systems have identified that Ireland has a population of black & white cows containing some of the most suitable animals in the world for use in Ireland. For example, a survey of potential young bulls world-wide found that 70 of the top 100 on EBI were from Irish herds. The challenge for the cattle breeding industry is to quickly complete the establishment of the national stud, in order to commence selecting the best of the young bulls available in Ireland, and to establish an efficient progeny testing program. With current rates of gain of some €6 per animal per year compared with the optimum of €24 per animal per year there is substantial potential for breeding to make a greater contribution to dairy farm profitability.

5 Resources

ICBF is using a number of resources in pursuit of its mission. These include:

5.1 Financial

In the period (11 months) under review ICBF income included contributions from the following sources:

- (a) Irish Taxpayers (€1.44 million) comprising the DAF Grant and NDP contributions towards capital developments.
- (b) Cattle Farmers through the Tag Contribution (€0.69 million), and
- (c) The cattle breeding industry through service fees (€0.39 million).

These funds covered the cost of on-going operations and the cattle breeding infrastructure projects undertaken during the year.

5.2 People

ICBF staff have been appointed in keeping with plans and budgets.

During the year staff numbers were unchanged at 12. The full time staff includes one person on secondment from the Department of Agriculture Food (DAF).

Thirteen contractors, on contracts of six months to three-years, are assigned to the database implementation and other projects, mainly in order to save on 3rd party costs.

During the last year our staff and contractors have again put in a magnificent effort in continuing progress with the cattle breeding database, operating Tully and identifying the genetically most valuable animals for use in Ireland.

5.3 Offices

ICBF's main office and database computers were located at Shinagh House, Bandon where space was rented from SWS. The facilities were moved to Highfield House also located at Shinagh in early February 2004.

5.4 Tully

The Bull Performance Test Centre at Tully is leased from DAF. These facilities are in good condition and have required only minor modification to meet ICBF's requirements.

6 Publications

6.1 Irish Cattle Breeding Statistics

Irish Cattle Breeding Statistics was published for the fourth time in June of 2003. This publication brings together statistical information on all aspects of cattle breeding and has been well received by the cattle breeding industry.

6.2 Industry Presentations

ICBF's staff has continued to be heavily involved in presenting information to the Irish cattle breeding industry through a range of meetings and conferences.

6.3 Web Site

The ICBF web site (www.icbf.com) provides a wide range of information to Irish farmers and the cattle breeding industry.

7 Support

ICBF wishes to acknowledge and express its appreciation for the support and cooperation received from a large number of individuals and organisations. The collaborative nature of ICBF's activities depends to a large extent on the goodwill of its membership, the wider agricultural community and cattle farmers. This goodwill has been expressed in a number of specific ways including:

- Provision of sponsorship for the Tully Bull Sale by FBD.
- Cooperation in the development and operation of the animal events system is provided by DAF, the owners of the many herds that participated in the second year of operation, and staff of SWS who ensured a smooth operation.
- Support by many organisations and individuals during the database implementation including all of the herd books who have undertaken a major change in their operations, and the Milk Recording service providers during a change-over that is now largely completed.
- Support during the design, introduction and enhancement of the EBI has been provided by ICBF's AI members, private AI companies, TEAGASC and many farmers.

These many acts of support are gratefully acknowledged.

8 Future Prospects

The Beef Breeding Quality Initiative provides a sound basis for bringing about a major step forward in the development of beef cattle breeding in Ireland. A large effort will be required to ensure this initiative receives the support of bull breeders and suckler herd owners. In the year ahead the results of current research into new beef genetic evaluation systems will become available and a large effort will be required to ensure farmers and the breeding industry are equipped to make the best possible use of the vastly improved information.

As the database becomes ever more comprehensive in its operations ICBF must move its focus on to increasing the number of farmers involved in keeping the records required to support an effective cattle-breeding programme. Increases of the order of 100% are required for dairy cattle and of 500% to 1000% for beef cattle.

It is now very timely for the cattle breeding industry to give further consideration to optimising the breeding scheme design for each dairy and beef breed. ICBF is committed to ensuring the best available, worldwide, expertise and knowledge is brought to bear on evaluating the optimal designs.

Only when the breeding schemes are optimised and substantial increases in the uptake of cattle breeding services have been achieved, will Ireland be in a position to realise rates of genetic gain competitive with the best cattle breeding practices world-wide. Gaining this increase will be a major challenge and it will only be achieved if the cattle breeding industry takes full advantage of the infrastructure being established by ICBF. The additional challenge for ICBF is to ensure that the infrastructure is so efficient and effective that the wider cattle breeding industry uses it comprehensively to deliver "world best" cattle breeding services to Irish cattle farmers.

