



Annual Report

2009/2010



STAKEHOLDERS

GOVERNMENT

Department of Agriculture,
Fisheries and Food

PROCESSING AND MARKETING

AIBP

Bord Bia

Carbery Group

Connacht Gold

Dairygold

Glanbia

Kerry Group

Lakeland Dairies

FARMERS' ASSOCIATIONS AND LIVESTOCK MARTS

Cork Cooperative Marts Ltd.

Irish Cattle and Sheep
Farmers' Association (ICSA)

Irish Cooperative
Organisation Society (ICOS)

Irish Creamery Milk Suppliers'
Association (ICMSA)

Irish Farmers' Association
(IFA)

Macra na Feirme

BREED SOCIETIES

Irish Holstein Friesian
Association

Pedigree Cattle Breeders'
Council of Ireland

SERVICE PROVIDERS

Irish Cattle Breeders'
Federation (ICBF)

Teagasc

University College Dublin

Veterinary Ireland

About Us

Animal Health Ireland (AHI) was formally launched on 28th January 2009. It is an industry-led, not-for-profit partnership between livestock producers, processors, animal health advisers and government. Its remit includes diseases and conditions of livestock which are endemic in Ireland, but which are not currently subject to regulation and coordinated programmes of control¹. AHI will not become involved in the direct provision of on-farm animal health services, which will continue to be supplied by existing providers. Neither will it sponsor or promote the services provided to livestock farmers by any individual commercial entity.

AHI provides benefits to livestock producers and processors by providing the knowledge, education and coordination required to establish effective control programmes for non-regulated diseases of livestock. As an independent, science-driven organisation, AHI operates by the principle that Irish livestock farmers and the associated industry should have access to international best practice in herd health. To ensure that this is the case, advice provided by AHI is, wherever possible, subjected to international peer-review. In this way, the Board and Stakeholders of AHI are enabled to take decisions on the future direction of the Company, armed with the best possible information.

Vision

Animal Health Ireland will come to be recognised as a world-class resource enabling Irish farmers and the agri-food industry to achieve and maintain the highest standards of animal health, to improve the profitability and sustainability of their enterprises and to enhance the value and competitiveness of their products in the marketplace.

Mission Statement

To enhance value for livestock farmers and the agri-food industry through superior animal health.

Goals

Through superior animal health and welfare:

- To enhance the profitability and sustainability of individual livestock farms;
- To enhance the profitability of the food processing industry; and
- To enhance the quality image and competitiveness of Irish livestock and food in the marketplace.

¹Animal diseases that are already subject to regulation (such as Tuberculosis and Brucellosis) are specifically excluded from the remit of Animal Health Ireland.

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YEAR IN REVIEW

Chairman's address

The first year of a new body is to some extent a voyage into uncharted waters. When AHI was launched a year ago we set ourselves certain principles; that we would be results-driven and that we would base our output on sound research and science. I believe that we have stayed true to these principles.

We have established the priorities for a good national herd health plan and will shortly publish a work programme showing how we intend to deliver on each of these priorities in turn. As was to be expected, much of our time in this first year was taken up in dealing with a range of start-up issues and I very much appreciate the work done by the CEO and many others in resolving these. Throughout, the Board has given me sound support and good guidance and I thank them for this.

The animal health issues faced by Farmers are complex and can only be tackled by drawing on the depth of knowledge that exists in the scientific community. In this respect, we have been fortunate to be able to have had access to the expertise of the various Technical Working Groups, whose members have contributed so freely to AHI. It is with time that we will see the true value of their work!

I want to thank all the members of the Stakeholder group for their help and encouragement throughout the year. While we have much to do, I'm confident that with their continued support we can achieve all we aspire to. The prize for us as Farmers, industry and nationally is very great indeed. If we stick to our task and continue to work together we can deliver on what is a mammoth challenge.

Mike Magan

Chief Executive Officer's report

This, the first year of operation of AHI, has seen the establishment of an organisation capable of achieving the goals which it has set out for itself. While a great deal of progress has been made in laying solid foundations for future delivery on behalf of farmers and the agri-food industry, much of this work has necessarily taken place behind the scenes, and hence has been largely invisible to the majority of stakeholders. I would like to take this opportunity, therefore, to record some of the significant progress achieved in 2009/10, before going on to outline the key targets for the year ahead.

