New Zealand Ayrshire

Association (Inc)

ANNUAL REPORT 31 March 2011





Official Publication of the NEW ZEALAND AYRSHIRE ASSOCIATION (INC)

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President	Gordon Glentworth	Kaponga
Directors	Brian Hutchings Peter McFall	Dargaville Tahuna
		Tanuna
	Peter Addison	Otorohanga
	Diarmid Somerville	Reporoa
	Graeme Emslie	Norsewood
	Stewart Riley	Collingwood
	Donald Green	Leeston
	Ken Eade	Gore

The Ayrshire VIS @N

CORE IDEOLOGY

Core Values - Genetic gain of the Ayrshire population

- Always look for the opportunity
- Maintain a financially sustainable business
- Foster camaraderie among Ayrshire members
- Always maintain a professional image

PurposeAyrshire New Zealand will develop, promote and maintain the Ayrshire
breed as a credible option for New Zealand dairy farmers.

ENVISIONED FUTURE

Ultimate Geal To be the number one dairy population within the world, among all breeds, under the NZ payment system.

Vision

- Ayrshire (A14+) will make up 10% of the national herd

- Ayrshire BW/GW and PW will increase and be comparable to other breeds.

- Ayrshire cows will be included in national statistics and trials.
- Ayrshire cows will be financially rewarding for those who farm them.
- Ayrshire NZ will have united, vibrant members who are proud to belong.
- Ayrshire NZ members will be proactive and engaged in striving to achieve Association goals.
- Ayrshire NZ and its members are progressive and are perceived to be innovative.

Key Performance Indicators (KPV)

- 1. Membership: The Association membership will be 30% of farmers who have a proportion of Ayrshire in their herds.
- 2. Registration: 40% of available animals will be registered.
- 3. Semen Sales: The Semayr / LIC partnership will have 85% of the Ayrshire semen sales.
- 4. Ace Herd
 - (a) Nucleus Herd will be in the top 3% of NZ Ayrshire herds.
 - (b) The venture will generate income to fund the registration goal.
 - (c) The venture will provide financial security for the Association by maintaining an appreciating asset.

NOTICE OF 102nd ANNUAL GENERAL MEETING 2011

and

ANNUAL REPORT, STATEMENT OF FINANCIAL PERFORMANCE and STATEMENT OF FINANCIAL POSITION for the year ended 31 March 2011

> To be presented to the Annual General Meeting of the Association to be held at

> > CHATEAU ON THE PARK CHRISTCHURCH on THURSDAY 9 JUNE, at 9.00 am.

BUSINESS

- 1. Notice of Meeting.
- 2. Apologies.
- 3. Minutes of the 2010 Annual General Meeting (see Bulletin No. 154).
- 4. Matters arising from the previous minutes.
- 5. To Receive and Adopt the President's Report. (a) Obituaries
- 6. To Receive and Confirm the Statements of Financial Performance and Position.
- 7. Appointment of Auditor.
- 8. Results of Elections Wards 2, 3 and 6
- 9. Notices of Motion.
- 10. Remits.
- 11. Reports from Committee Convenors.
- 12. General Business.

595 Ruakura Rd, R D 6 HAMILTON 24 May 2011 By order of the Board P M Allison Board Secretary

Annual Meeting Programme

Tuesday 7 June	Registration and the Board meeting followed by an informal get-together with drinks and meal.
Wednesday 8 June	Bus trip to mid Canterbury. Awards evening and meal with entertainment - theme for the evening is RED and BLACK.
Thursday 9 June	Annual General Meeting, followed with time for members to relax, shop or sightsee. Dine and Dance.
Friday 10 June	The final day of conference will include herd visits in the Ellesmere area.



Gordon Glentworth President

It is with pleasure that I present to you my report as President for the year ending 31 March 2011. As I write this, another season is coming to an end. Overall the season has been better for most, particularly over the last couple of months. This coupled with a higher payout for our production should set most up for a favourable start to next season.

Production 09/10: Although not a favourable season for most, congratulations must go to all those who have continued to improve the production average of our Ayrshire cow, and in particular all those members that have gained production awards from the Association whether it be in herd averages or individual cow performance.

Shows: Special thanks to all members that have taken the time to show their Ayrshires and keep our breed out there in the public eye. We need to continue to protray a professional image when showing.

To our younger members who enter the Young Judge Competition and the Young Handler competitions, it is by entering that you learn. This year saw seven entrants in the Young Judge competition. Thank you to all of you that have entered these competitions this past year.

Membership: We remain very steady in this area, with a membership to the Association of 366 for the 2011/12 financial year.

Office: Another year gone and all is good. Pam continues to run the office efficiently and smoothly. It appears to have been a good move to shift into the Jersey office, both financially and for staff morale. Pam's commitment to her job certainly was tested with the International Youth Tour finishing in Christchurch when the earthquake hit, putting a lot of stress on all involved. Thank you Pam for doing all the extra at that time and ensuring that all were safe and well.

