

THE HEREFORD CATTLE SOCIETY
(A company limited by guarantee)

YEAR ENDED 30 JUNE 2016

ANNUAL REPORT

Charity Number: 217428

Company Number: 12100

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THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

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THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

REPORT OF THE COUNCIL MEMBERS

The Council has pleasure in presenting its annual report, including the financial statements of the Society, for the year ended 30 June 2016, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities.

OBJECTIVES AND ACTIVITIES

The Society is established to maintain unimpaired the purity of, and improve the breed of, cattle known as Herefords and to promote impartially the breeding of all the various tribes, families and strains of such cattle.

The Society's promotional activities during the year have been aimed at attracting new breeders for the expansion of the breed.

To achieve its objectives, the Society has participated in numerous promotional events throughout the country.

The Society has adopted an internationally renowned recording and performance programme to provide breeders and users of the breed with appropriate information for the improvement, furtherance and expansion of the breed.

The Society's plans for the future are to continue the promotion and expansion of the breed both domestically and internationally. With the expanding export market, the Society plans, with the benefits of data from its cattle performance programme, to promote the breed overseas in order to establish export markets.

Public Benefit

The trustees consider that they have complied with the duty in section 4 of the Charities Act 2011, in having due regard to public benefit.

In this regard, the Society implements Breed Improvement Schemes to facilitate the economic and efficient production of beef, constantly taking into consideration eco friendly systems of extensive food production using, whenever and wherever possible, natural resources.

The Hereford, a Breed that is renowned internationally for its ability to utilise natural grazing areas of the World to produce high quality beef economically. The Society will continue to promote this aspect of the Breed so as to increase its use with the aim of assisting the farming industry to meet the extremely challenging financial constraints put upon them in the current period of austerity.

ACHIEVEMENTS AND PERFORMANCE

Despite a difficult year for many within the farming industry, the demand and popularity of our Breed continues to grow.

Looking back over the last three years we have experienced a continued growth – calves processed annually having increased over that period by 27%, membership up by 17% and every indication that there will be no let-up in this resurgence.

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REPORT OF THE COUNCIL MEMBERS

One of the Breed's greatest achievements in recent years has been our increasing influence within the commercial beef sector throughout this Country.

During the last calendar year (2015) the British Beef Industry saw a modest rise in population of beef sired calves compared to 2014 – an increase of 30,500 additional calves issued with passports of which the Hereford accounted for over 50%. We estimate that this increase alone requires at least an extra 400 Hereford bulls, based upon the figures produced by ADHB (EBLEX) who suggest that 1 bull is required for every 35 cows.

A similar pattern has been experienced in Northern Ireland where the official figures produced shows a massive increase of 34% in Hereford sired calves recorded in 2015 compared to 2014.

Your Society Council have therefore made every effort to react to this market change and have been far more proactive in its endeavours to promote and increase the demand for Branded Hereford Beef.

A further factor that is moving the demand in favour of breeds such as ours is the change in market specification being driven by the Processors and Retailers who are now demanding lighter weight finished cattle – the change in weight specifications favouring carcasses between 260 kgs. And 380 kgs. This change is being mainly driven by the retail and export sectors demanding primal cuts that are not too large and steaks of a size that can be cut to an adequate thickness without being too thin and therefore having the ability to hit the lowest price point.

All these changes within the industry are moving in the direction most suited to breeds such as ours.

On the Sales front, and using those held at Hereford as the benchmark, the Autumn Sales in respect of bulls were hard work but the demand and prices for females continued its upward trend.

During the Spring it was again a difficult period for most breeds but with our Sale taking place a month or six weeks later than a number of the other breeds, demand was buoyant and this time not confined to the females which again sold extremely well. The bull trade also proved to be very solid with a clearance of 80% of those offered and selling twice as many bulls as the previous year's Sale. Feedback from Members also appears to confirm an improved demand for bulls generally.

On the Show circuit our Breed still continues to dominate, as usual, outnumbering all other breeds at the major Shows and, at the same time, taking our fair share of success in the various Inter Breed Competitions, this year winning awards at the Great Yorkshire, Royal Welsh, Royal Bath & West and Royal Three Counties and, at the end of the year, most notably taking the Overall Beef Championship at the Royal Highland, - we congratulate all concerned.

