



# Annual Report for 2010

*Sheep Database Limited*

*21<sup>st</sup> April 2011.*



Sheep Database Limited trading as Sheep Ireland  
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## 1. Summary of 2010

Sheep Database Ltd, trading as Sheep Ireland commenced operations in 2009 following a plan based on twenty strategic priorities established in 2008. These priorities were reviewed in 2010 following extensive progress in the key infrastructure area. A revised set of priorities has been agreed for the period ahead.

## 2. Background to formation of Sheep Database Ltd

Table 1 provides a summary of the developments that led to the formation of Sheep Database Ltd and progress up to the end of 2009.

Jun 2006	Completion of the <a href="#">Sheep Industry Development Strategy</a> under the Chairmanship of John Malone. This group recommended that ICBF become involved in sheep breeding.
Feb 2007	The development of a <a href="#">proposal from ICBF</a> for sheep breeding and sheep information. This proposal identified the need for an industry based decision making structure and a database to meet the information needs of the sheep breeding sector and the wider industry. It proposed a way forward for sheep breeding in Ireland along similar lines to that achieved by ICBF for cattle breeding.
Apr 2007	The Sheep Strategy Implementation Group, also chaired by John Malone <a href="#">reported on progress</a> with implementation of the recommendations of the <a href="#">Sheep Industry Development Strategy</a> and the funding arrangement for involving ICBF in sheep breeding.
Jul 2008	First meeting of the Interim Sheep Board. The Interim Sheep Board was formed under the Chairmanship of Ignatius Byrne of DAFF, and included six other members: Henry Burns (IFA), Kevin Kinsella (IFA), and James Brosnan (ICMSA) representing farmers and John Joyce, Ann Murphy and Larry Barrett representing breeders. Oliver Molloy (DAFF) was appointed as Secretary. Dr Brian Wickham, the Chief Executive of ICBF, reported to the Interim Sheep Board.
Sep 2008	A strategy project team lead by Dr Peter Amer, commissioned by the Interim Sheep Board, completed a review of sheep breeding in Ireland and <a href="#">filed its report</a> . The Interim Sheep Board adopted, with minor modification the <a href="#">twenty recommendations</a> contained in the Strategy Project Team report.
Oct - Dec 2008	The ICBF team with considerable help from Timothy Byrne of <a href="#">AbacusBio Ltd</a> proceeded to establish Sheep Ireland, and form Sheep Database Ltd. Sheep Database Limited was incorporated on the 3rd of December 2008 and was granted charitable status exemption on 18th June 2009.
2009	Sheep Database Ltd, trading as Sheep Ireland commenced operations in 2009 following a plan based on twenty strategic priorities established in 2008. Key developments in 2009 included: <ul style="list-style-type: none"> <li>■ Creation of the Sheep Ireland database.</li> <li>■ Establishment of LambPlus<sup>®</sup> the performance recording scheme for ram breeders.</li> </ul>

<sup>1</sup> Source: [www.sheep.ie](http://www.sheep.ie) – background. Copies of the highlighted documents can be found on this website.

- Formation of the maternal lamb producers (MALP) program.
- Establishment of breeding objectives and selection criteria for sheep in Ireland.
- Formation of the central progeny test (CPT) with artificial insemination in four contracted flocks.

### 3. Relationship with ICBF & DAFF

ICBF has established, for cattle, an information and technology infrastructure which is very similar to that required for a world-class sheep breeding program. Rather than attempt to re-create this structure for sheep it was recognised that, with minor modification, it could also provide the facilities needed to revitalise sheep breeding in Ireland. However, it was also recognised that sheep farming involves a significantly different set of stakeholders and interests than does cattle farming. The decision was thus taken to establish a separate and independent (from ICBF) policy making interim board for sheep. This group is the Board of Sheep Database Limited. ICBF provides, on contract to Sheep Database Limited, the executive and technical functions required to establish an efficient sheep breeding infrastructure and to ensure the availability of the services needed for effective sheep breeding in Ireland.