World Ayrshire Federation: A meeting was held in late September last and was attended by Diarmid Somerville and myself. It continues to be at a low key level, but we need to continue to support it for the long term benefit of the Ayrshire breed.

Financial: A pleasing result for the 2010/11 year with a net surplus of \$156,859. The Ace Herd has had a considerable increase in overall profit. While some may be contributed to the increase in stock values, the rest is mainly due to the increase in the dairy production payout. Semayr continues to bring income into the Association, although at a reduced level, probably reflecting the need for more higher ranked proven bulls.

Ace Herd: Proving to be a real asset to the Association, and with the careful eye being kept on expenditure will continue to fulfill the goals set for this venture.

Semayr: While still waiting on genomic information for the breed, there have been positive signs in other parts of the world with genomics. The Bull Farm continues to support all the bulls with no supplements required.

Fieldays: This past year saw us having a presence on the LIC stand at the National Fieldays at Hamilton. We consider this to have been a positive move.

The Board: My thanks to all Board members for their commitment, contribution, enthusiasm and support throughout the year. Congratulations to the three Board members re-elected unopposed to the Board from their respective wards.

Obituary: To the members who have suffered bereavements during the past year I offer you the sympathy and condolences of the Association and membership. The following obituaries of past and present members have been noted: Mr A C Gow, Mr P Paton, Mr W J Winn, Mr J Dench, Mrs A Hess, Mrs G Taylor, Mr H H Corbett & Mr H G Rawlins and Mr P Druce.

In conclusion I wish to thank all members and Pam for their continued support. Realising that not every decision made will be seen as the right decision by all, it is with the focus on breed improvement and the breeds future that we will continue to strive forward as a breed for the years to come.

Gordon Glentworth President

There are no Notices of Motion.



Remits

1.	Bay of Plenty Club	"As part of the criteria for Bull Selection for Semayr Progeny Testing and/or selecting adolescent females as egg donors, the dams of such stock must not be less than TOP standard 7 for udder support, 7 for fore-udder and 7 for rear udder. Therefore, a score of 7 udder overall, on a not less than 7 dairy conformation cow. At the times of selection, the dam and the bull are to be inspected."
2.	Thames Valley Ayrshire Club	"The Thames Valley Ayrshire Club recommends that: Any major changes to by-laws in the future that are going to affect members and breeders need to be discussed at Board then club level, before changes are made."
3.	Thames Valley Ayrshire Club	"The Thames Valley Ayrshire Club recommends that: The Board reinstate recording of Excellent Star awards every second year to read, 2E and above, for Herd Test, 3 Generation reports and other publications. e.g. 2E8-8."

Membership Numbers

Senior Members	2011/12 211	2010/11 211	2009/10 216	2008/09 205
Associate Members	53	52	54	55
Retired Members	34	36	38	36
Junior Members	15	15	11	12
Paid Life Members	40	41	42	43
Honorary Life Members	12	12	11	12
Ordinary Members	1	1		
TOTALS	366	368	372	363

Yrust Fund Donors

DM Thomson, D & Mrs. NE Hutchings, CEC Webb, AF & Mrs. G Hutchings, AAC Weir, FS Hutchings, JF Burgess, DJ Ireland, Parlane Rose Bowl Fund, A & M Scott Shield donors, BC & Mrs. N Patrick, DW Wallace, Thistledown Farm.