Prioritising and addressing the challenges ahead

One of the first tasks faced by AHI in the past year was to attempt to identify and prioritise the animal health challenges facing livestock farmers and the agri-industry. This was done by undertaking a major study (Delphi study) of the opinions of 85 national experts in fields such as animal health, animal production, agricultural economics and international marketing. Experts prioritised the diseases based on a range of criteria, including cost (to farmers, to agribusiness), impact (on farmers and their animals), international perception and impediment to market access. A separate survey of farmer opinion, which was issued in parallel with the Delphi study, indicated that farmers' disease priorities closely match those of the experts. The top seven disease priorities identified in the Delphi study included both specific infectious agents (IBR, BVD, MAP²) and other multifactorial conditions of livestock (infertility, udder health, lameness and diseases of young calves). These are the diseases and conditions of cattle that AHI will prioritise for action from this year onward, and they will be addressed in turn by a series of Technical Working Groups, consisting of experienced practitioners and other experts from a variety of fields.

Action on Bovine Viral Diarrhoea (BVD)

The Technical Working Group on BVD has been operative since September 2009. The initial focus of the Group has been the development of resources to assist farmers and veterinarians in tackling BVD at the level of the individual farm. This work is well advanced, and AHI will shortly launch a Guide to BVD control that will, for the first time, provide farmers and vets with a consistent, systematic and scientifically robust approach to the planning and execution of a BVD control programme at farm level. In conjunction with the Irish Cattle Breeding Federation (ICBF), AHI is also developing a web-based IT resource to facilitate the control of BVD by coordinating relevant information from a variety of sources, including farms, veterinary practices, diagnostic laboratories and the Department of Agriculture's Animal Identification and Movement (AIM) system.

Corporate development

A great deal of work has gone into putting AHI on a sound basis from which to begin delivering results to farmers and the agri-food industry. The organisation was incorporated as a Company Limited by Guarantee and not having a Share Capital on 11th May 2009, and the Memorandum and Articles of Association that govern it were agreed towards the end of 2009, following a lengthy period of consultation with Stakeholders. The past year has also seen the bedding down of the organisational structure – the Stakeholders, Board and Executive – details of which are provided elsewhere in this report. Although the overall structure encompasses a wide range of organisations and individuals, the permanent staff of AHI is very slim, and in its first year of operation consisted only of the CEO. The Company will be based in Carrick-On-Shannon, Co. Leitrim, once ongoing negotiations on the long-term lease of an office premises in the town centre are finalised.

AHI have engaged the services of Ms. Gráinne Dwyer as a Communications Consultant. Gráinne will assist AHI with the development and implementation of a coherent communications strategy, aimed at improving awareness of the prioritised diseases amongst farmers and other stakeholders, and at communicating the benefits of the various AHI

² Infectious Bovine Rhinotracheitis (IBR); Bovine Viral Diarrhoea (BVD); Mycobacterium Avium Paratuberculosis (MAP) [the causative agent of Johne's Disease].

disease control programmes as they become operational over time. A major redevelopment of the AHI website, which forms part of this strategy, is planned to coincide with the launching of a new web-based BVD management programme, mentioned above.

Future Plans

By the end of this month, following consultations with Stakeholders, AHI will publish a Business Plan for 2010/11 that will set out in some detail its plans for the coming year. The following is an outline of expected activity over the course of the coming year.

The launch and distribution of the first AHI Guide – on the control of BVD – will take place later this month. The Guide will provide farmers and vets with advice that is both scientifically robust and independent from commercial interests. A single page Fact Sheet on the disease will be distributed nationally shortly thereafter. In April, a series of roadshows across the country are planned to promote the BVD Guide and to launch the AHI/ICBF web-based BVD management programme. Having developed and promoted these new resources to assist farmers and vets with the control of BVD on individual farms, AHI will then turn its attention to a national or regional approach to eradication. To be successful, such an initiative would require the commitment of significant resources by all stakeholders over a sustained period. A national consultation on BVD control will therefore be hosted by AHI, aimed at gathering stakeholders' views on the desirability and feasibility of such a programme. So as to give some shape to the debate, AHI will issue a consultation paper in September, which will present a series of options for controlling BVD in Ireland. These options will draw on international examples of success in tackling the disease at the national or regional level.