DAFF had previously provided a sheep breeding service in Ireland. This service has been transferred to Sheep Ireland. DAFF is providing financial support to Sheep Ireland in the form of an annual operating grant and through capital support from the Irish National Development Plan (NDP).

### 4. Activities

#### Review of Strategy

The initial focus for Sheep Ireland has been on the development of a number of key elements of infrastructure based on the twenty recommendations made by the strategy project team lead by Dr Peter Amer. Progress on these was reviewed in 2010 by Peter Amer with the following being his overall assessment *“Sheep Irelands’ progress against the set of 20 recommendations put forward by the strategy team in 2008 has been excellent at a technical and operational level. A consolidation of technical progress to date is now required but with a new focus on broader engagement across the sheep industry and supporting sectors and organisations, as well as some provision for future genomics technologies.*

The detailed assessment of progress on each of the original twenty recommendations is as follows:

No. & Title	Recommendations as adopted by Interim Sheep Board:	Progress as of September 2010:
1. Animal identification - the system	The current NSIS sheep identification system be modified to include double tagging, the issue of an identical replacement for lost tags and no tagging on movement between flocks, to closely reflect the current successful cattle model; however this would only be a requirement for performance-recording breeders and producers, and not a mandated requirement across the industry.	Progress with animal identification has been sufficient, although different from originally envisaged. With the introduction of mandatory EID, the animal identification system should no longer be an issue for Sheep Ireland.

<i>2. Animal identification - Establishment of a Sheep Database</i>	A central database (the Sheep Database) is established.	Database has been established.
<i>3. Data recording - Electronic Identification (EID)</i>	Performance-recorded flocks move as quickly as possible to use of EID animal identification subject to cost and practicality.	Progress will be accelerated with mandatory EID for breeding ewes.
<i>4. Data recording - Trait recording</i>	Performance recording protocols be adjusted to accommodate earlier, later, and more regular recording of lamb live weights, recording of lamb mortality, lambing difficulty, feet problems, faecal egg counts, dag scores, and mature ewe weights.	Data recording protocols well established for main traits, but there would be benefits from refinement and investigation for disease and maternal ewe traits.
<i>5. Data recording - Minimum recording of criteria</i>	The genetic evaluation system makes use of all recorded data that helps improve the accuracy of the evaluations.	The genetic evaluation system accepts all available data subject to quality audits. A highly comprehensive genetic evaluation system has been developed. The genetic evaluation module for health traits still needs development.
<i>6. Data recording - Recording systems</i>	That data recording systems be developed to minimise costs and minimise disruption to normal management and the costs of all performance recording should initially be primed through Government support and move to a user-pays basis in a way that maintains and enhances participation in performance recording in response to demand for trait improvements by commercial producers.	Highly advanced state of the art data recording systems in place. Progress towards user pays challenged by need to build on adoption rates.
<i>7. Data recording - Data capture</i>	A range of data capture options be provided to performance recording flocks, with a view that over time these will migrate to widespread use of EID systems for performance recording.	Paper, web screen and hand held options for data recording are available.
<i>8. Data recording - Provision for new genomics technologies</i>	Blood samples be taken from selected animals (all sires of lambs recorded in the central progeny test and all lambs born in the central progeny test) and high-quality DNA extracted and stored.	High quality samples taken from MALP, but protocol needed for CPT and consideration for pedigree breeders.
<i>9. Genetic evaluation - Timing of evaluations</i>	Evaluations be conducted on at least a weekly basis all year round.	A highly comprehensive genetic evaluation system has been developed. The genetic evaluation module for health traits still needs development. Evaluations are currently restricted to several runs per year.