As the database development moves towards completion it is timely for ICBF to review its future role. The database infrastructure, genetic evaluation systems and service capability established by ICBF is a very valuable resource and it is imperative that it be effectively utilised to ensure cattle production in Ireland is internationally competitive.

Brian Wickham
Chief Executive

John Malone
Chairman

9 FINANCIAL STATEMENTS (11 Months Ended 31 December 2003)**9.1 SOCIETY INFORMATION**

COMMITTEE

Mr. J. Malone (Chairman)
Mr. J. O'Sullivan (Vice-Chairman)
Mr. D. Cahill
Mr. K. Connolly
Dr. D. Corridan
Mr. D. Deane
Dr. B. Eivers
Mr. S. Fitzgerald
Mr. J. Galvin
Mr. K. Kinsella
Mr. M. Magan
Mr. T. Maher
Mr. K. Meade
Mr. B. Nagle
Mr. R. O'Malley
Mr. P. Walsh

SECRETARY

Ms. E. McGeough
Department of Agriculture and Food
c/o Livestock Breeding Division
Government Buildings
Farnham Street
Cavan

CHIEF EXECUTIVE

Dr. B. Wickham

SOCIETY'S ADDRESS AND
REGISTERED OFFICE

Shinagh House
Bandon
Co. Cork

SOLICITORS

P. J. O'Driscoll & Sons
Solicitors
South Main Street
Bandon
Co. Cork

AUDITOR

L. P. O'Dwyer FCA
Public Auditor
Ernst & Young
Stapleton House
89 South Mall
Cork

9.2 INDEPENDENT AUDITORS' REPORT

I have audited the financial statements for the period ended 31 December 2003, which comprise the Income and Expenditure Account, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the society's members, as a body, in accordance with the Industrial and Provident Societies Acts, 1893 to 1978. My audit work has been undertaken so that I might state to the society's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of committee and auditor

The Industrial and Provident Societies Acts, 1893 to 1978 require the Committee of Management to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Society and of the income and expenditure of the Society for that period. In preparing the financial statements, the Committee are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Society and which enables them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Industrial and Provident Societies Acts, 1893 to 1978. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

My responsibilities, as independent auditor, are established in Ireland by statute, the Auditing Practices Board and by my profession's ethical guidance. I report to you my opinion as to whether the financial statements give a true and fair view.

Basis of audit opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Committee in the preparation of the financial statements and of whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion, the financial statements give a true and fair view of the state of the affairs of the Society as at 31 December 2003 and of its surplus for the period then ended and have been properly prepared in accordance with the provisions of the Industrial and Provident Societies Acts, 1893 to 1978.

I have obtained all the information and explanations I considered necessary for the purposes of my audit. In my opinion, proper books of account have been kept by the Society. The financial statements are in agreement with the books of account.

L. P. O'Dwyer FCA
Public Auditor
Ernst & Young
Cork
19th April 2004

9.3 INCOME & EXPENDITURE ACCOUNT

	Note	11 months ended 31 December 2003 €	Year ended 31 January 2003 €
INCOME		2,612,334	2,313,473
OPERATING EXPENSES		(2,487,138)	(2,314,238)
		<hr/>	<hr/>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION		125,196	(765)
Tax on surplus/(deficit) on ordinary activities	3	(652)	(4,564)
		<hr/>	<hr/>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES AFTER TAXATION		124,544	(5,329)
RETAINED SURPLUS AT BEGINNING OF FINANCIAL PERIOD		485,737	491,066
		<hr/>	<hr/>
RETAINED SURPLUS AT END OF FINANCIAL PERIOD		610,281	485,737
		<hr/>	<hr/>

There are no recognised gains or losses in either period other than the surplus/(deficit) attributable to the shareholders of the Society.

On behalf of the Committee of Management

John Malone : Chairman
John O'Sullivan : Vice Chairman

7th April 2004

9.4 BALANCE SHEET at 31 December 2003

	Note	31 December 2003 €	31 January 2003 €
FIXED ASSETS	4	3,730,192	3,791,171
CURRENT ASSETS			
Debtors	5	478,952	400,927
Cash at bank		880,846	916,737
		1,359,798	1,317,664
CREDITORS: amounts falling due within one year		(326,364)	(400,601)
NET CURRENT ASSETS		1,033,434	917,063
TOTAL ASSETS LESS CURRENT LIABILITIES		4,763,626	4,708,234
GOVERNMENT GRANTS FOR CAPITAL PROJECTS	6	(2,137,374)	(2,206,526)
TOTAL ASSETS LESS LIABILITIES		2,626,252	2,501,708
FINANCED BY			
SHAREHOLDERS' FUNDS			
Share capital	7	2,015,971	2,015,971
Income and expenditure account	8	610,281	485,737
Shareholders' funds (all equity interests)	8	2,626,252	2,501,708

