

DRAFT

Report of the Trustees and
Financial Statements
for the Year Ended 30 June 2023
for
The Hereford Cattle Society

Thorne Widgey Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Contents of the Financial Statements
for the Year Ended 30 June 2023

	Page
Report of the Trustees	1 to 5
Report of the Independent Auditors	6 to 9
Statement of Financial Activities	10
Balance Sheet	11 to 12
Cash Flow Statement	13
Notes to the Cash Flow Statement	14
Notes to the Financial Statements	15 to 26
Detailed Statement of Financial Activities	27 to 28

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 30 June 2023. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

Objectives and aims

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 developing the market for pedigree and commercial Hereford cattle and building increased awareness of the Hereford beef brand to consumers.

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

The Society this year has adopted linear scoring which provides an independent assessment of cows in your herd reviewing strengths and weaknesses to enhance longevity, health & welfare.

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 is a Breed 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.

STRATEGIC REPORT

Achievement and performance

I have served on council for many years and the challenges remain constant as we live through a cost of living crisis which brings its own set of unique challenges for us as a society in managing our costs but still delivering to our membership.

During the last financial year we have continued to deliver on our core objectives under the challenges of costs continuing to increase due to the inflationary period that we have all encountered.

We continue to make savings where we can, particularly around postage and general printing costs.

The Council

As chairman of council I wish to express my sincere thanks to all council members for their support and dedication, none more so than your president David Smyth. It is perhaps prudent of me to state that council members as trustees of the society freely give up their time and energy for the benefit of all members.

In 2023, there were over 1,000 active pedigree Hereford breeders across England, Northern Ireland, Scotland and Wales, which is testament to the strength of the breed.

Many of you will have known about the Northern Ireland levy dispute with NIHBA which I can now report has been resolved with a one off settlement of £35,000 and moving forward NIHBA will collect 50% of the levy which is £1.50 and Hereford cattle society will collect the other £1.50 per head.

It is customary for the chairman to thank staff on behalf of the membership as we complete another 12 months of activities and a special thanks to our staff, Paul, Tracey, Beverley and Laura for ensuring the smooth running of the society

Financial Report

The income from charitable activities was £614,681 (2022: £612,640) of which all is incoming resources of unrestricted funds.

This year saw a considerable reduction in our legal fees from £62,825 in 2022 to £19,354 in 2023. Our debtors remain similar to last year and is testament to the staff and their efforts in this area.

There is a significant decrease in our beef levy income which is a continued trend from 2022 and a reflection of the current market. We continue to work extremely hard in looking for new schemes with potential retailers and new partners.

This year we have spent more on publicity/breed promotion to ensure we get the maximum exposure for the Hereford breed and brand. A proportion of this extra spend is due to rising costs especially associated to the shows.

It was pleasing to see the Youth charity ball take place in November with the Dunbia group kindly sponsoring the evening. The event raised sufficient funds to make charitable donations to both Farm Safety Foundation and Leukaemia UK.

This year has been particularly challenging in terms of managing our costs but we have still managed to deliver on our core objectives.

Financial review

Investment policy and objectives

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.

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 30 June 2023 would be £500,000. This provides sufficient funds to cover management and administration and support costs. Unrestricted funds are maintained at least at this level throughout the year.

The financial results for the charity are as detailed in the statement of financial activity on page 11 and the balance sheet on page 12. The charity total assets of £1,597,753 (2022 - £1,635,499). All funds are unrestricted and are available for the general purposes of the society

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

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 Director of Operations regularly. The Council make all policy decisions. The Director of Operations 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.