Mayfield Trophy:	Top Herd for NZ, 50 or more pedigree cows, Fat and Protein - Oliver Farming Ltd - C & H Oliver, 58 cows av. 6310 litres milk, 258 kg fat, 226 kg protein, 287 DIM							
Smith Family Troph	ny: Top Pedigree Cow for N Carrington Family, Luckville protein, 305 DIM				305 litres	milk, 677 I	kg fat, 448 kg	
Snowline Trophy:	Top Cow, 10 yrs and ove Carrington Family, Luckville protein, 305 DIM				305 litres	milk, 677 ł	kg fat, 448 kg	
C.E.C. Webb Mem	orial Trophy: Breeder of I A R Thomson - Carmelglen	-	"Breeding	g Worth" E	Bull, NZ b	red, 2010)/11 Season	
Certificates:	Total Milk Solids (Fat & Pr	otein) fo	r Top Her	ds four s	izes -			
	50-100 cows - Oliver Farming Ltd - C & H Oliver, 58 cows av. 6310 litres milk, 258 kg fat, 226 kg protein (484 MS), 287 DIM							
	101-200 cows - Ngarangi Ay 208 kg prote				vs av. 5817	7 litres mill	k, 265 kg fat,	
	201-300 cows - G & S A Glentworth, 215 cows av. 5606 litres milk, 252 kg fat, 212 kg protein, (464 MS), 275 DIM					212 kg		
	301 plus cows - Bonacord F 225 kg fat, 1					av. 4663 lit	res milk,	
Certificates:	Top Cows - Milk, Fat, Pro	tein, Doll	ar Earnin	a -				
				-	, Ex4, 13 y	/rs, 677 kg	g fat, 305 DIM	
	Protein kg: Carrington I	- amily, Lu	uckville Ma	r Debe El	, Ex4, 13 y	/rs, 448 kg	g prot, 305 DIM	
	Milk Litres: Carrington I	=amily, Lu	uckville Ma	r Debe El	, Ex4, 13 y	rs, 13305/	litres, 305 DIM	
	Top Dollar Cow: Carrington	Family, L	uckville Ma	ar Debe E	T, Ex4, 13	yrs, \$6,61	0.95	
Certificates:	Top Herd 50 or more Pe	diaree C	ows Each	n Ward fo	r Total Sc	olids		
Ward Owner	•	Cows	Milk L	Fat kg	Prot kg		Days	
	Ltd - R M & J E Hutchings	368	4358	188	159	347	253	
	shire Ltd - T L & J I Johansen	272	5508	244	199	443	279	
3 Ngarangi Avrs	shires - D G Macky	199	5817	265	208	473	289	

3.	Ngarangi Ayrshires - D G Macky	199	5817	265	208	473	289
4.	Goldwyn Enterprises Ltd - B T Hayward	111	5659	252	194	446	265
5.	G & S A Glentworth	215	5606	252	212	464	275
6.	Oliver Farming Ltd - C & H Oliver	58	6310	258	226	484	287
7.	Riverlea Farm Ltd - S & M Riley	277	4214	179	150	329	249
8.	Ackermann Ltd - T & J Ackermann	258	5377	244	203	447	262
9.	Glenkylie MFJL - R & A Stevenson	101	4894	235	189	424	261

Certificate: Supplementary One Award - ARC & ARD Production Award for Total Solids

	Age	Litres	Fat	Prot	Solids	Days	Owner
Blacolive Julli Jess S1A	5	9380	393	332	725	288	Oliver Farming Ltd - C & H Oliver

National Progeny Competition: Agri Feeds Don Hutchings Memorial Trophy - 5 daughters

1.	G & S A Glentworth	Kuusijoen Etroni	990.18 pts
2.	G & S A Glentworth	Asmo Omatunto	986.38
3.	G & S A Glentworth	Hirvivianion Julli	972.40
Da	alemere Farms Trophy - 10) daughters	
1.	G & S A Glentworth	Ristitien Johde	1007.7 pts
2.	W R & Z Kite	Sanrosa Royal Phillip	1004.85
3.	G & S A Glentworth	Sanrosa Royal Phillip	946.99

BLM Holdings Somatic Cell Count Competition:

Overall Winner:	A R Thomson	
Ward Winners:		Cell Count
1.		
2. A R Thomson		48
3. W R & Z Kite		65
4. Goldwyn Enterpri	ses Ltd - B T Hayward	91
5. Kieft Partnership	- P & H Kieft	87
6. Te Repo Farms L	td - D & T Thompson	66
7. Riverlea Farm Lto	d - S & M Riley	62
8. Ackermann Ltd -	T & J Ackermann	81
9. Mayo Downs Ltd	- P & A Duffy	106

Semayr Top BW Herd Award - Top BW, 50 or more Ayrshire cows

Overall Winner	GLenkylie DQPY - F	R & A Stevenson
Ward Winners:	BW	
1. Lodore Farm Ltd	- R & J Hutchings	25
2. A R Thomson		22
3. Roma Farm Ltd -	B & M Morris	34
4. J & S McDonald		14
5. AT&HJJane		18
6. Te Repo Farms L	td - D & T Thompson	27
7. Riverlea Farm Lt	d - S & M Riley	-2
8. Ackermann Ltd -	T & J Ackermann	11
9. Glenkylie DQPY	- R & A Stevenson	61

Ayrshire Youth Achiever Competition

Age Group 5 - 12		Age Group 13-17		Age Group 18-30	
1. Liam Newton	490	1. Daphine Leech	720	1. Claire Bourke	420