Although of critical importance, the BVD programme will not absorb all of AHI's resources over the coming year. Following the work pattern established for BVD, a Technical Working Group on parasite control has just been established and over the coming months it will develop technical guides and web-based resources for the management of the economically important parasites of cattle. In the area of milk quality, a major national initiative to tackle elevated Somatic Cell Counts will shortly be announced. Finally, Technical Working Groups on many, if not all, of the prioritised diseases and conditions of cattle will be brought together over the course of 2010/11, setting the foundations for future control programmes.

I look forward to being able to report good progress on all of these fronts when the time comes to review performance at the end of our next financial year.

Joe O'Flaherty
6th February 2010

HUMAN RESOURCES

The Stakeholders

The Stakeholders are the representatives of the various organisations that set the overall strategic direction and provide financial and other resources to AHI. The current membership comprises twenty-one such organisations, as follows:

Government

Department of Agriculture, Fisheries and Food

Processing and marketing

AIBP

Bord Bia

Carbery Group

Connacht Gold

Dairygold

Glanbia

Kerry Group

Lakeland Dairies

Farmers' Associations and Livestock Marts

Cork Cooperative Marts Ltd.

Irish Cattle and Sheep Farmers' Association (ICSA)

Irish Cooperative Organisation Society (ICOS)

Irish Creamery Milk Suppliers' Association (ICMSA)

Irish Farmers' Association (IFA)

Macra na Feirme

Service Providers

Irish Cattle Breeders' Federation (ICBF)

Teagasc

University College Dublin

Veterinary Ireland

Breed Societies

Irish Holstein Friesian Association

Pedigree Cattle Breeders' Council of Ireland

The Board

AHI is managed by a Board of seven non-executive, part-time Directors, who, collectively, have expertise in, and experience of the following areas:

- Beef and dairy livestock production;
- Industry processing and marketing;
- Animal health services and their delivery;
- Major export markets for livestock and their products; and
- Agricultural policy development.

During the year, the Directors of Animal Health Ireland were:

Mr. Mike Magan, Chairman (Dairy Farmer)
 Mr. Gerard Brickley (An Bord Bia)
 Mr. Joe Collins (Irish Dairy Board)
 Professor Michael Doherty (UCD)
 Ms. Thia Hennessy (Teagasc),
 Mr. John O'Sullivan (Dairy Farmer)
 Mr. Robin Talbot (Beef Farmer)

Four Board meetings took place during the year³. The dates of all Board and Stakeholder meetings, as well as of those between AHI and external organisations are available from the AHI website at:

http://www.animalhealthireland.ie/news/files/Meetings_20091231.pdf

Table of attendance at Board meetings

Director	Meetings attended
J. G. Brickley	3
L. J. Collins	2
M.L. Doherty	4
T. Hennessy*	0
M. J. Magan (Chairman)	4
J. O'Sullivan	4
R. H. Talbot	4

Ms. Hennessy was absent (on maternity leave) throughout this period.

The Staff

The Executive is responsible for developing policy options and for implementing the strategy determined by the Stakeholders and the Board. In 2009/10, the permanent staff complement comprised:

Name	Title
Mr. Joe O'Flaherty	Chief Executive Officer

³ The current Directors met as a Steering Group on four other occasions prior to the registration of AHI with the Companies Office.