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

Pay Policy for Senior Staff

The pay of all staff is reviewed annually and normally increased in accordance with average earnings. All pay awards 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.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00012100 (England and Wales)

Registered Charity number

217428

Registered office

Hereford House
3 Offa Street
Hereford
HR1 2LL

The Hereford Cattle Society

Report of the Trustees
for the Year Ended 30 June 2023

Trustees

Council Members

The Council members during the year were:

Mr P J Allman (Chairman)

Mr M J Clark

Mrs J Cooper

Mrs S Cowle

Mr J Graham

Mr G Harvey

Mr J Hodge

Mr M Jenkins

Mr A Jones

Mrs A Kerslake

Mr A J Massey

Mr J D Moorhouse - retired 14.02.23

Mr C Roberts

Mr M Shaw

Mr D Smyth

Miss E N Thorne

Mr G Wood - elected 16.05.23

President

Mr D Smyth

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 A J Massey

Director of operations

Mr P Sneyd

Key Management

Mr P Sneyd

Miss L Bowyer

Ms T Thomas

Mrs B Turner

Auditors

Thorne Widgery Accountancy Ltd

Chartered Accountants

Statutory Auditors

2 Wyevale Business Park

Kings Acre

Hereford

Herefordshire

HR4 7BS

Solicitors

T A Matthews & Co

First Floor Broadway House

32 - 35 Broad Street

Hereford

HR4 9AR

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Natwest
12 Broad Street
Hereford
HR4 9AH

Investment Advisors

Canaccord Genuity Wealth Management
41 Lothbury
London
EC2R 7AE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year 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 the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Thorne Widgery Accountancy Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on and signed on the board's behalf by:

.....
P Allman - Trustee

Opinion

We have audited the financial statements of The Hereford Cattle Society (the 'charitable company') for the year ended 30 June 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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 (United Kingdom Generally Accepted Accounting Practice).

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 2023 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.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 Report of the Independent Auditors 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

DRAFT

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Fraud and breaches of laws and regulations - ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- o Enquiring of council members, management and inspection of policy documentation as to the Charity's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- o Reading Council Members' meeting minutes.
- o Considering performance targets for management.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is non-judgemental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks. We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted by finance management/ those posted and approved by the same user/ those posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with management (as required by auditing standards) and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation, the Charities Act legislation and guidance issued by DEFRA and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Report of the Independent Auditors to the Trustees of
The Hereford Cattle Society

Secondly, the Charity is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Charity's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, data protection, anti-money laundering and specific areas of other legislation recognising the nature of the Charity's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of management, inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

for and on behalf of Thorne Widgey Accountancy Ltd
Chartered Accountants
Statutory Auditors
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:

The Hereford Cattle Society

Statement of Financial Activities
for the Year Ended 30 June 2023

	Notes	Unrestricted funds £	Restricted fund £	30.6.23 Total funds £	30.6.22 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	5,000	-	5,000	-
Charitable activities					
Furtherance of the breed	4	614,681	-	614,681	612,640
Investment income	3	64,583	-	64,583	59,584
Other income		62,369	-	62,369	58,932
Total		746,633	-	746,633	731,156
EXPENDITURE ON					
Raising funds	5	3,530	-	3,530	3,783
Charitable activities					
Furtherance of the breed	6	759,898	-	759,898	710,884
Total		763,428	-	763,428	714,667
Net gains/(losses) on investments		(20,951)	-	(20,951)	(46,840)
NET INCOME/(EXPENDITURE)		(37,746)	-	(37,746)	(30,351)
RECONCILIATION OF FUNDS					
Total funds brought forward		1,632,594	2,905	1,635,499	1,665,850
TOTAL FUNDS CARRIED FORWARD		1,594,848	2,905	1,597,753	1,635,499