The Council, ever conscious of the need to encourage the youngsters within our Breed, have again provided their support in sponsoring teams of three to compete at the Young Show Stars event held in Malvern during the Spring and attendance of three youngsters at the World Hereford Conference in Uruguay. We are currently in the process of selecting another young member to attend Agribition in Canada later this year.

We also saw the inaugural "Youth Development Day" organized by Emma Smith and hosted by the Normanton Hereford team held in April. The event proved to be a great success and Emma, with the backing of the Society, is keen to continue holding further events around the Country.

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REPORT OF THE COUNCIL MEMBERS

During mid-April a Group of 22 flew out to Uruguay to attend the 17th World Hereford Conference and, despite a rather wet start to the proceedings, it turned out to be a well organised and informative event – a detailed report will be included in the next Journal.

Our participation at “National Beef Expo” held in Bakewell, Derbyshire proved to be another success and, with the help of Members of the Midlands & East Anglia Association, we won the award for the “Best Breed Stand”. This brings the total wins in recent years to four and last year we were Reserve, a success that we believe is unprecedented by any other breed.

In respect of our financial accounts, one item that should be pointed out is the unusual expenditure under “Repairs & Maintenance”. This resulted from major re-roofing and exterior decoration of Hereford House, a significantly important asset to the Society.

This year, after a long association, your Council took steps to transfer the Society’s Investment Portfolio from the Company, J.M. Finn & Co. to Hargreave Hale Ltd. This move was brought about by substantial increases to charges proposed by the former. Whilst it is a change in Company, the actual Portfolio will be administered by personnel formerly employed by Finn & Co. who managed our Investments for many years.

As Chairman and President of your Society we feel extremely privileged to be at the helm at such a positive time for the Breed, and whilst the resurgence of the Hereford has now been going on for some time, we have every confidence that we will continue to experience such growth continuing well into the future.

Finally, on behalf of the Council and all Members we wish to thank the staff for their dedication and loyalty, continually working so efficiently and tirelessly in administering all the needs of the Society.

FINANCIAL REVIEW

The financial results for the charity are as detailed in the Statement of Financial Activities on page 10 and the Balance Sheet on page 13. The Charity had net incoming resources in the year of £345,974 (2015 – £58,765) resulting in total assets of £1,116,804 (2015 – £770,830). All funds are unrestricted and are available for the general purposes of the Society.

Reserves Policy

It is the policy of the charity to maintain unrestricted funds at a level, which equate to approximately 12 months’ unrestricted expenditure. The trustees consider that the ideal level of reserves as at 30th June 2016 would be £250,000. This provides sufficient funds to cover management and administration and support costs. Unrestricted funds are maintained at least at this level throughout the year.

Investment Policy

Council uses its investment advisors to meet its requirements, which is to generate income. This has been achieved with a mix of equity and fixed return investments. Council is satisfied with the returns achieved given current market conditions.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

REPORT OF THE COUNCIL MEMBERS

REFERENCE AND ADMINISTRATIVE DETAILS

The Charity Number: 217428.

The Company number: 12100.

Registered Office: Hereford House, Offa Street, Hereford HR1 2LL.

Council Members

The Council Members during the year were:

Mr P J Allman	Mr T D Livesey	Mr G H Morgan
Mrs A G Anderson	Mr R P Mann (Chairman)	Mr B Rimmer
Mr M J Clark (President)	Mr A J Massey	Mr M Roberts
Mr R J Hutchings	Mr E G Mills	Mr T D J Roderick
Mr R J Irvine	Mr W R Milner*	Mr D Smyth
	Mr J D Moorhouse	Mr R G Thomas (Vice President)
		Mr R J B Wilson

(* Denotes Honorary Member of Council)

The Council Members are elected triennially by a ballot of the members of the Society. The current Council took office on 10th February 2015.

President

Mr M J Clark

The President is elected annually by Council and is a member of Council only for the period in which he/she holds office, unless a member prior to his/her election.

Vice President

Mr R G Thomas

Breed Secretary

Mr D E Prothero

Society Accountant

Mr L Thomas

The Council Members delegate the day-to-day management of the Society to the Breed Secretary.

