



Annual Report for 2009

Sheep Database Limited

27th May 2010.



Sheep Database Limited trading as Sheep Ireland
Highfield House, Shinagh, Bandon, Co. Cork
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1. Summary of 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:

- Creation of the Sheep Ireland database.
- Establishment of LambPlus® the performance recording scheme for ram breeders.
- 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.

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.

Jun 2006	Completion of the Sheep Industry Development Strategy under the Chairmanship of John Malone. This group recommended that ICBF become involved in sheep breeding.
Feb 2007	The development of a proposal from ICBF 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 reported on progress with implementation of the recommendations of the Sheep Industry Development Strategy 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 filed its report . The Interim Sheep Board adopted, with minor modification the twenty recommendations contained in the Strategy Project Team report.
Oct - Dec 2008	The ICBF team with considerable help from Timothy Byrne of AbacusBio Ltd proceeded to establish Sheep Ireland, and form Sheep Database Ltd.

¹ Source: www.sheep.ie – background. Copies of the highlighted documents can be found on this website.

Sheep Database Limited was incorporated on the 3rd of December 2008 and was granted charitable status exemption on 18th June 2009. Sheep Database Limited trades as Sheep Ireland.

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

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. The progress made in each of these is summarised here.

Database Recording & Information System

- An integrated web-based sheep breeding database has been created and is fully operational.
- The database is directly accessible to flock owners for recording the full range of relevant event based identification, ancestry and performance data.
- Genetic evaluations as they are computed are stored into the database.
- An increasing range of information reports are available to flock owners and ram breeders directly from the database.
- Back-data from the DAFF PSBIP scheme and a number of Flock Books has been incorporated in the database.
- Data from the database is being provided for use in research including that associated with developing genetic evaluations.

Identification & Recording

- In consultation with DAFF variations to the official (NSIS) identification system for sheep have been agreed to facilitate sheep breeding.
- Electronic identification with associated systems for tagging, tissue sampling and weight recording have been established and used extensively.
- Recording standards and protocols have been established for the full range of relevant lambing, growth, and maternal traits.

Genetic Evaluations

- A comprehensive profit based breeding objective has been established for sheep breeding in Ireland.
- A within breed animal model genetic evaluation system is operational.
- Research on an across breed genetic evaluation system is well advanced.

Breeding scheme

- The MALP (maternal lamb producer group) scheme initially involving some 22 commercial flocks, 10,000 and 220 rams was established in late 2008 to provide a demonstration of the benefits of sheep breeding.
- Lamb parentage in the MALP flocks is determined using DNA testing and all animals are electronically identified to facilitate data recording.
- The MALP flocks are being equipped with hand-held computers that can read the electronic tags and are used to record exceptions.
- The CPT (central progeny test) was established in autumn 2009 and involves three flocks using artificial insemination to progeny test some 35 rams that are well linked to ram breeding flocks.
- The CPT flocks have been equipped with hand-held computers that can read the EID tags used in these flocks and communicate collected data directly to the database.

Performance Recording Service

- The LambPlus[®] performance recording service has been established to replace the DAFF PSBIP service.
- The LambPlus[®] service is provided on a user-pays basis and provides ram breeders with either paper or electronic access to the Sheep Ireland database and genetic evaluations.
- A campaign to recruit ram breeders into the LambPlus[®] service is now underway after an initial year focused on establishing and testing the associated systems.
- Telephone support for the LambPlus[®] service is provided from ICBF's Highfield House based offices.

Structure

- A small team covering office and field functions has been established.
- The field team are equipped with a mobile unit for weighing and tagging in the MALP flocks.
- A team of contractors to provide scanning and weighing in pedigree flocks has been established. This team provide the services on a user-pays basis and is under contract to Sheep Ireland.
- A contract for DNA testing to determine parentage in MALP flocks was renewed in early 2010 following an open tender process.
- Sheep Ireland has extended its range of service to include the provision of information services to Flock Books. This development has reduced the recording effort required by pedigree breeders while at the same time facilitating increased levels of performance recording and more accurate genetic evaluations.

5. Acknowledgements

In its first 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 2009 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

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Sheep Database Limited

Directors' report and financial statements for the period
of incorporation to 31 December 2009

Sheep Database Limited

FINANCIAL STATEMENTS

from the period of incorporation to 31 December 2009

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COMPANY INFORMATION

DIRECTORS

Mr. L. Barrett
Mr. J. Brosnan
Mr. K. Kinsella
Ms. A. Murphy
Mr. H. Burns
Mr. D. Ryan (appointed 22 October 2009)
Mr. I. Byrne (resigned 18 September 2009)
Mr. J. Joyce (resigned 30 March 2010)

SECRETARY

Mr. O. Molloy
Derrinboy
Kilcormac
Co. Offaly

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
Registered Auditors
City Quarter
Lapps Quay
Cork

Sheep Database Limited

REPORT OF THE DIRECTORS

from the period of incorporation to 31 December 2009

The directors present their report and financial statements from the period of incorporation to 31 December 2009.

PRINCIPAL ACTIVITIES AND STATE OF AFFAIRS

The company was incorporated on 3 December 2008. The company's principal activity during the period was the establishment, of a central breeding database for sheep and associated data collection and information reporting systems.