2. Courtney Davies 670

Only entries completed by the return of the points card are eligible for prizes

Ingledale Trophy/Assn Photos: North Island Champion Cow - W R & Z Kite - Kiteroa Bonny Georgina, Exc South Island Champion Cow - D H & A F Green - Glenmore GG Emerald Association Photographs: Res Nth Island Champion Cow - V K & S L Steiner - Brookview Secrecy On Par, Exc Res Sth Island Champion Cow - D H & A F Green - Glenmore E Kiri S3A Scott Memorial Shield: Sire Progeny - (Whangarei 2010) - BA&CA Hutchings Royal Champion Cow – n/a Ardgowan Trophy: Wrightson Medal Trophy: Best Female Royal Show - n/a Autumn Show Points Shield: Most Points nom. Autumn Show 10/11 - (Morrinsville 2011) - P & H A Baxter Sir Charles Fergusson Trophy: Most Points Royal Show (no Royal Show allocated) - n/a Young Handlers Award (Senior) - North Island - Ron Baker Fredrickson Trophy: Young Handlers Award (Senior) - South Island - Luke Instone Greenlane Trophy: Young Handlers Award (Junior) - North Island - Pennymay Symonds Young Handlers Award (Junior) - South Island - Kaleb McCabe Ayrshire Young Judge Competition - Kylee Perrett Arran Trophy:

Special Awards

Kiteroa Trophy	For the person or persons who contributed the most effort in promoting the progress within the Ayrshire breed in the last 12 months both club wise and breed wise.
	Winner - to be announced at the Annual Meeting.
Bell Booth Achiever Awards	For persons who have made some notable achievement in the Ayrshire Breed.
	Winner - to be announced at the Annual Meeting.
Distinguished Member Awards	For members who promote Ayrshires either nationally or locally by always portraying a positive attitude for the breed, the NZ Ayrshire Association and it's aims, directions and objectives.
	To be appounded at the Appual Meeting

To be announced at the Annual Meeting.

Auditors On London



INDEPENDENT AUDITOR'S REPORT

To the Members of New Zealand Ayrshire Association (Incorporated)

Report on the Financial Statements

We have audited the financial statements of the Association on pages 3 to 8 that comprise the statement of financial position as at 31 March 2011, the statement of financial performance, and statement of changes in equity for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

Board's Responsibilities for the Financial Statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you based on our audit.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Association's preparation of financial statements and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.

An audit also involves evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates as well as evaluating the overall presentation of the financial statements.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements. We have obtained all the information and explanations we have required and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

Other than our capacity as auditor we have no relationship with or interests in the New Zealand Ayrshire Association (Incorporated)

Opinion

In our opinion the financial statements on pages 3 to 8 present fairly, in all material respects, the financial position of the Association as at 31 March 2011, and of its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.

uditors on London

18 May 2011



NZ AYRSHIRE ASSOCIATION (INCORPORATED) STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2011

ACE AYRSHIRE HERD	2011	2010
Livestock Trading Gross Profit(Deficit)	118,070	78,478
Aceayr Income	312,041	248,486
Other Income	718	1,189
	430,829	328,153
Less Aceayr Expenses	263,825	323,960
Net Surplus / (Deficit) from Ace Ayrshire Herd	167,004	4,193
SEMAYR BREEDING SERVICES		
Livestock Trading Gross Profit(Deficit)	14,479	5,524
Gross Surplus Breeding Services	164,987	186,950
Other Income	185	212
	179,651	192,686
Breeding Services Expenses	140,377	131,227
Net Surplus / (Deficit) from Semayr Breeding Services	39,274	61,459
AYRSHIRE		
Income	40.000	10.000
Registrations Subscriptions	19,069 27,708	19,682 26,883
Other Income	27,159	30,772
	73,936	77,337
Expenses		
Ayrshire Expenses	117,684	118,318
Audit Fee	4,759	5,240
Honorarium	0	0
Depreciation	912	1,567
	123,355	125,125
Net Surplus / (Deficit) from Ayrshire	(49,419)	(47,788)
NET SURPLUS / (DEFICIT) TO ACCUMULATED FUNDS	156,859	17,864



These statements are to be read in conjunction with the Notes on pages 6 to 7 and the Auditors report on page 2