The notes form part of these financial statements

The Hereford Cattle Society

Balance Sheet
30 June 2023

	Notes	Unrestricted funds £	Restricted fund £	30.6.23 Total funds £	30.6.22 Total funds £
FIXED ASSETS					
Tangible assets	14	58,459	-	58,459	61,874
Heritage assets	15	382,050	-	382,050	382,050
Investments					
Investments	16	641,771	-	641,771	693,126
Investment property	17	375,000	-	375,000	375,000
		<u>1,457,280</u>	<u>-</u>	<u>1,457,280</u>	<u>1,512,050</u>
CURRENT ASSETS					
Stocks	18	6,890	-	6,890	6,890
Debtors	19	69,837	-	69,837	62,219
Cash at bank and in hand		101,095	2,905	104,000	155,838
		<u>177,822</u>	<u>2,905</u>	<u>180,727</u>	<u>224,947</u>
CREDITORS					
Amounts falling due within one year	20	(40,254)	-	(40,254)	(101,498)
		<u>137,568</u>	<u>2,905</u>	<u>140,473</u>	<u>123,449</u>
NET CURRENT ASSETS					
		<u>137,568</u>	<u>2,905</u>	<u>140,473</u>	<u>123,449</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,594,848</u>	<u>2,905</u>	<u>1,597,753</u>	<u>1,635,499</u>
NET ASSETS		<u>1,594,848</u>	<u>2,905</u>	<u>1,597,753</u>	<u>1,635,499</u>
FUNDS	21				
Unrestricted funds				1,594,848	1,632,594
Restricted funds				2,905	2,905
TOTAL FUNDS				<u>1,597,753</u>	<u>1,635,499</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 June 2023.

The members have not deposited notice, pursuant to Section 476 of the Companies Act 2006 requiring an audit of these financial statements.

The trustees acknowledge their responsibilities for

- ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been audited under the requirements of Section 145 of the Charities Act 2011.

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:

The notes form part of these financial statements

.....
P Allman - Trustee

.....
C Roberts - Trustee

DRAFT

The Hereford Cattle Society

Cash Flow Statement
for the Year Ended 30 June 2023

	Notes	30.6.23 £	30.6.22 £
Cash flows from operating activities			
Cash generated from operations	1	(116,665)	66,964
Net cash (used in)/provided by operating activities		(116,665)	66,964
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(1,384)
Purchase of fixed asset investments		(92,887)	(221,784)
Sale of fixed asset investments		123,291	191,903
Sale of investment property		-	25,000
Dividends received		34,423	32,362
Revaluation of Investment Property		-	(25,000)
Net cash provided by investing activities		64,827	1,097
Change in cash and cash equivalents in the reporting period		(51,838)	68,061
Cash and cash equivalents at the beginning of the reporting period		155,838	87,777
Cash and cash equivalents at the end of the reporting period		104,000	155,838

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 30 June 2023

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	30.6.23 £	30.6.22 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(37,746)	(30,351)
Adjustments for:		
Depreciation charges	3,415	4,387
Losses on investments	20,951	46,840
Dividends received	(34,423)	(32,362)
Increase in stocks	-	(932)
(Increase)/decrease in debtors	(7,618)	30,234
(Decrease)/increase in creditors	(61,244)	49,148
Net cash (used in)/provided by operations	(116,665)	66,964

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.7.22 £	Cash flow £	At 30.6.23 £
Net cash			
Cash at bank and in hand	155,838	(51,838)	104,000
	155,838	(51,838)	104,000
Total	155,838	(51,838)	104,000

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

The Society 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 note(s).

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the company has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the company's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

The company has considered the effects of Covid 19 on their financial future and are confident there will be no significant effect on them continuing as a going concern.

Income

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Allocation and apportionment of 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.

Intangible fixed assets

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

Trade Mark - 5 years

Breedplan - 3 years

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation. Items are capitalised where the acquisition cost exceeds £1,000.

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

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Motor vehicles - 25% reducing balance

Office equipment - 25% / 20% / 10% reducing balance, 20% straight line

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.

Heritage assets

Heritage assets include oil paintings and pictures. These 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.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in the Statement of Financial Activities.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Donated goods

Donated goods are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102).

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.

Debtors

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

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.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

1. ACCOUNTING POLICIES - continued

Interest receivable

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.

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 recognised at transaction value and subsequently measured at their settlement value.