On behalf of the Committee of Management

John Malone : Chairman

John O'Sullivan : Vice Chairman

7th April 2004

9.5 NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements are expressed in Euro (€).

Fixed assets and depreciation

Fixed assets are stated at cost. Depreciation is calculated on a straight line basis by reference to the expected useful lives as follows:

Office equipment 5 years

Project development expenditure

Project development expenditure on clearly defined projects whose outcome can be assessed with reasonable certainty is capitalised. When the development of these projects reaches completion, the Society provides services to its members in return for fee income. This expenditure is depreciated over four to five years and depreciation begins in the period the Society starts to benefit from the expenditure.

Government Grants

Grants for operating and related capital expenditure

Grants received from the Department of Agriculture and Food to fund the establishment of the Society are credited to the income and expenditure account so as to match them with the expenditure to which they relate. The portion of the grant that applies to capital expenditure is deferred and is amortised over the life of the asset to which it relates.

Grants for project expenditure:

National Development Plan grants received during the period towards the cost of project development expenditure are deferred and amortised over the same period in which the related project development expenditure is depreciated.

2. STAFF COSTS

	<i>11 months ended</i> 31 December 2003	<i>Year ended</i> 31 January 2003
	€	€
The staff costs are comprised of:		
Wages and salaries	572,758	474,489
Social welfare costs	59,200	49,153
	<u>631,958</u>	<u>523,642</u>

The average number of persons employed by the Society in the financial period was 12 (31 January 2003: 10) and is analysed into the following categories:

	<i>No.</i>	<i>No.</i>
Management	1	1
Administration	1	1
Technical	10	8
	<u>12</u>	<u>10</u>

3.	TAXATION	<i>11 months ended</i>	<i>Year ended</i>
		<i>31 December 2003</i>	<i>31 January 2003</i>
		€	€
	The charge for taxation is made up as follows:		
	Corporation tax for the period (note 10)	1,376	3,657
	(Over)/under provision relating to prior years	(724)	907
		<hr/>	<hr/>
		652	4,564
		<hr/>	<hr/>

Deposit interest is taxable at 25% up to the date of charitable exemption as included in note 10.

4.	FIXED ASSETS	<i>Project</i>	<i>Office</i>	<i>Total</i>
		<i>development</i>	<i>equipment</i>	
		<i>expenditure</i>		
		€	€	€
	Cost:			
	At 1 February 2003	5,009,309	75,629	5,084,938
	Additions	986,182	7,700	993,882
	Disposals	(30,983)	-	(30,983)
		<hr/>	<hr/>	<hr/>
	At 31 December 2003	5,964,508	83,329	6,047,837
		<hr/>	<hr/>	<hr/>
	Depreciation:			
	At 1 February 2003	1,239,501	54,266	1,293,767
	Charge for the period	1,039,584	15,277	1,054,861
	Disposals	(30,983)	-	(30,983)
		<hr/>	<hr/>	<hr/>
	At 31 December 2003	2,248,102	69,543	2,317,645
		<hr/>	<hr/>	<hr/>
	Net book value:			
	At 31 December 2003	3,716,406	13,786	3,730,192
		<hr/>	<hr/>	<hr/>
	At 31 January 2003	3,769,808	21,363	3,791,171
		<hr/>	<hr/>	<hr/>

Project development expenditure consists of computer hardware, software consultancy, database and other project costs.

5.	DEBTORS	<i>31 December 2003</i>	<i>31 January 2003</i>
		€	€
	Trade debtors and prepayments	280,922	400,927
	Grants receivable	198,030	-
		<hr/>	<hr/>
		478,952	400,927
		<hr/>	<hr/>

6. **GOVERNMENT GRANTS FOR CAPITAL PROJECTS**

(i) Project grants from National Development Plan administered by Department of Agriculture and Food (DAF).