NZ AYRSHIRE ASSOCIATION (INCORPORATED) STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011 Note 2011 2010 ACCUMULATED FUNDS Opening Balance 525,122 507,258 507,258 507,305 52,406 82,170 20,500 60,600 52,405 52,6					Page 4
Note 2011 2010 ACCUMULATED FUNDS Opening Balance 525,122 507,258 Surplus (Deficit) for Year 156,859 17,864 Classing Balance 57,305 57,305 Captial Reserve 57,305 57,305 Property Revaluation Reserve 10 147,294 147,294 LIC Share Adjustment 1,807 1,807 1,807 Ravensdown Bonus Share Offer 664,40 6640 6,640 Special Projects Fund 20,000 20,000 233,697 233,697 TOTAL MEMBERS & TRUST FUNDS 915,678 758,819 915,678 758,819 Represented by: CURRENT ASSETS 68,769 64,680 925,450 821,150 Debtors 68,769 64,680 925,450 821,150 1,010,550 CURRENT ASSETS 68,769 64,680 92,6402 1,010,550 Stock - Ayrshire 1,475 1,724 100,550 1,010,550 CURRENT LIABILITIES 104,344 164,970 952,448 779,166					
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Westpac - Ayrshire 104,344 164,970 Westpac Banking Corporation 9 - - GST Holding 4,988 1,206 Creditors 53,957 65,208 Total Current Liabilities 163,289 231,384 WORKING CAPITAL 952,448 779,166 INVESTMENTS 952,448 779,166 Westpac - Special Projects Fund 2 28,645 28,086 Westpac - Youth Fund 2 7,615 7,467 Interest Accrued on Investments 11 6 Total Investments 36,271 35,559 SHARES - Investment (2958 shares) 4,007 3,290 CRT Shares - Ordinary 945 581 - Investment 759 636 - Investment 759 636 - Investment 759 636					
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Westpac - Special Projects Fund 2 28,645 28,086 Westpac - Youth Fund 2 7,615 7,467 Interest Accrued on Investments 11 6 Total Investments 36,271 35,559 SHARES 36,271 35,559 LIC Shares - Ordinary 945 581 - Investment (2958 shares) 4,007 3,290 CRT Shares 200 200 Ravensdown - Bonus 482 482 - Investment 759 6,393 5,189	INVESTMENTS				
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Total Investments 36,271 35,559 SHARES LIC Shares - Ordinary 945 581 - Investment (2958 shares) 4,007 3,290 CRT Shares 200 200 Ravensdown - Bonus 482 482 - Investment 759 6,393 5,189			7,615		7,467
SHARES - Ordinary 945 581 LIC Shares - Investment (2958 shares) 4,007 3,290 CRT Shares 200 200 Ravensdown - Bonus 482 482 - Investment 759 6,393 5,189	Interest Accrued on Investments		11		6
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6,393 5,189	Ravensdown - Bonus		482		482
	- Investment		759		
				6,393	5,189
$\frac{1}{1}$	FIXED ASSETS (REFER SCHEDULE	<u>=)</u> 4, 10		811,751	830,090
TERM LIABILITIES	TERM LIABILITIES				
Westpac Banking Corporation 9 891,185 891,185	Westpac Banking Corporation	9	891,185		
891,185 891,185				and the state of t	and an
<u>NET ASSETS</u> 915,678 758,819	NET ASSETS			915,678	758,819



These statements are to be read in conjunction with the Notes on pages 6 to 7 and the Auditors report on page 2

NZ AYRSHIRE ASSOCIATION (INCORPORATED) STATEMENT OF MOVEMENT IN EQUITY			Page 5	
	FOR THE YEAR ENDED TO 31 MARCH 2		2010	
Equ	ity at start of Period	758,819	697,787	
Net	Surplus (Deficit) for the period	156,859	17,864	
Tota	er Revenues and Expenses al recognised Revenues and Expenses the Period	156,859	17,864	
	ease(Decrease) in Livestock Revaluation Reserve ease(Decrease) in Investment Funds	-	43,168	
Equ	ity at End of the Period	915,678	758,819	
President	Matwatt Finance Convenor Graeme Emslie	Soft	-)	
RECONCILIAT	ION OF STOCK NUMBERS	2011	2010	
Opening Stock Less Sales Less Deaths Plus Purchases Plus Natural Ind Plus Leased Ar Closing Stock	crease	683 68 21 0 114 -14 694 694	593 89 20 38 126 35 683 683	
Opening Stock Numbers Bulls Plus Purchases Less Sales Less Deaths Plus Progeny Ace Herd Closing Stock Numbers STOCK VALUATIONS		87 19 26 2 1 79 79	98 22 32 1 0 87 87	
		007 000		
Ace Herd	436 cows @ \$1600 123 in calf heifers @ \$1250 114 heifers @ \$650	697,600 153,750 74,100 925,450		
Bulls	25 bulls @ \$1000 54 bulls @ \$1250	25,000 67,500 92,500		A Marked by for 2 Identification Purposes

These statements are to be read in conjunction with the Notes on pages 6 to 7 and the Auditors report on page 2

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NZAYRSHIRE ASSOCIATION (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

Statement of Accounting Policies

Reporting Entity

These Financial Statements are for the NZ Ayrshire Association (Incorporated).

The Association is a non-profit organisation registered under the Incorporated Societies Act 1908. These Financial Statements have been prepared in accordance with generally accepted accounting practice as defined by the Financial Reporting Standards and Statements of Standard Accounting Practice as issued by the New Zealand Institute of Chartered Accountants.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position have been applied on an historical cost basis. Accrual accounting is used to recognise revenues and expenses when they occur and reliance is placed on the fact that the Association is a going concern.

Specific Accounting Policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied:

A. Differential Reporting

The Association is a qualifying entity under the New Zealand Institute of Chartered Accountants Framework for Differential reporting regime on the basis that it is not publicly accountable and it is not considered large. Therefore full advantage has been taken of all differential reporting exemptions.