Preparation of the accounts on a going concern basis

There are no material uncertainties about the Society's ability to continue. All of the Society's ability to continue. All of the Society's activities over the last 10 to 15 years have been on an upward trend and there is no indication that this will not continue. On this basis the Society is considered to be a going concern.

2. DONATIONS AND LEGACIES

	30.6.23	30.6.22
	£	£
Donations	5,000	-
	<u>5,000</u>	<u>-</u>

The income from donations and legacies was £5,000 (2022: £Nil) of which £5,000 was unrestricted (2022: £Nil).

3. INVESTMENT INCOME

	30.6.23	30.6.22
	£	£
Rents received	30,160	27,222
Dividends	34,423	32,362
	<u>64,583</u>	<u>59,584</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Activity	30.6.23	30.6.22
		£	£
Membership income	Furtherance of the breed	110,614	88,503
Gift aid	Furtherance of the breed	18,743	14,398
Registration fees	Furtherance of the breed	242,083	232,845
Transfer fees	Furtherance of the breed	35,116	41,494
Beef scheme levies	Furtherance of the breed	24,596	42,834
Export fees	Furtherance of the breed	904	575
Sales and commissions	Furtherance of the breed	68,015	68,132
DNA testing	Furtherance of the breed	110,093	121,484
Herd prefix	Furtherance of the breed	4,517	2,375
		<u>614,681</u>	<u>612,640</u>

The income from charitable activities was £614,681 (2022: £612,640) of which all is incoming resources of unrestricted funds. £24,596 of Beef Scheme Levies was designated fund - breed improvement (2022: £42,834). The remainder being general fund within unrestricted funds.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

5. RAISING FUNDS

Investment management costs

	30.6.23	30.6.22
	£	£
Portfolio management	3,530	3,783

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Grant funding of activities (see note 7) £	Support costs (see note 8) £	Totals £
Furtherance of the breed	726,000	4,059	29,839	759,898

7. GRANTS PAYABLE

	30.6.23	30.6.22
	£	£
Furtherance of the breed	4,059	1,572

The total grants paid to institutions during the year was as follows:

	30.6.23	30.6.22
	£	£
Area Association Grant	4,059	1,572

8. SUPPORT COSTS

	Finance £	Governance costs £	Totals £
Furtherance of the breed	1,967	27,872	29,839

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	30.6.23	30.6.22
	£	£
Auditors' remuneration	4,803	4,575
Depreciation - owned assets	3,415	4,387

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 June 2023 nor for the year ended 30 June 2022.

Trustees' expenses**Council Members Expenses**

Expenses totalling £4,389.67 have been reimbursed to 9 Council Members for travel expenses (2022: £2,755.62 to 6 members).

11. STAFF COSTS

	30.6.23	30.6.22
	£	£
Wages and salaries	196,000	179,611
Social security costs	17,638	15,227
Other pension costs	3,886	5,221
	<u>217,524</u>	<u>200,059</u>

The average monthly number of employees during the year was as follows:

	30.6.23	30.6.22
Administration	<u>4</u>	<u>4</u>

The key management personnel of the charity are listed under reference and administrative details. The total employee benefits that were received by the key management personnel in the year were £217,524 (2022: £200,059). The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 banded £80,000-£90,000 was: 1 (2022: 1).

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted fund £	Total funds £
INCOME AND ENDOWMENTS FROM			
Charitable activities			
Furtherance of the breed	612,640	-	612,640
Investment income	59,584	-	59,584
Other income	58,932	-	58,932
Total	<u>731,156</u>	<u>-</u>	<u>731,156</u>
EXPENDITURE ON			
Raising funds	3,783	-	3,783
Charitable activities			
Furtherance of the breed	710,884	-	710,884
Total	<u>714,667</u>	<u>-</u>	<u>714,667</u>
Net gains/(losses) on investments	<u>(46,840)</u>	<u>-</u>	<u>(46,840)</u>
NET INCOME/(EXPENDITURE)	<u>(30,351)</u>	<u>-</u>	<u>(30,351)</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds £	Restricted fund £	Total funds £
RECONCILIATION OF FUNDS			
Total funds brought forward	1,662,945	2,905	1,665,850
TOTAL FUNDS CARRIED FORWARD	<u>1,632,594</u>	<u>2,905</u>	<u>1,635,499</u>