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REPORT OF THE COUNCIL MEMBERS

Principal Advisors

The principal advisors to the charity during the year were as follows:

SOLICITORS	T A Matthews & Co First Floor Broadway House 32 – 35 Broad Street Hereford HR4 9AR
BANKERS	National Westminster Bank Plc 12 Broad Street Hereford HR4 9AH
INDEPENDENT AUDITOR	S. Southall FCCA Baldwins (Stourbridge) Limited Cophall House 1 New Road Stourbridge West Midlands DY8 1PH
INVESTMENT ADVISORS	Hargreave Hale Limited 23 High Petergate York YO1 7HS

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Society is a company limited by guarantee and not having a share capital. As such it is governed by its Memorandum and Articles of Association. It was incorporated on 5 March 1878. It is registered as a charity with the Charity Commission.

Appointment of Council Members

A Council of 16 members is elected by the general membership at 3 yearly intervals and meet with the Breed Secretary regularly. The Council make all policy decisions. The Breed Secretary is responsible for carrying out these policies and for all office administration procedures.

Council Members must, at the time of their election, be actual breeders of Hereford Cattle (as defined in the Memorandum and Articles) and are elected on an area basis.

As and when new Council Members (Trustees) are elected, they are provided with all appropriate guidelines for the trusteeship. They are made aware of their legal obligations under charity and company law, and the Charity Commission guidance on public benefit. They are informed of the content of the Memorandum and Articles of Association, decision-making processes and the recent financial performance of the Society.

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REPORT OF THE COUNCIL MEMBERS

None of the Council Members receive remuneration or other benefit from their work with the Society.

Pay Policy for Senior Staff

The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings. All pay increases are approved at Council meetings.

Risk Management

The Council Members actively review the major risks, which the charity faces on a regular basis and believe that maintaining reserves at current levels, combined with an annual review of the controls over key financial systems, will provide sufficient resources in the event of adverse conditions.

The Council Members have also examined other operational and business risks faced by the charity and confirm that they have established systems to mitigate the significant risks.

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

The Council Members (who are also directors of The Hereford Cattle Society for the purposes of company law) are responsible for preparing the Report of the Council Members and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Council Members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including income and expenditure, of the charitable company for that period. In preparing these financial statements, the Council Members are required to:

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

The Council Members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company, 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 charity, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Council Members are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
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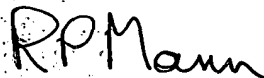
REPORT OF THE COUNCIL MEMBERS

Statement as to disclosure to our auditors

So far as the Council Members are aware at the time of approving this annual report;

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the Society's auditor is unaware; and
- the Council Members, having made enquiries of fellow Council Members and the Society's auditor that they ought to have individually taken, have each taken all steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information;

On behalf of the Board of Council Members



R P Mann
Chairman



M J Clark
President

20th September 2016

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

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**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL MEMBERS OF
THE HEREFORD CATTLE SOCIETY**

We have audited the financial statements of The Hereford Cattle Society for the year ended 30 June 2016 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 6, the members' (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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the members' annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2016, and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Members' Annual Report for the financial year for which financial statements are prepared is consistent with the financial statements.

(Continued)

THE HEREFORD CATTLE SOCIETY (Company number 12100)
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**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL MEMBERS OF
THE HEREFORD CATTLE SOCIETY**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the members were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Members' Annual Report.



Mr S N Southall (Senior Statutory Auditor)
For and on behalf of Baldwins (Stourbridge)
Limited, Statutory Auditor

Copthall House
1 New Road
Stourbridge
DY8 1PH

20TH September 2016

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

STATEMENT OF FINANCIAL ACTIVITIES

	Note	Restricted Funds £	Unrestricted Funds £	Total 2016 £	Total 2015 £
INCOME FROM					
Donations and legacies	2	-	2,664	2,664	3,126
Charitable activities	2	-	369,788	369,788	346,893
Other trading activities	2	-	43,830	43,830	48,101
Investments	2	-	41,217	41,217	39,680
TOTAL INCOME		-	457,499	457,499	437,800
EXPENDITURE ON					
Charitable activities	3	-	418,257	418,257	406,388
TOTAL EXPENDITURE		-	418,257	418,257	406,388
NET INCOME FOR THE YEAR	6	-	39,242	39,242	31,412
OTHER RECOGNISED GAINS/(LOSSES)					
Gains on revaluation of fixed assets		-	-	-	25,100
Gains on investments assets		-	306,732	306,732	2,253
NET MOVEMENT IN FUNDS		-	345,974	345,974	58,765
RECONCILIATION OF FUNDS:					
TOTAL FUNDS BROUGHT FORWARD		-	770,830	770,830	712,065
TOTAL FUNDS CARRIED FORWARD		-	1,116,804	1,116,804	770,830