B. Fixed Assets and Depreciation

Depreciation has been charged at 2% diminishing value on office premises, 10% diminishing value on office furniture, 33% on office equipment and 14% diminishing value on farm machinery. This method and rates are considered appropriate to the circumstances of the Association.

C. Accounting for G.S.T.

The financial statements have been prepared on a G.S.T. exclusive basis, with the exception of debtors and creditors which are stated inclusive of G.S.T.

D. Inventory

Stocks of semen and goods held for re-sale have been valued at the lower of historical cost or net realisable value on a FIFO basis. Livestock held in the Association's dairy herd have been valued at market value. Semayr Breeding Services bulls have been valued at the higher of historical cost or assessed standard value of \$1000.00.

E. Income Tax

The Association is not liable for the payment of Income Tax by reason of its exemption under Section CB (1)(g) of the Income Tax Act 1994.

F. Accounts Receivable

Accounts Receivable are stated at their expected realisable value.

G. Administration Costs

The transfer of \$10,000 from Semayr Breeding Services Account and \$7,500 from the Ace Ayrshire Herd Account to the Statement of Financial Performance Account of the Association of the Association of Semayr Breeding Services and other office administration charges paid on behalf of Semayr Breeding Services and the Ayrshire Herd.

H. Changes in Accounting Policies

There have been no material changes in accounting policies since the preparation of the last financial accounts.

N Z AYRSHIRE ASSOCIATION (INCORPORATED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

2. Investments

The funds of the Association are invested with:

	Principal <u>Amount</u>	Interest <u>Rate</u>	Due <u>Date</u>	Interest <u>Accrued</u>
Westpac Banking Corporation Special Projects Fund	\$28644.66	3.65%	28/04/2011	\$ 8.59
Youth Fund	\$ 7615.16	3.65%	28/04/2011	<u>\$2.28</u> <u>\$10.87</u>

З. Nature of Activity

The New Zealand Ayrshire Association (Inc.) promotes the benefits of the Ayrshire Cattle breed throughout New Zealand.

4. Fixed Assets

		Accumulated	Book Value
	Cost	Depreciation	<u>31/03/11</u>
Office Premises	40,375	13,803	26,572
Office Equipment	2,305	1,555	750
Farm Machinery	92,769	31,384	61,385
Bull Farm	653,000		653,000
Bull Farm – Fences/Yards	116,182	46,139	70,043
	\$904,631	\$92,881	\$ <u>811,750</u>

5. **Related Party Transactions**

There were no related party transactions during the year ended 31 March 2011 other than between the Association and its members in the normal course of business. (2010 NIL)

6. **Capital Commitments**

The Association has no capital commitments as at 31 March 2011. (2010 Nil)

8. World Conference Fund

9.

In June 2005 the World Conference Fund with a balance of \$16,844.29 was used towards the purchase of the Bull Farm at Opunake.

•	<u>Term Loan</u>	Current Amount	Term Amount	Due <u>Date</u>	Interest <u>Rate</u>
	Westpac Banking Corporation				
	Term Loan 91	-	\$320,766	29/10/2011	6.80%
	Term Loan 93	-	\$109,838	05/04/2022	7.20%
	Term Loan 94	-	\$254,581	30/05/2016	9.10%
	Term Loan 95	-	\$206,000	30/05/2013	6.80%
	TOTAL		\$891,185		

The loans are secured by way of registered first mortgage over lease hold property situated Kaweora Road, Opunake, and the Association's livestock.

10. **Property Revaluation Reserve**

The lease hold property at Kaweora Road, Opunake was revalued by Quotable Value Limited as at 1 September 2009. The increase in the value of \$146,294 is recognised in the Property Revaluation Reserve in the Statement of Financial Position.

11. **Contingent Liability**

The Association has collected "SNiP tax" from LIC from the sale of semen for the express purpose of DNA sampling animals for genomic selection in the amounts of \$13,005 in 2010 and \$10,511 in 2011 which has been recorded as revenue in the respective years' financial accounts. The DNA sampling has AS ONT not yet taken place and should it proceed then the Association is likely to incur an additional cost of up to/s Marked the gross amount collected. Identification Purposes

for

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Gordon Glentworth Chairman

Another years worth of Progeny Test bulls have been proven, and although we were not successful in getting a bull or bulls that rank higher than we already have, we do do have one new bull in particular that has a very sound proof. His current figures are 132 BW, +20 BV Fat, +16 BV Protein and +583 litres milk with 55 daughters in his production proof. He ranks second on the Ranking Of Active Sires List. Quinella's TOP figures are also sound at +0.236 for Udder Overall and +0.14 Dairy Conformation on 37 classified daughters.