<p>10. Genetic evaluation - Reporting of results</p>	<p>A draft version of the breeding objective be prepared as soon as possible for further industry consultation and that the breeding objective be used to report sub-indexes for trait groups, along with overall indexes such as a Flock Replacement Index and a Terminal Index.</p>	<p>Work complete with scientific paper accepted for publication. Some future work on health traits and ewe longevity required.</p>
<p>11. Breeding (and demonstration) schemes – the Central Progeny Test</p>	<p>The Central Progeny Test (CPT) is established as outlined in this report to start with mating in 2009.</p>	<p>CPT successfully established.</p>
<p>12. Breeding (and demonstration) schemes – the Maternal Lamb Producer group (MALP) scheme</p>	<p>The MALP is established to start with mating in 2008.</p>	<p>MALP successfully established on a larger scale than originally envisaged.</p>
<p>13. Breeding (and demonstration) schemes – CPT &amp; MALP - emphasis on traits</p>	<p>The emphasis within both the CPT and the MALP is on traits, not breed.</p>	<p>Genetic evaluation results so far only valid within breeds.</p>
<p>14. Breeding (and demonstration) schemes – CPT location</p>	<p>The CPT is spread over geographically diverse locations wherever possible.</p>	<p>Good dispersion of CPT flocks achieved.</p>
<p>15. Breeding (and demonstration) schemes – operations of the MALP</p>	<p>The Interim Sheep Board urgently commits to the MALP scheme recognising that the investment reflects its critical role in the dissemination of knowledge and understanding of the value of genetic improvement to breeders and producers.</p>	<p>Investment secured.</p>
<p>16. Potential impact of the proposed genetic evaluation scheme</p>	<p>The Interim Sheep Board commissions a cost-benefit analysis of the proposed genetic evaluation scheme.</p>	<p>Preliminary cost-benefit analysis completed.</p>
<p>17. Structure - The need for a collective support structure</p>	<p>The Interim Sheep Board move towards the development of a permanent structure that pulls together and represents the interests of sheep processors, sheep producers and sheep breeders, including those sheep breeders and producers that do not currently performance record.</p>	<p>In progress.</p>
<p>18. Structure - Participation by processors</p>	<p>The sheep breeding objective be developed to reflect future industry benefits from improved carcass characteristics under close consultation with the sheep processing sector.</p>	<p>Engagement with the processing sector has been limited and this area needs extra focus going forward.</p>

<i>19. Structure - Participation by performance recording pedigree breeders</i>	The data of current PSBIP breeders needs to be migrated across to a new sheep database as a priority, and existing, improved and expanded services delivered to these breeders as soon as possible.	Data migration has been achieved and recording pedigree breeders now have access to a much broader, flexible and more powerful system
<i>20. Structure - Participation by breed societies</i>	Over time the Sheep Database should offer new systems and capability to facilitate highly cost effective delivery of services offered by breed societies to their members.	Successful for Belclare and Galway. Synergistic benefits for other societies yet to be exploited.

## Revised Strategy

As a result of the review of progress conducted late in 2010 a new set of priorities was established and adopted by the Board. These are:

<b>No. &amp; Title</b>	<b>Strategy:</b>
<i>1. Industry engagement - Enhancement of performance recording culture</i>	Sheep Ireland strive to increase the awareness of commercial sheep farmers and sheep breeders as to the value of and opportunity from performance recording in sheep, both for genetic improvement and farm management purposes.
<i>2. Industry engagement - Breed societies</i>	Sheep Ireland investigates opportunities to develop services of interest to pedigree breeders and breed societies.
<i>3. Industry engagement - Focus on MALP results in industry publicity</i>	Sheep Ireland develops and implements a plan with a concrete timeframe for promotion of Sheep Ireland based around the MALP flocks.
<i>4. Industry engagement – meat processors</i>	Sheep Ireland actively engages with as many meat processors as practical in the development of commercial farmer services.
<i>5. Technical -Development of commercial farm services</i>	Sheep Ireland develops commercial farm services over the next 2 to 4 years based on the G Potterton report in anticipation of demand from progressive farmers to capture spin-off benefits from their EID tagging investment.
<i>6. Technical -Improved phenotypic recording methods</i>	Sheep Ireland facilitates research by partner research organisations within Ireland and internationally into phenotypic recording of traits including disease traits as well as maternal (ewe) and feed efficiency (including methane yield) traits.
<i>7. Breeding Scheme Structure - An evaluation of options for more extensive recording</i>	Sheep Ireland undertake a study to evaluate the anticipated cost per phenotype captured through either more extensive MALP recording, more CPT flocks, or on-farm recording for commercial benefit.
<i>8. Breeding Scheme Structure -Evolution of MALP flocks</i>	Sheep Ireland undertakes a restructure of the MALP program, with a view to dividing flocks into second generation MALP flocks which perform a linkage and genetic evaluation role, plus a set of test flocks for commercial farm services
<i>9. Provision for Genomics - Sampling and inventory of DNA</i>	Sheep Ireland develops a tissue sample and DNA inventory for sheep, along with a protocol and calendar to ensure that all relevant DNA is collected and stored.
<i>10. Provision for Genomics -International co-operation on genome wide selection</i>	Sheep Ireland encourages and engages in international research collaboration efforts in partnership with relevant research institutions in Ireland.
<i>11. Provision for Genomics -Genomics research direction</i>	Sheep Ireland encourages and engages in research efforts that are of specific relevance to development of options and tools for implementation of genomic technologies in sheep.

12. Provision for Genomics -Gene test validation	Sheep Ireland recorded sheep resources be the preferred source of phenotyped individuals for validation of potential commercial tests, and Sheep Ireland closely monitor claims made by commercial interests in relation to test efficacy prior to testing within Ireland.
13. Provision for Genomics -Genomic breeding strategies	Sheep Ireland keep a watching brief on implementations of genomic technologies in New Zealand and Australia and encourage a research project at post graduate student level to model suitability of options for use within Ireland.

## 5. Acknowledgements

In its second full year of operation Sheep Ireland has benefitted from the support and goodwill of many individuals and organisations including:

- Teagasc through its research, education and extension activities.
- DAFF through funding, facilitation of the handover of PSBIP to ICBF, and ongoing involvement of key staff.
- Irish Grasslands Assn for facilitating a joint sheep breeding field day and presentations as part of its 2010 Sheep Conference.

This support and that from many other people is gratefully acknowledged.

## 6. Prospects

Sheep Ireland is a new organisation which is laying the foundations for sheep breeding. The vision for Sheep Ireland goes beyond sheep breeding and based on the lessons and experiences from ICBF it is clear that there will be many opportunities for delivering a wide range of benefits in the future. However, our initial challenge is sheep breeding and we must do this well before moving to other objectives.

Dermot A Ryan  
Chairperson

Brian Wickham  
Chief Executive

## 7. Directors' report and financial statements for the year ended 31 December 2010

### Company Information

DIRECTORS	Mr. D. Ryan Mr. L. Barrett Mr. J. Brosnan Mr. H. Burns Mr. K. Kinsella Ms. A. Murphy Mr. J. Joyce (resigned 30 March 2010) Mr. R. Moore (appointed 27 May 2010)
SECRETARY	Mr. J. Carty (appointed 5 November 2010) Department of Agriculture, Fisheries and Food Pavilion A Grattan Business Park Portlaoise
CHIEF EXECUTIVE	Dr. B. Wickham
COMPANY'S ADDRESS AND REGISTERED OFFICE	Highfield House Shinagh Bandon Co. Cork
SOLICITORS	P. J. O'Driscoll & Sons Solicitors South Main Street Bandon Co. Cork
BANKERS	AIB Bank South Main Street Bandon Co. Cork
AUDITORS	Ernst & Young Chartered Accountants City Quarter Lapps Quay Cork

The directors present their report and financial statements for the year ended 31 December 2010.

## **Principal Activities and State Of Affairs**

The company's principal activity during the year was the continued development of a central breeding database for sheep and associated data collection and information reporting systems.