COMPANY STRUCTURE AND MANAGEMENT

Legal structure

Animal Health Ireland is a Company Limited by Guarantee and not having a Share Capital, incorporated as such under the Companies Acts (1963-2006) on 11th May 2009. The Memorandum and Articles of Association of the Company are available to view on the AHI website at:

http://www.animalhealthireland.ie/publications/files/Articles_of_Association_091215.pdf

Organisational structure

The Stakeholder organisations, currently twenty-one in number, provide the financial and non-financial resources necessary to allow AHI to function effectively. They are consulted by the Board of AHI in relation to matters of strategic importance and, together with the Board, are responsible for setting the strategic direction of the Company. The Board, comprising seven Directors, is responsible for the development of policy options for consideration jointly with the Stakeholders and for the good management and governance of the Company. Management, currently consisting of just a single employee (CEO), is responsible for assisting the Board in preparing policy options and for implementing the policies subsequently adopted by the Board. Both Management and Board are supported in the preparation of policy options by technical experts external to the Company, representing a variety of relevant disciplines. The use of external expertise allows AHI access to the requisite technical resources without incurring the cost of directly employing expert staff.

Funding

Over the course of 2008 and 2009, each Stakeholder established the maximum amount of its future financial contribution to AHI in any given year. In determining these amounts, account was taken of the size of the organisation and of the nature of the business in which it is engaged. In the case of the largest single contributor, the Department of Agriculture, Fisheries and Food, the commitment to AHI is for a maximum of €500,000 per annum for a period of 5 years, subject to the receipt of a matching contribution by non-State sources, and to the provisions made in the Annual Estimates of Public Expenditure.

The actual level of financial contribution to be sought from Stakeholders will never exceed the maximum committed amounts, referred to above. As a not-for-profit Company, AHI operates on the principle that the financial contribution from Stakeholders in any given year should be set, insofar as is possible, and having regard to the need to maintain adequate levels of working capital, so as to match forecast expenditure. Any surplus of income over expenditure is carried forward into the following year, and is credited against the Stakeholders' liability for that year. In 2009/10, the level of contribution sought from Stakeholders equated to approximately 46% of their respective contribution ceilings, and was determined by reference to the Budget for that year, as adopted by the Board of AHI at its meeting of 21st October 2009.

Over the course of 2010/11, Memoranda of Agreement will be developed between AHI and all Stakeholder organisations. These Memoranda will establish the nature of the services provided to Stakeholders by AHI, the extent and duration of the Stakeholders' financial contribution to AHI and the timing of any associated payments. In the case of the limited number of Stakeholder organisations (such as ICBF) whose contribution is in the form of services, the Memorandum will also quantify the value of such services to AHI by reference to the market value thereof ⁴.

⁴: Articles of Association, Article 34

CORPORATE GOVERNANCE

The Board has overall responsibility for ensuring the maintenance of satisfactory standards of corporate governance, having regard to the nature of business in which the Company is engaged and such written standards as may apply to it, whether in legislation or in the various Memoranda of Agreement established between the Company and Stakeholder organisations.

Stakeholder meetings

Extraordinary General Meetings of the Stakeholders were held on three occasions during the year. Under the Articles of Association of the Company⁵, the first Annual General Meeting of the Company must take place within eighteen months of the date of incorporation, and thereafter each year. Written notice of at least twenty-one days is required for an Annual General Meeting and a meeting called for the passing of a Special Resolution, while for other meetings of the Company, written notice of at least fourteen days is required⁶. Voting at any General Meeting is generally by a show of hands of the Stakeholders present. However, the Articles of Association also establish a mechanism – known as a poll – under which a Stakeholder's vote may be weighted by reference to the amount of the Annual Financial Contribution of that Stakeholder to the Company⁷.

Board selection

The Articles of Association establish the structure of the Board as comprising seven Directors, including the Chairman, who is also deemed to be Chairman of the Company⁸. The seven non-executive, part-time Directors are chosen so as to collectively provide expertise in, and experience of a number of disciplines relevant to the Company's business objectives⁹.

Board rotation

The first Chairman to be appointed holds office until the termination of the first Board meeting following the third Annual General Meeting after his election. He then retires but is eligible for re-election. Thereafter, Chairmen hold office from the termination of the Board meeting at which they are elected until the termination of the first Board meeting following the third Annual General Meeting subsequent to their election.

At the first Board meeting following the third Annual General Meeting of the Company, a sequence of retirement of Directors is initiated, as follows. Two Directors retire at that Board meeting, three the following year, and a further two at the next year's meeting. Thereafter, Directors rotate according to the same sequence repeated from time to time¹⁰.