The statement of financial activities includes all gains and losses recognised in the year.

All amounts derive from continuing activities.

The notes on pages 14 to 23 form part of these financial statements.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

INCOME AND EXPENDITURE ACCOUNT

	Note	Total 2016 £	Total 2015 £
INCOME			
Donations and legacies	2	2,664	3,126
Income from charitable activities	2	369,788	346,893
Other trading activities	2	43,830	48,101
Income from investments	2	41,217	39,680
TOTAL INCOME		457,499	437,800
EXPENDITURE			
Expenditure on charitable activities	3	418,257	406,388
TOTAL EXPENDITURE		418,257	406,388
Profit on disposal of fixed asset investments		4,868	2,972
NET INCOME FOR THE YEAR	6	44,110	34,384

The notes on pages 14 to 23 form part of these financial statements.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Total 2016 £	Total 2015 £
Net income for the year	44,110	34,384
Unrealised loss on revaluation of fixed asset investments	(26,236)	(719)
Unrealised surplus on revaluation of investment property	328,100	-
Unrealised surplus on revaluation of fixed assets	-	25,100
Total recognised gains and (losses) relating to the year	<u>345,974</u>	<u>58,765</u>
Total gains and (losses) recognised since last annual report	<u><u>345,974</u></u>	

The notes on pages 14 to 23 form part of these financial statements.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

BALANCE SHEET

		2016		2015	
	Note	£	£	£	£
FIXED ASSETS					
Intangible fixed assets	7		-		-
Tangible assets	8		260,008		265,482
Investments	9		763,590		453,754
			<u>1,023,598</u>		<u>719,236</u>
CURRENT ASSETS					
Stock	10	11,222		10,166	
Debtors	11	53,497		26,380	
Cash at bank and in hand		61,972		44,378	
		<u>126,691</u>		<u>80,924</u>	
Creditors: amounts falling due within one year	12	(33,485)		(29,330)	
NET CURRENT ASSETS			93,206		51,594
NET ASSETS	13		<u>1,116,804</u>		<u>770,830</u>
FUNDS					
Unrestricted funds					
Revaluation reserve	14		502,600		174,500
General reserves	14		614,204		596,330
			<u>1,116,804</u>		<u>770,830</u>

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the Society.

These accounts were approved by the Council Members on 20th September, 2016 and signed on their behalf by:

R P Mann
Chairman

R P Mann

The notes on pages 14 to 23 form part of these financial statements.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

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NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities published on 16/07/14, the Financial Reporting Standard for Smaller Entities (effective January 2015) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Incoming Resources

Income is included in the Statement of Financial Activities in the year in which it is receivable and can be measured reliably.

c) Donated services

The value of services provided by volunteers has not been included in income.

d) Expenditure

All expenditure is included on an accruals basis and has been classified under headings that aggregate all costs related to that category. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities.

e) Allocation of support costs

Support costs are those functions that assist the work of the Society but do not directly undertake charitable activities. Support costs include governance costs which support the Society's activities.

f) Fixed Assets

Fixed assets are stated at cost or valuation. Items are capitalised where the acquisition cost exceeds £100.

Depreciation is provided on all tangible fixed assets, except those described below, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Motor Vehicles	25% reducing balance
Office fixtures, fittings, equipment and furniture	20% reducing balance, 20% straight line
	10% reducing balance, 25% reducing balance
Breedplan set up costs	33% straight line

Oil paintings and pictures are stated at valuation. No depreciation is provided in respect of oil paintings and pictures as, in the opinion of Council, their value increases over time and a depreciation charge would therefore not be appropriate.