The profit and loss account and balance sheet for the year ended 31 December 2010 are set out on pages 7 and 8. Loss on ordinary activities before taxation amounted to €42,529 (2009: €32,620). After deducting taxation of €Nil an amount of €42,529 has been deducted from reserves.

## **Principal Risks and Uncertainties**

Under Irish Company Law (Statutory Instrument 116.2005 - European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005), the company is required to give a description of the principal risks and uncertainties which it faces. The principal risks are as follows:

- The company must ensure compliance with legal and regulatory requirements.
- The company is dependent on funding from the Department of Agriculture, Fisheries and Food in order to continue to promote and develop a central breeding database for sheep.

## **Dividends and Retention**

There was no dividend paid during the year.

## **Important Events Since The Year End**

There have been no important events affecting the company since the year end.

## **Future Developments in The Business**

The company intends to continue to promote and develop the central breeding database for sheep in order to achieve the greatest possible improvement from genetic and other factors in the profitability of the national sheep flock for the benefit of Irish farmers and the sheep industry.

## **Directors**

The directors of the company at 31 December 2010 are listed on page 2.

## **Books and Accounting Records**

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the company.

To achieve this, the directors have appointed appropriate personnel to ensure that those requirements are complied with.

These books and accounting records are maintained at Highfield House, Shinagh, Bandon, Co. Cork.

## **Statement of Directors' Responsibilities**

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Auditors**

The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the board

Directors:

Dermot A Ryan  
Kevin Kinsella

24<sup>th</sup> March 2011

## **Independent Auditors' Report to The Members Of Sheep Database Limited**

We have audited the financial statements of Sheep Database Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

## **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the company as at 31 December 2010 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

**Ernst & Young**  
**Chartered Accountants and Registered Auditors**  
**Cork**

**29 March 2011**

## Profit and Loss Account for The Year Ended 31 December 2010

	<i>Note</i>	<i>2010</i> €	<i>2009</i> €
TURNOVER	2	203,651	202,184
Administration expenses		(83,622)	(87,914)
Project development expenditure written off	8	(778,984)	(816,063)
Grants relating to project development expenditure	8	616,426	669,173
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(42,529)	(32,620)
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(42,529)	(32,620)
		<hr/>	<hr/>
LOSS RETAINED FOR THE FINANCIAL YEAR		(42,529)	(32,620)
		<hr/>	<hr/>

There are no recognised gains or losses in either year other than the loss attributable to the shareholders of the company.

On behalf of the board

Directors:

Dermot A Ryan  
Kevin Kinsella

24 March 2011

## Balance Sheet at 31 December 2010

		2010	2009
	<i>Note</i>	€	€
CURRENT ASSETS			
Debtors	6	20,250	122,317
Cash at bank		138,533	15,516
		<hr/>	<hr/>
		158,783	137,833
CREDITORS: amounts falling due within one year			
	7	(233,932)	(170,453)
NET CURRENT LIABILITIES			
		(75,149)	(32,620)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		(75,149)	(32,620)
GOVERNMENT GRANTS			
	8	-	-
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		(75,149)	(32,620)
		<hr/>	<hr/>
FINANCED BY			
RESERVES			
Profit and loss account	9	(75,149)	(32,620)
		<hr/>	<hr/>
Shareholders' deficit	9	(75,149)	(32,620)

On behalf of the board

Directors:

Dermot A Ryan  
Kevin Kinsella

24 March 2011

## Notes to the Financial Statements For The Year Ended 31 December 2010

### 1. ACCOUNTING POLICIES

#### **Accounting convention**

The financial statements are prepared under the historical cost convention. The financial statements are expressed in Euro (€).

#### **Project development expenditure**

Project development expenditure on clearly defined projects, whose outcome, in terms of commercial viability, can be assessed with reasonable certainty, is capitalised. Otherwise the expenditure is written off in the year in which the expenditure is incurred.