13. INTANGIBLE FIXED ASSETS

	Certified trade mark £	Breedplan setting up costs £	Totals £
COST			
At 1 July 2022 and 30 June 2023	<u>3,966</u>	<u>25,480</u>	<u>29,446</u>
AMORTISATION			
At 1 July 2022 and 30 June 2023	<u>3,966</u>	<u>25,480</u>	<u>29,446</u>
NET BOOK VALUE			
At 30 June 2023	<u>-</u>	<u>-</u>	<u>-</u>
At 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>

14. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Office equipment £	Totals £
COST				
At 1 July 2022 and 30 June 2023	<u>46,645</u>	<u>20,798</u>	<u>156,398</u>	<u>223,841</u>
DEPRECIATION				
At 1 July 2022	-	17,097	144,870	161,967
Charge for year	-	925	2,490	3,415
At 30 June 2023	<u>-</u>	<u>18,022</u>	<u>147,360</u>	<u>165,382</u>
NET BOOK VALUE				
At 30 June 2023	<u>46,645</u>	<u>2,776</u>	<u>9,038</u>	<u>58,459</u>
At 30 June 2022	<u>46,645</u>	<u>3,701</u>	<u>11,528</u>	<u>61,874</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

15. HERITAGE ASSETS

	Total £
MARKET VALUE	
At 1 July 2022 and 30 June 2023	382,050
NET BOOK VALUE	
At 30 June 2023	382,050
At 30 June 2022	382,050

Revaluation

During December 2019 a revaluation of the Heritage Assets was performed by Brightwells Auctioneers and Valuers, Leominster. The result of the revaluation is reflected in these financial statements.

16. FIXED ASSET INVESTMENTS

	Listed investments £
MARKET VALUE	
At 1 July 2022	693,126
Additions	92,887
Disposals	(121,633)
Revaluations	(22,609)
At 30 June 2023	641,771
NET BOOK VALUE	
At 30 June 2023	641,771
At 30 June 2022	693,126

There were no investment assets outside the UK.

Cost or valuation at 30 June 2023 is represented by:

	Listed investments £
Valuation in 2023	641,771

17. INVESTMENT PROPERTY

	£
FAIR VALUE	
At 1 July 2022 and 30 June 2023	375,000
NET BOOK VALUE	
At 30 June 2023	375,000
At 30 June 2022	375,000

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

17. INVESTMENT PROPERTY - continued

Fair value at 30 June 2023 is represented by:

Valuation in 2023	£ 375,000
-------------------	--------------

Investment Property relates to the car park located on East Street in Hereford. The most recent valuation was completed 23/03/2022 by Sunderlands.

18. STOCKS

	30.6.23 £	30.6.22 £
Stocks	6,890	6,890

19. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.23 £	30.6.22 £
Trade debtors	56,474	50,136
Prepayments and accrued income	13,363	12,083
	69,837	62,219

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.6.23 £	30.6.22 £
Trade creditors	26,458	80,433
VAT	11,171	18,593
Other creditors	731	668
Accruals and deferred income	1,894	1,804
	40,254	101,498

21. MOVEMENT IN FUNDS

	At 1.7.22 £	Net movement in funds £	At 30.6.23 £
Unrestricted funds			
General fund	1,319,604	(24,328)	1,295,276
Designated fund - Breed Improvement	312,990	(13,418)	299,572
	1,632,594	(37,746)	1,594,848
Restricted funds			
Restricted fund	2,905	-	2,905
TOTAL FUNDS	1,635,499	(37,746)	1,597,753