The Council carries out a continual programme of repairs and maintenance to its freehold buildings, the cost of which is charged to the statement of financial activities. In the opinion of Council, the useful economic life of the freehold buildings is in excess of 50 years, and the programme of repairs and maintenance holds their residual value at a level that a depreciation charge would not be material.

g) Stock

Stock is valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less estimated cost of disposal.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
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NOTES TO THE FINANCIAL STATEMENTS

h) Leasing and hire purchase commitments

Rentals received under operating leases are included in income as receivable.

i) Pensions

The Society operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. The Society also operates a pension scheme through NEST in accordance with the Auto Enrolment regulations.

j) Fixed asset investments

Included within fixed asset investments, (and disclosed fully in Note 8), are the following:

- Listed shares held for generating investment income.
- Investment property.

k) Intangible fixed assets

Intangible fixed assets are amortised evenly over their estimated useful lives.

Trade Mark – 5 years

Breedplan – 3 years

l) Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Unrestricted reserves include a revaluation reserve representing the restatement of fixed assets at market value.
- Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.
- Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

m) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Society; this is normally upon notification of the interest paid or payable by the Bank.

n) Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

o) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in a transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

p) Financial instruments

The Society only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognized at transaction value and subsequently measured at their settlement value.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

2. ANALYSIS OF INCOME

	2016	2015
	£	£
Donations and legacies		
Donations	2,664	3,126
	<u>2,664</u>	<u>3,126</u>
Income from charitable activities		
Membership income	81,948	76,970
Gift aid	14,160	13,419
Registration and transfer fees	249,808	233,200
Sales and commissions	9,471	10,500
Beef scheme levies	13,646	11,929
Export fees	755	875
	<u>369,788</u>	<u>346,893</u>
Other trading activities		
Rental income	<u>43,830</u>	<u>48,101</u>
Income from investments		
Income received from fixed asset listed investments	17,843	15,592
Income received from investment property	23,374	24,088
	<u>41,217</u>	<u>39,680</u>

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

3. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Basis of Allocation	Activities in Furtherance of the breed £	Rental Income £	Total 2016 £	Total 2015 £
Grants Payable					
The amount payable in the year comprises:					
Northern Ireland Hereford Breeders Association	Direct	500	-	500	500
Scottish Hereford Breeders Association	Direct	500	-	500	-
M & E A Hereford Breeders Association	Direct	500	-	500	500
Hereford Cattle Breeders Association	Direct	-	-	-	-
South Western H.A.	Direct	-	-	-	500
South of England H.B.A.	Direct	300	-	300	-
North of England H.B.A.	Direct	500	-	500	-
Traditional H.B.A.	Direct	500	-	500	-
North Wales/Dyfed and Powys Clubs	Direct	368	-	368	322
		<u>3,168</u>	<u>-</u>	<u>3,168</u>	<u>1,822</u>
Furtherance and Promotion of the Breed					
Breed promotion and publicity	Direct	87,011	-	87,011	97,190
Other costs	Direct	26,837	-	26,837	33,117
		<u>113,848</u>	<u>-</u>	<u>113,848</u>	<u>130,307</u>
Property, Equipment, Management and Administration					
Property and equipment costs	Direct	58,805	7,200	66,005	38,187
Staff costs	Usage	190,111	9,000	199,111	197,307
Office costs	Direct	21,195	-	21,195	23,435
Other costs	Direct	5,997	-	5,997	10,892
		<u>276,108</u>	<u>16,200</u>	<u>292,308</u>	<u>269,821</u>
Governance costs	Governance	8,933	-	8,933	4,438
TOTAL EXPENDITURE		<u>402,057</u>	<u>16,200</u>	<u>418,257</u>	<u>406,388</u>

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

4. ANALYSIS OF GOVERNANCE COSTS

	2016	2015
	£	£
Accounting services	1,015	675
Audit fees	2,450	2,400
Legal and other professional fees	<u>5,468</u>	<u>1,363</u>
	<u>8,933</u>	<u>4,438</u>

5. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	166,382	159,321
Social security costs	13,329	16,687
Other pension costs	<u>19,400</u>	<u>21,299</u>
	<u>199,111</u>	<u>197,307</u>

Average number employed
Administration

Number	Number
<u>6</u>	<u>6</u>

No employee earned £60,000 per annum or more in the current or prior year.