#### **Government grants**

##### *Grants for operating expenditure:*

Grants received from the Department of Agriculture, Fisheries and Food to fund the operations of the company are credited to the income and expenditure account so as to match them with the expenditure to which they relate.

##### *Grants for project development expenditure:*

National Development Plan grants received towards the cost of project development expenditure are deferred and amortised over the same period in which the related project development expenditure is amortised. Where the expenditure is written off in the year in which the expenditure is incurred, the related grants are credited to income in the same year.

#### **Income recognition**

Income is recognised on delivery of the service.

#### **Cash flow statement**

The company meets the size criteria for a small company set by the Companies (Amendment) Act, 1986 and therefore in accordance with FRS 1, Cash Flow Statements, it has not prepared a cash flow statement.

### 2. TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in Ireland. Turnover includes operating grant income of €200,000 (2009: €200,000).

### 3. STAFF COSTS

Staff costs comprise recharges for fixed term subcontractors from Irish Cattle Breeding Federation Society Limited (Note 10). The average number of persons contracted in the financial year was 7 (2009:3) and all were engaged in project development.

The costs are comprised of:	2010 €	2009 €
Wages and salaries	123,629	75,881
Social welfare costs	12,836	7,935
	<hr/>	<hr/>
	136,465	83,816
	<hr/>	<hr/>

4.	<b>OPERATING LOSS</b>	2010 €	2009 €
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This is stated after charging/(crediting):

Audit fee	4,500	5,000
Project development expenditure written off	778,984	816,063
Grants relating to project development expenditure	(616,426)	(669,173)

5. **TAXATION**

Income is exempt from tax as the company qualifies for charitable status under the provisions of sections 207, 208 and 609 of the Tax Consolidation Act, 1997.

6.	<b>DEBTORS</b>	2010 €	2009 €
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Value added tax	20,250	122,317
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7.	<b>CREDITORS</b>	2010 €	2009 €
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Amounts due to related party (Note 10)	233,932	170,453
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8. **GOVERNMENT GRANTS**

*Project grants from National Development Plan administered by Department of Agriculture, Fisheries and Food (DAFF).*

Project development expenditure consists of database and other project costs. Total expenditure to date on project development is €1,595,047, of which €778,984 was incurred in the year ended 31 December 2010. In line with the company's accounting policy, this expenditure has been written off to the profit and loss account.

Total grants received to date, €1,285,600, including €616,426 received in year ended 31 December 2010, have been credited to the profit and loss account in line with the accounting treatment of the related expenditure.

9. **RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	<i>Profit and loss account</i> €
Loss for period from incorporation on 3 December 2008 to 31 December 2009	(32,620)
At 1 January 2010	(32,620)
Loss for year	(42,529)
At 31 December 2010	(75,149)

#### 10. RELATED PARTY TRANSACTIONS

The operations of the company are administered by Irish Cattle Breeding Federation Society Limited. Staff costs were recharged from that society as set out in Note 3. Other costs incurred by the society, on behalf of the company, totalling €150,000, were also recharged during the year. The balance due by the company to the society at the year end is included in creditors.

#### 11. TRANSACTIONS WITH DIRECTORS

The directors had no transactions with the company during the year within the meaning of the Companies Act, 1990.

#### 12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2011.

### Operating Statement for the Year Ended 31 December 2010

	2010 €	2009 €
TURNOVER		
Income (including operating grant income)	203,651	202,184
	<hr/>	<hr/>
ADMINISTRATION EXPENSES		
Administration expenses	(83,622)	(87,914)
Project development expenditure written off	(778,984)	(816,063)
Grants relating to project development expenditure	616,426	669,173
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	(246,180)	(234,804)
	<hr/>	<hr/>
OPERATING LOSS	(42,529)	(32,620)
	<hr/>	<hr/>

Reference: Y:\AGM\2011\Sheep Database Ltd Annual Report for 2010 v 0.2.doc