The 504 numbered bulls such as Brody and Jarmo will this next season gain their secondary proof with considerably more daughters. We are looking forward to these results. Brody has been at LIC for collection for the past 18 months. The proven and unproven bulls are all collected on the LIC property now. For a number of years the proven bulls had to be collected at ABS.

The Progeny Test bulls selected for the coming spring inseminations include two that are sired by unproven bulls. This was done to try to keep a spread of genetics within the team. The three young Carmelglen bred bulls that were sired by Finnish proven bulls all had their ancestry BW incorrect in the LIC catalogue. This was due to an overzealous programme within Dairy NZ's Animal Evaluation Unit. All Animal Evaluation enrolled juvenile bulls have had approximately 22 - 23 BW units removed from their ancestry figures so that once proven they will be much closer on average to their predicted figures.

In the case of the three Carmelglen bulls the Interbull information on their sires had not been picked up within this programme, and then this coupled with the above reduction had a significant effect on their ancestry figures. To explain why all unproven bulls enrolled for Animal Evaluation have been reduced by approximately 22.5 BW units, it appears that the expectation of an animals genetic level being half way between sire and dam is still correct on average over the national herd. Where there appears to be some deviation is in the top 2 or so percentage of the national herd, in other words the elite animals, or animals at bull dam level. It appears that these elite animals on their own have a greater tendency to leave offspring that fall short of being half way between ancestry of sire and dam, hence the reduction on the male offspring. Although this could be argued as a rather crude attempt at fixing the problem, it will however capture all young bulls that are enrolled for animal evaluation. In the case of ET brothers, where some are enrolled and some are not, the variation of 22-23 BW units will remain. Just because a young bull has an AB code dosen't necessarily mean he has been enrolled for animal evaluation, therefore when considering young bulls we will all need to be clear if individuals have or have not been enrolled.

<u>Genomic Selection</u>: While we are still waiting for the opportunity to engage in this, the timing of such is important. There are some extremely encouraging results appearing from other parts of the world. We are currently exploring this avenue.

<u>Bull Farm</u>: The Bull Farm continues to meet our requirements. All bulls awaiting proof are kept there and this year we have also nine young Jersey bulls for use on the Ace Herd replacements. No supplements were fed last winter. Deaths on the Bull Farm are two this autumn; one injured from riding (paralysed backend) and the other just deteriorated and died. The vet also could not give any reason. The weeds, mainly young gorse and ragwort, have been sprayed and the farm has good grass cover going into the winter. Fertiliser is applied annually in the autumn.

Semen Sales for the 2010 season were down on the previous year for both proven and unproven semen. Sales for proven semen were 22,500 straws (25,500 straws 2009) and for unproven were 8,500 (9,000 straws 2009).

In conclusion, on behalf of the Semayr Board which consists of Alastair Thomson, Peter McFall, Stewart Riley, Roger Hutchings and myself, I would like to thank all members who have supported us over the last year. Our proven bulls of tomorrow are the young bulls of today. We need to constantly continue to prove these individuals to ensure the breed's future, whether using just a nominated few or by using the Progeny Test Scheme and receiving semen at \$2.00 per straw, it all helps our future.

Gordon Glentworth

Chairman – Semayr Breeding Services



Graeme Emslie Convenor

The Finance Committee consists of Gordon Glentworth, Diarmid Somerville, Stewart Riley and myself. The accounts for the NZ Ayrshire Association for the financial year ended 31 March 2011 are complete. It is pleasing to report an overall net surplus of \$156,859 transferred to accumulated funds, this compared with previous year 31 March 2010 result of \$17,864. Balance sheet shows an increase of net worth from \$758,819 to \$915,678, an equity ratio of 47%, last year 40%.

Ace Herd. Profit and Loss accounts for the Ace Herd show a surplus of \$167,004. Comparable net trading surplus calculated as follows:

\$167,004 Total Ace net surplus

<u>\$104,300</u> - Increase from stock revaluation

\$ 62,704

\$ 9,991 Depreciation

<u>\$ 7,500</u> Administration Fee to Ayrshire

<u>\$ 80,195</u>

So net trading surplus before stock revaluation, depreciation and administration fees equates to \$80,195. This is a pleasing result. Increased profit due mainly to increased milksolid revenue due to higher payout and increased sharemilking percentage.

Semayr Breeding Services. Profit and Loss accounts for Semayr show a net surplus of \$39,274 compared with previous year \$61,459. The difference directly resulting from reduced sales of breeding services. Comparable net trading surplus before stock revaluation, depreciation and Ayrshire administration fee equates to \$52,817.