⁵ Articles of Association, Article 6

⁶ Articles of Association, Article 9

⁷ Articles of Association, Articles 18-22

⁸ Articles of Association, Article 35

⁹ Articles of Association, Article 42

¹⁰ Articles of Association, Articles 35 and 45

Conflict of interest

Any Director who is any way directly or indirectly interested in a contract or proposed contract with the Company is obliged to declare the nature of that interest at a meeting of the Directors in accordance with Section 194 of the Companies Act (1963). Directors may not vote in respect of any contract in which they have an interest. Subject to due disclosure, however, a Director may be directly or indirectly interested in a contract or arrangement with the Company, with the exception of any office or employment with the Company. Directors may not be employees of the Company¹¹.

Committees

The Directors may delegate any of their powers to committees consisting of such member or members of the Board as they think fit. Such committees are bound by any regulations that may be imposed on it by the Directors. The only committee formed in 2009/10 was that to oversee the process of recruitment of the CEO; it consisted of Mr. Mike Magan (Chairman), Mr. Gerard Brickley and Mr. Joe Collins.

Protocol on Corporate Governance

Over the course of 2010/11, AHI will develop and publish a Protocol on Corporate Governance, which will be binding on Directors and employees of the Company. The Protocol will be made freely available on the Company's website, and will be included in next year's Annual Report.

¹¹ Articles of Association, Article 44

COMPANY ACTIVITIES

AHI supports livestock farmers and the agri-food industry by increasing awareness of the diseases that fall under its remit, and by coordinating the responses of the various individuals and organisations that currently provide farmers with advice on animal health issues. The following is an indicative list of the type of activities undertaken by AHI; more detailed information on individual disease control programmes is to be found in the Business Plan for 2010/11.

Disease prioritisation

Prioritising the risks posed by the various diseases and conditions affecting Irish livestock is essential if funding for disease control programmes is to be allocated in the most cost-effective manner possible. In order to assist this process of prioritisation, AHI has completed a major study (Delphi study) of the opinions of 85 national experts in fields such as animal health, animal production, agricultural economics and international marketing. A separate survey of farmer opinion, issued in parallel with the Delphi study, indicated that farmers' disease priorities closely match those of the experts. The top seven disease priorities identified in the Delphi study included both specific infectious agents (IBR, BVD, MAP¹²) and other multifactorial conditions of livestock (infertility, udder health, lameness and diseases of young calves). A paper on the Delphi study has been submitted for publication in the international peer-reviewed journal Preventive Veterinary Medicine.

Technical Working Groups

AHI has begun the process of bringing together Technical Working Groups, consisting of experienced practitioners and other experts from a variety of fields, tasked with drawing up agreed protocols for the planning, investigation, control and monitoring of each of the prioritised diseases/conditions. In addition to the priority diseases and conditions identified by the Delphi study, Technical Working Groups will also be brought together on Parasitic Diseases and Farm Biosecurity.

Development of new resources for farmers and their advisors

AHI has begun the development of a series of information guides for farmers, veterinarians and other farm advisors, with the aim of facilitating a systematic and effective approach to tackling prioritised diseases. The information in these guides is also communicated through regular articles in the print media, particularly the Irish Farmers Journal and Irish Veterinary Journal. In parallel with the development of printed information, a web-based IT system to assist the management of these diseases is being developed in conjunction with the Irish Cattle Breeding Federation (ICBF).

National consultation on animal disease

From time to time, AHI will issue consultation papers with the aim of establishing stakeholders' views on the desirability and feasibility of a national or regional approach to the control of certain endemic diseases of livestock.

Conferences, seminars and workshops

It is envisaged that AHI will host one or two major conferences annually, in addition to a series of smaller seminars and workshops that will be delivered in partnership with the various Stakeholder organisations.

¹²Mycobacterium Avium Paratuberculosis (the causative agent of Johne's Disease)

Training and education

AHI will play a role in developing training courses for farmers, veterinarians and other farm advisors.

Primary research

The Technical Working Groups established by AHI to address each of the prioritised diseases will identify areas in which quality information is lacking and will make recommendations as to how these deficiencies might be addressed by new research. In the case of many of the prioritised diseases, it is likely that any new research supported by AHI will focus on the socio-economic aspects of animal disease.