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

21. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	722,037	(725,414)	(20,951)	(24,328)
Designated fund - Breed Improvement	24,596	(38,014)	-	(13,418)
	<u>746,633</u>	<u>(763,428)</u>	<u>(20,951)</u>	<u>(37,746)</u>
TOTAL FUNDS	<u>746,633</u>	<u>(763,428)</u>	<u>(20,951)</u>	<u>(37,746)</u>

Comparatives for movement in funds

	At 1.7.21 £	Net movement in funds £	At 30.6.22 £
Unrestricted funds			
General fund	813,270	(95,216)	718,054
Revaluation fund	576,550	25,000	601,550
Designated fund - Breed Improvement	273,125	39,865	312,990
	<u>1,662,945</u>	<u>(30,351)</u>	<u>1,632,594</u>
Restricted funds			
Restricted fund	2,905	-	2,905
	<u>2,905</u>	<u>-</u>	<u>2,905</u>
TOTAL FUNDS	<u>1,665,850</u>	<u>(30,351)</u>	<u>1,635,499</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	688,322	(711,698)	(71,840)	(95,216)
Revaluation fund	-	-	25,000	25,000
Designated fund - Breed Improvement	42,834	(2,969)	-	39,865
	<u>731,156</u>	<u>(714,667)</u>	<u>(46,840)</u>	<u>(30,351)</u>
TOTAL FUNDS	<u>731,156</u>	<u>(714,667)</u>	<u>(46,840)</u>	<u>(30,351)</u>

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

21. MOVEMENT IN FUNDS - continued

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.7.21 £	Net movement in funds £	At 30.6.23 £
Unrestricted funds			
General fund	813,270	(119,544)	693,726
Revaluation fund	576,550	25,000	601,550
Designated fund - Breed Improvement	273,125	26,447	299,572
	<u>1,662,945</u>	<u>(68,097)</u>	<u>1,594,848</u>
Restricted funds			
Restricted fund	2,905	-	2,905
	<u>2,905</u>	<u>-</u>	<u>2,905</u>
TOTAL FUNDS	<u><u>1,665,850</u></u>	<u><u>(68,097)</u></u>	<u><u>1,597,753</u></u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,410,359	(1,437,112)	(92,791)	(119,544)
Revaluation fund	-	-	25,000	25,000
Designated fund - Breed Improvement	67,430	(40,983)	-	26,447
	<u>1,477,789</u>	<u>(1,478,095)</u>	<u>(67,791)</u>	<u>(68,097)</u>
TOTAL FUNDS	<u><u>1,477,789</u></u>	<u><u>(1,478,095)</u></u>	<u><u>(67,791)</u></u>	<u><u>(68,097)</u></u>

Revaluation Fund

The revaluation fund is required by the Companies Act 2006 and represents the following:

£228,450 - the amount by which fixed assets stated at a valuation exceed their historical cost.

£373,100 - the amount by which investment property valuation exceeded its historical cost.

Designated fund - Breed Improvement

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

Restricted Fund

UKHY Bursary Received in YE 30.06.2020.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

22. CONTINGENT LIABILITIES

There is currently a potential claim against the Society by two Society members who have instructed solicitors. At present no Court claim has been issued and we do not know the legal position of the claim or any potential liability that may arise.

23. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 30 June 2023.

24. GUARANTEE

The Society is a company limited by guarantee and has no share capital. 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 2023 was 1,357 (2022: 1,496)

25. MEMBERSHIP

	Number of Members 2023	Number of Members 2022
Northern Ireland	145	164
Scotland	73	85
Wales	249	274
North of England	202	209
South of England	106	110
South West of England	157	180
Midlands and East Anglia	154	181
West Midlands	251	273
Overseas	20	20
	<hr/> 1,357	<hr/> 1,496

NUMBER OF NEW MEMBERS ELECTED

2013/2014	135 Members
2014/2015	133 Members
2015/2016	135 Members
2016/2017	102 Members
2017/2018	118 Members
2018/2019	89 Members
2019/2020	113 Members
2020/2021	107 Members
2021/2022	104 Members
2022/2023	74 Members

This schedule does not form part of the statutory financial statements.