(ii) Grant from Department of Agriculture and Food (DAF)

	(i) €	(ii) €	Total €
Received:			
At 1 February 2003	2,760,263	74,033	2,834,296
Received during period	553,235	-	553,235
	-----	-----	-----
	3,313,498	74,033	3,387,531
	-----	-----	-----
Amortisation:			
At 1 February 2003	573,823	53,947	627,770
Credited to the income and expenditure account in period	608,813	13,574	622,387
	-----	-----	-----
At 31 December 2003	1,182,636	67,521	1,250,157
	-----	-----	-----
Net amount:			
At 31 December 2003	2,130,862	6,512	2,137,374
	-----	-----	-----
At 31 January 2003	2,186,440	20,086	2,206,526
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7. **SHARE CAPITAL**

	31 December 2003 €	31 January 2003 €
Authorised:		
28,768 "A" ordinary shares of €12.697381 each	365,278	365,278
28,768 "B" ordinary shares of €12.697381 each	365,278	365,278
28,768 "C" ordinary shares of €12.697381 each	365,278	365,278
73,696 "D" ordinary shares of €12.697381 each	935,746	935,746
	-----	-----
	2,031,580	2,031,580
	-----	-----
Issued and fully paid:		
28,768 "A" ordinary shares of €12.697381 each	365,278	365,278
28,768 "B" ordinary shares of €12.697381 each	365,278	365,278
27,538 "C" ordinary shares of €12.697381 each	349,669	349,669
73,696 "D" ordinary shares of €12.697381 each	935,746	935,746
	-----	-----
	2,015,971	2,015,971
	-----	-----

All shares rank pari passu in all respects.

8. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital</i> €	<i>Income and expenditure account</i> €	<i>Total</i> €
At 31 January 2002	2,012,809	491,066	2,503,875
Received during the year	3,162	-	3,162
Deficit for year	-	(5,329)	(5,329)
	-----	-----	-----
At 1 February 2003	2,015,971	485,737	2,501,708
Surplus for period	-	124,544	124,544
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At 31 December 2003	2,015,971	610,281	2,626,252
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9. PENSION

The Society does not operate a pension scheme. Each employee has the option of joining a Revenue approved scheme and the society facilitates the payment of contributions through its payroll system.

10. CONTINGENT LIABILITY

The Society's principal source of income is derived from its members.

The Society obtained charitable exemption from the Revenue Commissioners under section 207/208 Taxes Consolidation Act 1997, on 30 July 2003, in relation to its activities. The Society is in correspondence with the Revenue Commissioners in relation to its tax status prior to the date of receipt of the charitable exemption. No provision for taxation has been made on the results which assumes that the Society's revenues are not taxable.

In the event of the Society being taxable a liability may arise which is not possible to quantify because it is dependent upon the treatment of certain categories of income and expenditure for taxation purposes.

11. SUBSEQUENT EVENTS

There have been no significant events affecting the Society since the period end.

12. COMPARATIVE FIGURES

The financial period covered by these financial statements is the 11 month period ended 31 December 2003. The comparative financial statements cover the year ended 31 January 2003.

Comparative figures have been reclassified where necessary on a basis consistent with the current period.

The following information does not form part of the audited financial statements

9.6 DETAILED INCOME & EXPENDITURE ACCOUNT

	<i>11 months ended</i> 31 December 2003	<i>Year ended</i> 31 January 2003
	€	€
INCOME		
Tag contribution	689,803	821,169
Operating grants received from DAF	888,000	611,905
Capital grants amortised	622,387	521,987
Milk recording service fees	117,445	155,703
Herdbooks service fee	113,798	77,089
AI approval and animal evaluation fees	68,549	67,319
Bull performance test fee	58,868	44,665
Bull sale commission	12,128	-
Linear scoring	22,533	-
Interest received	11,323	13,636
General services	7,500	-
	<hr/>	<hr/>
	2,612,334	2,313,473
	<hr/>	<hr/>
OPERATING EXPENSES		
Depreciation	1,054,861	1,136,554
Animal events expenses	269,382	254,669
Animal evaluation unit expenses	101,159	83,836
Bull performance test expenses	216,438	91,988
Database operations	22,957	50,337
Repairs and computer maintenance	7,698	20,180
Wages and salaries	631,958	523,642
Office overheads and expenses	44,189	51,459
Professional fees	38,315	38,599
Telephone and fax	22,963	30,851
Travel and subsistence	30,934	29,128
Linear scoring	22,533	-
Membership fees	6,860	1,191
Advertising and marketing	3,006	930
Bank interest and charges	1,304	874
Conference expenses	12,581	-
	<hr/>	<hr/>
	2,487,138	2,314,238
	<hr/>	<hr/>
SURPLUS/(DEFICIT) BEFORE TAXATION	125,196	(765)
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Reference: \\icbf-server1\data\Shared\Company\AGM\2003\Annual Report June 2003 for year Feb 02 to Jan 03 ver 2.doc