International benchmarking

AHI has undertaken and will continue to undertake a limited number of study visits to observe and learn from best practice in other jurisdictions.

Animal Health Ireland Initiative
(A company limited by guarantee and not having a share capital)

Directors Report and Financial Statement
Period Ended 31st January 2010

Animal Health Ireland Initiative
Period Ended 31st January 2010

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Animal Health Ireland Initiative
Period Ended 31st January 2010

DIRECTORS AND OTHER INFORMATION

Board of Directors

M. J. Magan (Chairman)
J. G. Brickley
J. O'Sullivan
L. J. Collins
M. L. Doherty
R. Herbert Talbot
T. Hennessy

Secretary and Registered Office

E. McGeough
Castle Building,
Friary Road,
Naas,
Co. Kildare.

Registered Number: 470675

Solicitors

Frank Mulvey Solicitors,
Castle Building,
Friary Road,
Naas,
Co. Kildare.

Auditors

Spain, Fewer, Quinlan & Co.,
Chartered Accountants & Registered Auditors,
The Mall,
Thurles,
Co. Tipperary.

Bankers

Bank of Ireland,
Main Street,
Cavan,
Co. Cavan

Animal Health Ireland Initiative
Period Ended 31st January 2010

DIRECTORS REPORT

The directors present herewith the audited financial statements for the period ended 31st January 2010.

Statement of Directors Responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and generally accepted accounting practices in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish 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 income and expenditure of the company for that year. In preparing those financial statements, the directors are required to:

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

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with the accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963 to 1983 and 1990 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.

Going Concern

Based on committed subscription fee income from stakeholder organisations over the next 4 years, the directors are satisfied that Animal Health Ireland Initiative has adequate resources to continue for at least 12 months from the date of approval of these financial statements and it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Books of Account

The measures taken by the directors to secure compliance with the company's obligations to keep proper books of account are the use of systems appropriate to the business and the employment of competent and reliable persons.

Legal Status

Animal Health Ireland Initiative is a company incorporated under the Companies Acts, 1963 to 1983 and 1990 to 2009 limited by guarantee and not having a share capital. Animal Health Ireland Initiative is a not for profit organisation set up to enhance value for livestock farmers and the agrifood industry through superior animal health. All income to the company is applied towards the running of the organisation.

Directors

The names of the persons who were directors at anytime during the period ended 31st January 2010 are set out below. Unless indicated otherwise, they served as directors for the entire period.

Mike Magan (Chairman)
Gerard Brickley
John O'Sullivan
Lawrence Collins
Michael Doherty
Robin Herbert Talbot
Thia Hennessy

Principal Activities and Date of Incorporation

Animal Health Ireland Initiative was incorporated on 11th May 2009 as a Company Limited by Guarantee and not having a share capital. Its' principal activities are to promote awareness and education and to coordinate effective control programmes for non-regulated diseases of livestock.

Results

True results for the period are set out on pages ix to xvi.

Subsequent Events

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

Transaction involving Directors

There were no contracts of any significance in relation to the affairs of the company in which the directors had any interest, as defined in the Companies Acts, 1990, at any time during the period ending on 31st January 2010.

Auditors

The auditors, Spain, Fewer Quinlan & Co., have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the Board

Mike Magan
Director

Robin Herbert Talbot
Director

Animal Health Ireland Initiative
Period Ended 31st January 2010

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ANIMAL HEALTH IRELAND INITIATIVE (A Company Limited by guarantee and not having a share capital)

We have audited the financial statements on pages ix to xii and the related Notes on pages xiii to xvi. These financial statements have been prepared under the accounting policies set out on page xii.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with the accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on pages iv to v.

Our responsibility is to audit the financial statements in accordance with relevant legal and statutory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland applicable to, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 1983 and 1990 to 2009. We state whether we have obtained all the information and explanations we consider 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 our opinion as to:

- Whether the company has kept proper books of account; and
- Whether the directors' report is consistent with the financial statements.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' 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

issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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 consider 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 of 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 of the state of the company's affairs at 31 January 2010 and of its income and expenditure for the period then ended, in accordance with Generally Accepted Practice in Ireland.
- have been properly prepared in accordance with the Companies Acts, 1963 to 1983, and 1990 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 Animal Health Ireland. The financial statements are in accordance with the books of account.