Notes to the Financial Statements - continued
for the Year Ended 30 June 2023

26. DETAILED PROFIT AND LOSS ACCOUNT

	2023 £	2022 £
Turnover	614,681	612,640
Administrative Expenses	(763,458)	(714,667)
Other Operating Income	97,529	86,154
Operating (Loss)/Profit	(51,218)	(15,873)
Investment Income	34,423	32,362
Profit on Ordinary Activities Before Taxation	(16,795)	16,489
Profit on Disposal of Investments	1,658	30,117
Trading Profit for the Financial Year	(15,137)	46,606

RECONCILIATION OF PROFIT AND LOSS ACCOUNT TO STATEMENT OF FINANCIAL ACTIVITIES

	2023 £	2022 £
Trading Profit for the Financial Year	(15,137)	46,606
Profit (Loss) on revaluation of investment property	-	25,000
Profit (Loss) on revaluation of listed investments	(22,609)	(101,957)
Net Movement in Funds	(37,746)	(30,351)

Detailed Statement of Financial Activities
for the Year Ended 30 June 2023

	30.6.23 £	30.6.22 £
INCOME AND ENDOWMENTS		
Donations and legacies		
Donations	5,000	-
Investment income		
Rents received	30,160	27,222
Dividends	34,423	32,362
	<hr/> 64,583	<hr/> 59,584
Charitable activities		
Membership income	110,614	88,503
Gift aid	18,743	14,398
Registration fees	242,083	232,845
Transfer fees	35,116	41,494
Beef scheme levies	24,596	42,834
Export fees	904	575
Sales and commissions	68,015	68,132
DNA testing	110,093	121,484
Herd prefix	4,517	2,375
	<hr/> 614,681	<hr/> 612,640
Other income		
Rental income	62,369	58,932
	<hr/>	<hr/>
Total incoming resources	746,633	731,156
EXPENDITURE		
Investment management costs		
Portfolio management	3,530	3,783
Charitable activities		
Wages	196,000	179,611
Social security	17,638	15,227
Pensions	3,886	5,221
Rates and water	6,475	13,212
Premises & Health Insurance	8,050	7,480
Light and heat	24,699	21,400
Telephone	3,586	4,978
Postage and stationery	19,076	18,949
Shows & Breed Promotion	197,898	149,420
Sundries	4,229	7,611
Cleaning	11,222	8,831
Vehicle expenses	2,877	3,697
Travelling expenses	16,538	16,373
DNA testing	111,226	113,850
Repairs and maintenance	19,074	30,196
Carried forward	642,474	596,056

Detailed Statement of Financial Activities
for the Year Ended 30 June 2023

	30.6.23 £	30.6.22 £
Charitable activities		
Brought forward	642,474	596,056
Breed improvement scheme	3,014	2,969
Breedplan costs	17,628	14,610
Subscriptions	1,854	1,208
Transfer of beef scheme levies to N.I.	35,000	-
Transfer of semen	15,393	17,016
Donations	7,222	-
Depreciation of tangible fixed assets	3,415	4,387
Grants to institutions	4,059	1,572
	<hr/>	<hr/>
	730,059	637,818
Support costs		
Finance		
Bank charges	1,967	2,102
Governance costs		
Auditors' remuneration	4,803	4,575
Accountancy fees	3,715	3,564
Legal fees	19,354	62,825
	<hr/>	<hr/>
	27,872	70,964
Total resources expended	<hr/>	<hr/>
	763,428	714,667
Net (expenditure)/income before gains and losses	<hr/>	<hr/>
	(16,795)	16,489
Realised recognised gains and losses		
Realised gains/(losses) on fixed asset investments	(20,951)	(71,840)
Realised gains/(losses) on investment property	-	25,000
	<hr/>	<hr/>
Net expenditure	<hr/>	<hr/>
	(37,746)	(30,351)