Employee benefits totaling £11,813 (2015 - £10,364) were incurred during the year.

Council Members Emoluments

Members of the Council act in an unpaid capacity and do not accrue benefits under the pension scheme.

Council Members Expenses

Expenses totaling £400 have been reimbursed to 3 Council Members for travel expenses (2015 - £1,100 to 6 Members).

Pension Scheme – Defined Contribution

The pension charge for the year was £19,400 (2015 £21,299).

6. NET INCOME FOR THE YEAR

Net income is stated after charging:

	2016	2015
	£	£
Auditor's remuneration	2,450	2,400
Depreciation	<u>9,665</u>	<u>10,812</u>

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

7. INTANGIBLE FIXED ASSETS

	Certified Trade Mark £	Breedplan Setting Up Costs £	Total £
Cost			
1 July 2015	3,966	25,480	29,446
Additions	-	-	-
30 June 2016	<u>3,966</u>	<u>25,480</u>	<u>29,446</u>
Accumulated Depreciation			
1 July 2015	3,966	25,480	29,446
Charge for year	-	-	-
30 June 2016	<u>3,966</u>	<u>25,480</u>	<u>29,446</u>
Net Book Value			
30 June 2016	<u>-</u>	<u>-</u>	<u>-</u>
1 July 2015	<u>-</u>	<u>-</u>	<u>-</u>

8. TANGIBLE ASSETS

	Freehold Property	Furniture Office Fixtures & Fittings	Motor Vehicles	Oil Paintings & Pictures	Total
Cost or Valuation					
1 July 2015	48,545	131,161	41,750	182,694	404,150
Additions	-	6,091	-	-	6,091
Revaluation	-	-	-	-	-
Transfer to investment property	(1,900)	-	-	-	(1,900)
Disposals	-	-	-	-	-
30 June 2016	<u>46,645</u>	<u>137,252</u>	<u>41,750</u>	<u>182,694</u>	<u>408,341</u>
Accumulated Depreciation					
1 July 2015	-	122,406	16,262	-	138,668
Charge for year	-	3,293	6,372	-	9,665
Disposals	-	-	-	-	-
30 June 2016	<u>-</u>	<u>125,699</u>	<u>22,634</u>	<u>-</u>	<u>148,333</u>
Net Book Value					
30 June 2016	<u>46,645</u>	<u>11,553</u>	<u>19,116</u>	<u>182,694</u>	<u>260,008</u>
1 July 2015	<u>48,545</u>	<u>8,755</u>	<u>25,488</u>	<u>182,694</u>	<u>265,482</u>

Certain parts of the freehold property are held for use in operating leases.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

Hereford House, Offa Street was purchased in 1920 for £2,500 and subsequently various capital purchases were made including adjacent land (now Hereford House, East Street) bringing the total purchase price to £46,645. In the opinion of Council, the market value of the freehold property is significantly in excess of the value shown in the financial statements. The Council estimate its value to be in the region of £1,000,000.

	2016 £	2015 £
Oil paintings and pictures at valuation		
Valuation in 2015 by Brightwells, auctioneers and valuers	<u>182,600</u>	<u>182,600</u>
Historical cost information		
Historical cost of revalued paintings and pictures	<u>565</u>	<u>565</u>

During the year ended 30 June 2015, Brightwells, professional auctioneers and valuers, carried out a valuation of the oil paintings. The valuation provided was the value for insurance purposes, based on current market conditions. Brightwells are members of the Society of Fine Art Auctioneers. The value on the balance sheet has been revalued accordingly.