In our opinion the information given in the directors' report on pages iv to vi is consistent with the financial statements.

Spain, Fewer Quinlan & Co.
Chartered Accountants and Registered Auditors
Thurles
12 February 2010.

Animal Health Ireland Initiative
 Period Ended 31st January 2010

**INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD
 ENDING 31ST JANUARY 2010**

	Note	2010 €
Income from Stakeholders' Subscriptions		364,277
Operating Expenses	2,3,4	(302,342)
Surplus on Ordinary Activities before Taxation		61,936
Tax on Surplus on Ordinary Activities	5	-
Surplus on Ordinary Activities after Taxation		61,936
Retained Surplus/(Deficit) at beginning of financial period		-
Retained Surplus/(Deficit) at end of financial period		<u>61,936</u>

There are no recognised gains or losses other than the surplus attributable to members of the Company.

On behalf of the Board:

Mike Magan
 Director

Robin Herbert Talbot
 Director

Animal Health Ireland Initiative
 Period Ended 31st January 2010

BALANCE SHEET AS AT 31ST JANUARY 2010

	Note	2010 €
Fixed Assets		—
Current Assets		
Debtors	6	9,756
Cash at Bank		210,121
		<u>219,877</u>
Creditors: amounts falling due within one year	7	(157,941)
Net Current Assets		<u>61,936</u>
Total Assets less Current Liabilities		<u>61,936</u>
Total Assets less Liabilities		<u><u>61,936</u></u>
Financed by:		
Reserves		
Revenue reserves account		<u>61,936</u>
Members' Funds		<u><u>61,936</u></u>

On behalf of the Board

Mike Magan
 Director

Robin Herbert Talbot
 Director

Animal Health Ireland Initiative
 Period Ended 31st January 2010

**CASHFLOW STATEMENT FOR THE PERIOD ENDED
 31 JANUARY 2010**

	Note	2010 €
Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities		
Surplus on Ordinary Activities after Taxation		61,936
(Increase in Debtors)		(9,756)
Increase in Creditors		157,941
		<hr/>
Net cash inflow from Operating Activities		<u><u>210,121</u></u>
Cashflow Statement		
Increase in cash in the period		<u><u>210,121</u></u>
Reconciliation of net cash flow to movement in net funds		
Increase in cash in the period		210,121
Net Cash inflow from issue of shares classed as financial liabilities		–
		<hr/>
Net funds at 31 January 2010		210,121

Animal Health Ireland Initiative
Period Ended 31st January 2010

ACCOUNTING POLICIES

Accounting Convention

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

Income

Income consists of stakeholders' subscriptions. These funds are recognised in the financial statements on an accrual basis. Income received from stakeholders, including the Department of Agriculture, Fisheries and Food is credited to the income and expenditure account so as to match it with the expenditure to which it relates. (Please also refer to policy on Government Grants).

Government Grants

Government grants are provided through the Department of Agriculture, Fisheries and Food as annual stakeholder subscriptions to Animal Health Ireland. They are recognised in the profit and loss account to match them with the expenditure towards which they are intended to contribute. (Note - no government grants in respect of capital expenditure have been received to date)

Expenditure

All expenditure to date has been written off and no value is attributed to unexpired costs or research projects completed to date.

Fixed Assets & Depreciation

The company does not own any fixed assets to date.

Animal Health Ireland Initiative
 Period Ended 31st January 2010

NOTES TO THE FINANCIAL STATEMENTS

Note 1 Going Concern

Based on committed stakeholder subscriptions over the next four years and cash at bank, the directors are satisfied that Animal Health Ireland Initiative has adequate resources to continue for at least 12 months from the date of approval of these financial statements and it is appropriate to adopt the going concern basis in the preparation of the financial statements.