The profit and loss account and balance sheet from the period to 31 December 2009 are set out on pages 8 and 9. Loss on ordinary activities before taxation amounted to €32,620. After deducting taxation of €Nil an amount of €32,620 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 a central breeding database for sheep.

DIVIDENDS AND RETENTION

There was no dividend paid during the period.

IMPORTANT EVENTS SINCE THE PERIOD END

There have been no important events affecting the company since the period 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 2009 are listed on page 2.

REPORT OF THE DIRECTORS

from the period of incorporation to 31 December 2009

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.

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

D. Ryan
K. Kinsella

Directors

31 March 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

from the period of incorporation to 31 December 2009

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 period 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 period. 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEEP DATABASE LIMITED

We have audited the financial statements of Sheep Database Limited from the period of incorporation to 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 10. 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SHEEP DATABASE LIMITED
(continued)**

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 2009 and of its result for the period 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**

7 April 2010

Sheep Database Limited

PROFIT AND LOSS ACCOUNT

from the period of incorporation to 31 December 2009

	<i>Note</i>	2009 €
TURNOVER (grant income for operating purposes)	2	202,184
		<hr/>
Administration expenses		(87,914)
Exceptional impairment of project development expenditure	5	(816,063)
Less related grant	8	669,173
		<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(32,620)
Tax on loss on ordinary activities	4	-
		<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(32,620)
		<hr/>
LOSS RETAINED FOR THE FINANCIAL PERIOD		(32,620)
		<hr/>

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

On behalf of the board

D. Ryan
K. Kinsella

Directors

31 March 2010

Sheep Database Limited

BALANCE SHEET

at 31 December 2009

	<i>Note</i>	<i>2009</i> €
FIXED ASSETS	5	-
		<hr/>
CURRENT ASSETS		
Debtors	6	122,317
Cash at bank		15,516
		<hr/>
		137,833
CREDITORS: amounts falling due within one year	7	(170,453)
		<hr/>
NET CURRENT LIABILITIES		(32,620)
		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(32,620)
GOVERNMENT GRANTS FOR CAPITAL PROJECTS	8	-
		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(32,620)
		<hr/>
FINANCED BY		
RESERVES		
Profit and loss account	9	(32,620)
		<hr/>
Shareholders' deficit	9	(32,620)
		<hr/>

On behalf of the board

D. Ryan
K. Kinsella

Directors

31 March 2010

NOTES TO THE FINANCIAL STATEMENTS

from the period of incorporation to 31 December 2009

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 can be assessed with reasonable certainty is capitalised. When the development of these projects reaches completion the company provides services to its members in return for fee income. This expenditure is depreciated over four to five periods and depreciation begins in the period the company starts to benefit from the expenditure.

Government grants

Grants for operating and related capital 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. The portion of the grant that applies to capital expenditure is deferred and is amortised over the life of the asset to which it relates.

Grants for project expenditure:

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

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 period has been derived from its principal activity wholly undertaken in Ireland.

3. OPERATING LOSS

2009

€

This is stated after charging/(crediting):

Audit fee	5,000
Impairment of tangible assets (note 5)	816,063
Less related grant (note 8)	(669,173)
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

from the period of incorporation to 31 December 2009

4. **TAXATION** 2009
€

The charge for taxation is made up as follows:

Corporation tax for the period	-
	<hr/>

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.

5. **FIXED ASSET**

Project development expenditure
€

Cost:	
At 1 January 2009	-
Additions	816,063
	<hr/>

At 31 December 2009	816,063
	<hr/>

Depreciation:	
At 1 January 2009	-
Impairment	816,063
	<hr/>

At 31 December 2009	816,063
	<hr/>

Net book value:	
At 31 December 2009	-
	<hr/>

Project development expenditure consists of database and other project costs. The project expenditure in the current period has been impaired due to uncertainty over the flow of future economic benefits from the project.

6. **DEBTORS** 2009
€

Value added tax	122,317
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

from the period of incorporation to 31 December 2009

7.	CREDITORS	<i>2009</i>
		€
	Amounts due to related party	170,453
		<hr/>

8. GOVERNMENT GRANTS FOR CAPITAL PROJECTS

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

	<i>Projects in progress</i>
	€
Received:	
At 1 January 2009	-
Received during period	669,173
	<hr/>
At 31 December 2009	669,173
	<hr/>
Amortisation:	
At 1 January 2009	-
Credited to the profit and loss account in period	669,173
	<hr/>
At 31 December 2009	669,173
	<hr/>
Net amount:	
At 31 December 2009	-
	<hr/>

The full amount of the grant has been amortised in the current year against the exceptional impairment of the related project development expenditure.

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Profit and loss account</i>
	€
At 3 December 2008	-
Loss for period	(32,620)
	<hr/>
At 31 December 2009	(32,620)
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

from the period of incorporation to 31 December 2009

10. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2010.

Sheep Database Limited

OPERATING STATEMENT

from the period of incorporation to 31 December 2009

	2009 €
TURNOVER	
Income	202,184
	<hr/>
ADMINISTRATION EXPENSES	
Operating expenses	(87,914)
Impairment of tangible assets	(816,063)
Less related grant	669,173
	<hr/>
TOTAL OPERATING EXPENSES	(234,804)
	<hr/>
OPERATING LOSS	(32,620)
	<hr/>