9. FIXED ASSET INVESTMENTS

Fixed asset investments comprise the following:

	2016 £	2015 £
Investment property	330,000	-
Listed investments	433,590	453,754
Total investments	<u>763,590</u>	<u>453,754</u>

Investment property

	East Street Car Park	Total
Cost or Valuation		
1 July 2015	-	-
Additions	-	-
Transfer from freehold property	1,900	1,900
Revaluation	328,100	328,100
Disposals	-	-
30 June 2016	<u>330,000</u>	<u>330,000</u>
Impairment provision		
1 July 2015	-	-
Impairment	-	-
Disposals	-	-
30 June 2016	<u>-</u>	<u>-</u>
Net Book Value		
30 June 2016	<u>330,000</u>	<u>330,000</u>
1 July 2015	<u>-</u>	<u>-</u>

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

East Street Car Park was purchased in 1960 for £1,900. As the property is held solely for generating rental income, it has been transferred from freehold property to investment property. During the year, Charles Watkinson MRICS of Cross and James valuers, carried out a valuation and valued the car park at £330,000. This valuation has been recognised in the accounts accordingly.

Listed investments

Fixed asset investments comprise listed investments as follows:

	2016 £	2015 £
Valuation at 1 July 2015	453,754	408,930
Additions	399,965	77,028
Disposals	(393,893)	(31,485)
Loss on revaluation	(26,236)	(719)
Valuation at 30 June 2016	<u>433,590</u>	<u>453,754</u>
Historical cost of investments held	<u>438,163</u>	<u>432,090</u>

All of the Society's investments are held in the United Kingdom.

All of the investments are held primarily to provide an investment return for the Society.

10. STOCKS

	2016 £	2015 £
Goods for resale	<u>11,222</u>	<u>10,166</u>

11. DEBTORS

	2016 £	2015 £
Trade debtors	42,429	15,791
Prepayments	<u>11,068</u>	<u>10,589</u>
	<u>53,497</u>	<u>26,380</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Taxation and social security	15,531	14,661
Other creditors and accruals	<u>17,954</u>	<u>14,669</u>
	<u>33,485</u>	<u>29,330</u>

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	General Fund £	Restricted Fund £	Designated Funds £	Revaluation Fund £	Total £
Intangible fixed assets	-	-	-	-	-
Tangible fixed assets	85,508	-	-	174,500	260,008
Investments	428,544	-	6,946	328,100	763,590
Current assets	-	-	126,691	-	126,691
Current liabilities	(33,485)	-	-	-	(33,485)
	<u>480,567</u>	<u>-</u>	<u>133,637</u>	<u>502,600</u>	<u>1,116,804</u>

14. MOVEMENT IN FUNDS

	At 1 July 2015 £	Incoming Resources £	Outgoing Resources £	Transfers £	At 30 June 2016 £
Unrestricted funds					
Revaluation fund	174,500	328,100	-	-	502,600
Designated fund 1	125,741	13,646	5,750	-	133,637
Designated fund 2	2,541	-	2,541	-	-
General fund	468,048	448,721	436,202	-	480,567
Total	<u>770,830</u>	<u>790,467</u>	<u>444,493</u>	<u>-</u>	<u>1,116,804</u>

Revaluation Fund

The revaluation fund is required by the Companies Act 2006 and represents the following:
£174,500 - the amount by which fixed assets stated at a valuation exceed their historical cost.
£328,100 – the amount by which investment property valuation exceeded its historical cost.

Designated fund 1

This designated fund represents income received from beef scheme levies which is used for the promotion of schemes which aim to improve the Breed.

Designated fund 2

This designated fund represented donations received which were to be used towards the development of young breeders. During the year the Council expended more than the total of the designated fund. It was therefore decided that the fund be discontinued.

15. GUARANTEE

Members of the Society guarantee to contribute an amount not exceeding £5 to the assets of the Society in the event of a winding up in the time that they are members, or within one year of ceasing to be a member. The total number of such guarantees at 30 June 2016 was 1,472 (2015 – 1,367).

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

NOTES TO THE FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS

Members of Council enter into transactions with the Society in the normal course of business and on identical terms to every other member of the Society. During the year sales amounting to £32,479 were made to Members of Council. The total amount owing to the Society by the Council Members at 30th June 2016 was £2,002 (2015 - £652).

17. RECLASSIFICATION OF INVESTMENT INCOME

In order to comply with the SORP FRSSE, investment income of £24,088 relating to the rental income received from the East Street car park, has been reclassified in the comparative figures from Other Trading Activities to Income from Investments.