Note 2 Staff Costs

	2010 €
The staff costs for all employees are comprised of:	
Wages, Salaries and Social Welfare Costs	4,831
Other Staff Costs	<u>132,774</u>
Total Staff Costs	<u><u>137,605</u></u>

The average number of people employed by the company during the period:-

Management	<u><u>1</u></u>
------------	-----------------

Note the CEO is on a long term secondment to Animal Health Ireland Initiative from the Department of Agriculture, Fisheries and Food (DAFF). Included in other staff costs, is the cost of the CEO's salary and superannuation contributions from DAFF. These costs form part of the DAFF's overall annual contribution to the running of Animal Health Ireland Initiative, as set out in Note 3 below.

Animal Health Ireland Initiative
 Period Ended 31st January 2010

NOTES TO THE FINANCIAL STATEMENTS

Note 3 Government Grants

The company received Government grants through the Department of Agriculture, Fisheries and Food's stakeholder subscriptions totalling €151,171 in the period to 31st January 2010. This grant aid was provided as follows:

	2010 €
Value of overall DAFF staff input – including Travel & Subsistence expenses reimbursed	147,898
Contribution to overall running costs of Animal Health Ireland	<u>3,273</u>
Total DAFF Contribution	<u><u>151,171</u></u>

Note 4 Directors' Emoluments

In the period ended 31 December 2010 Director's emoluments were as follows:

	2010 €
Directors Honoraria	24,124
Vouched Travel & Subsistence Expenses	19,954
Total Emoluments paid to Directors	<u><u>44,078</u></u>

Note 5 Taxation

The charge for taxation is made up as follows:-

	2010 €
Corporation Tax for the period:	<u><u>-</u></u>

The directors have not provided for any Corporation Tax Liability for the period ending 31 January 2010. The company is currently awaiting a determination from Revenue regarding its' Charitable or Mutual Trading status. This could exempt Animal Health Ireland Initiative from Corporation Tax. If Revenue do not grant Charitable or Non-

Animal Health Ireland Initiative
 Period Ended 31st January 2010

NOTES TO THE FINANCIAL STATEMENTS

Note 5 Taxation (continued)

Trading Status to AHI, the surplus of income over expenditure may become liable to Corporation Tax at 12.5%

Note 6 Debtors

	2010
	€
Debtors and Prepayments	<u>9,756</u>

Note 7 Creditors

	2010
	€
Department of Agriculture Fisheries & Food	117,064
Accruals & Deferred Income	39,399
	<u>156,463</u>

Note 8 Pension

Animal Health Ireland Initiative does not operate a pension scheme. Animal Health Ireland Initiative indirectly contributed to the pension scheme of an employee through the annual subscription made by the Department of Agriculture, Fisheries & Food to AHI, from whom the employee is taking a long term secondment.

Note 9 Share Capital

The Company is limited by guarantee and has no share capital. The liability of members is limited to one thousand euro per member.

Note 10 Related Parties

During the period ending on 31 January 2010, the Department of Agriculture, Fisheries and Food (DAFF) provided staff resources and paid invoices on behalf of Animal Health Ireland worth a total of €266,757. The total contribution for the period just ended by DAFF to AHI as set out in Note 3 was €149,693. At 31 January 2010, DAFF had prepaid its' 2010 / 2011 annual contribution by €117,064. In addition, AHI received services worth €1,458 from Cork Cooperative Marts Ltd. in lieu of annual membership subscriptions in the current period.

Animal Health Ireland Initiative
Period Ended 31st January 2010

NOTES TO THE FINANCIAL STATEMENTS

Note 10 Related Parties (continued)

The company also received services in lieu of subscriptions from the following organisations:

Cork Cooperative Marts Ltd

University College Dublin (UCD)

Teagasc

Irish Cattle Breeding Federation (ICBF)

The services from Cork Cooperative Marts Ltd. were quantified at €1,458, and were included in the accounts as Income from Stakeholders' Subscriptions and as an Operating Expense. The services, and related subscriptions received from UCD, Teagasc and ICBF were unable to be quantified and accordingly were not included in the Income and Expenditure account.

Note 11 Approval of Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 16 February 2010.

On behalf of the Board

Mike Magan
Director

Robin Herbert Talbot
Director