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

DETAILED PROFIT AND LOSS ACCOUNT

	2016 £	2015 £
Turnover (Appendix 1)	372,452	350,019
Administrative expenses (Appendix 2)	(418,257)	(406,388)
Other operating income	67,204	72,189
Operating profit	<u>21,399</u>	<u>15,820</u>
Investment income	17,843	15,592
Profit on ordinary activities before taxation	<u>39,242</u>	<u>31,412</u>
Profit on disposal of investments	4,868	2,972
Trading profit for the financial year	<u><u>44,110</u></u>	<u><u>34,384</u></u>

**RECONCILIATION OF PROFIT AND LOSS ACCOUNT TO
STATEMENT OF FINANCIAL ACTIVITIES**

	2016 £	2015 £
Trading profit for the financial year	44,110	34,384
Profit on revaluation of fixed assets	-	25,100
Profit on revaluation of fixed asset investment property	328,100	-
Loss on revaluation of investments	(26,236)	(719)
Net movement in funds	<u><u>345,974</u></u>	<u><u>58,765</u></u>

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

This schedule does not form part of the statutory financial statements

DETAILED PROFIT AND LOSS ACCOUNT

(Appendix 1)

	2016	2015
	£	£
TURNOVER		
Membership income (Note i)	96,108	90,389
Registration fees	213,332	195,381
Transfer fees	33,136	34,569
Herd name registrations	3,341	3,250
Export fees	755	875
Sales of publications	233	300
Society shows and sales	2,647	2,950
Private sales	-	2,384
Semen sales	6,590	4,866
Beef scheme levies	13,646	11,929
Donations	2,664	3,126
	<u>372,452</u>	<u>350,019</u>
 (i) Membership Income		
Members' annual subscriptions	76,548	71,650
Entrance fees on admission to membership	5,400	5,320
Gift Aid	14,160	13,419
	<u>96,108</u>	<u>90,389</u>

This schedule does not form part of the statutory financial statements

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

DETAILED PROFIT AND LOSS ACCOUNT

(Appendix 2)

	2016 £	2015 £
ADMINISTRATIVE EXPENSES		
Grants	3,168	1,822
Subscriptions	1,392	1,582
Publicity expenses	81,261	89,985
General running costs (Note i)	303,238	282,428
Depreciation and amortisation (Note ii)	9,665	10,294
Provision for World and European conferences	-	1,500
Expenditure for World Conference less provisions	2,207	-
Breed improvement scheme	5,750	7,205
Breedplan costs	11,576	11,572
	<u>418,257</u>	<u>406,388</u>
(i) General Running Costs		
Salaries	179,711	176,008
Pension scheme payments	19,400	21,299
Auditor's fees	2,450	2,400
Legal and professional fees	6,483	2,038
Rates	9,837	9,355
Repairs, renewals and maintenance	32,905	6,563
Insurance	2,956	5,078
Printing and stationery	5,565	5,700
Postage	11,460	13,417
Telephone	4,170	4,318
Office cleaning	6,348	5,940
Electricity	10,666	8,935
Vehicle expenses	1,337	2,058
Travelling, subsistence and hospitality	3,953	8,427
Bad debts	-	4,887
Sundry expenses	2,132	2,915
DNA testing	1,471	670
Bank charges	2,394	2,420
	<u>303,238</u>	<u>282,428</u>
(ii) Depreciation		
Furniture, office fixtures and equipment	3,293	2,316
Motor vehicles	6,372	8,496
Profit on disposal of motor vehicle	-	(518)
	<u>9,665</u>	<u>10,294</u>

This schedule does not form part of the statutory financial statements

THE HEREFORD CATTLE SOCIETY (Company number 12100)
YEAR ENDED 30 JUNE 2016

MEMBERSHIP

	Number of Members 2016	Number of Members 2015
Northern Ireland	161	140
Scotland	75	71
Wales	275	254
North of England	201	177
South of England	118	112
South West of England	152	141
Midlands and East Anglia	193	179
West Midlands	274	270
Overseas	23	23
	<u>1,472</u>	<u>1,367</u>

NUMBER OF NEW MEMBERS ELECTED

2010/2011	94 Members
2011/2012	105 Members
2012/2013	104 Members
2013/2014	135 Members
2014/2015	133 Members
2015/2016	135 Members

This schedule does not form part of the statutory financial statements