Year ended 31 March 2012. Cashflow forecasts have been prepared for the financial year ended 31 March 2012. This shows an overall net surplus of \$55,050, this is after allowing for depreciation but is before any stock revaluation. This is made up as follows:

\$134,250	Ace surplus
\$ 15,080 -	Semayr deficit
<u>\$ 74,000</u>	Ayrshire income
\$193,170	
<u> \$138,120</u> -	Ayrshire expenses
\$ 55,050	

The Ace forecast is based on 152,000 kg milksolids at a \$7.50 payout with no added value / share dividends included, and this is calculated at the new increased sharemilking percentage rate of 30% (lower order sharemilker 20%). This will be revised again on Fonterra's announcement of the forecasted payout for 2011/12. The Semayr forecast is calculated with expenses in line with last financial year but with hopefully a conservative decrease in sales from \$170,052 to \$133,000 (inclusive of SNiP tax \$8000).

Three out of the four tem loans are due for interest rate review early August. With interest rates currently as at 2 May 2011 almost 1% (85 points) lower there could be some further savings to be had. Some of the loans may be reverted back to principal & interest at that date.

In summary the way forward is still looking quite promising. The Ace Herd has built up stock numbers from 593 as at 31 March 2009 to 694 as at 31 March 2011, with all lease animals returned by the end of 2010/11 season. So from now onwards more focus will be able to be placed on culling and herd improvement. The Bull Farm has seen a drop in total bulls on farm due to lower annual intake for sire proving each year. Total bulls on farm have dropped as follows: 2009 98, 2010 87 and 2011 79. The Board is currently looking at other income streams for the Bull Farm to maximise farm return.

So going forward the Board will remain proactive, with good planning, recording and risk assessment while continuing to strive to grow the business and maximise returns for our members.

Graeme Emslie

Convenor - Finance Committee



Diarmid Somerville Convenor

The Committee consists of Peter Addison, Graeme Emslie, Ken Eade, Donald Green and Diarmid Somerville.

This season again saw very good results at Autumn sales. A record price was achieved at the Taranaki Club Sale for an incalf heifer. The heifer, Southwind Phils Qantas, bred and owned by Albie and Hilary Jane sold for \$15,000 to Valendale Ayrshire Ltd. Good results were also achieved at the Dunwald dispersal, Lodore annual sale, Pa Hill annual sale and the Thames Valley Club Sale. I would like to thank the vendors for making their stock available, and wish the buyers the best with their purchases.

The Association had a display at the Dairy Event again this year. Pam was in attendance. She was also involved with the International Youth Tour at the same time. I would like to thank Graeme Emslie for his help at the Dairy Event. It is the Committee's intention to have a presence at the Alpha Nominated site at the National Fieldays site, Mystery Creek, again this year.

A small amount of advertising was submitted, in the Dairyman magazine late in the winter, and in the CountryWide paper in the autumn. Pam has again produced two high quality Bulletins, both made a profit.

The Somatic Cell Count Competition attracted 10 entries in total. To make

the competition worthwhile for the sponsors, members must remember to enter. There are 43 entries in the Alpha Nominated Photo Competition. This is very pleasing. Thank you to those who have taken part. In the PGG Wrightson Photo Competition, there are 38 entries. Those not going to Christchurch can take part in the judging on line on the Ayrshire New Zealand website.

In response to a suggestion from the 2010 Ayrshire Seminar delegates, the committee started up a Facebook page, and an online directory of breeders' names and contact details. The breeders' directory can be found on the Association's website. Those who are familiar with Facebook, have already found this, I'm sure.

Production: For the Association awards, we monitor herds by BW/PW comparison. Some herd owners were asked to supply the committee with additional information. Following the provision of this information, everything was found to be in order.

Following the Christchurch earthquake in February, herd testing in the South Island has been disrupted. This disruption has caused herds to fall outside of the maximum 75 days between test requirements. Also in a number of cases only a single herd test has been taken on a given day. The Board has decided to relax these requirements for the South Island for the remainder of this current dairy season.

I would like to draw members' attention to our President's comments in the latest Bulletin (No. 155). As a breed, we are making progress, but it is slow compared to the other breeds. This rate of gain is impeded by our lack of numbers. To maximise our genetic gain, given the technology that is available to us now, we need to be collectively going in the same direction. That is, using a team of high index bulls. Bulls that have large negative indexes will do little for our collective cause of breed improvement. This improvement is necessary to meet the Key Performance Indicators of the Ayrshire Vision.

Marmid Somerville

Convenor - Production Promotion Committee



Brian Hutchings Convenor

The T.O.P. committee is made up of Gordon Glentworth, Pete McFall and myself.

Numbers of cows classified would have been around the same as last year, however seasonal influences made people withdraw at the last minute.

The tightening up on the classification awarded to the Excellent cow has brought the number of excellent cows around the country down to an elite few.

This year we had a number of inspectors re–sit their TOP ticket and they were all successful in re-certifying.

After all of the runs were completed this year, there was a consensus from the inspectors that the majority of farmers classifying were happy with the new way the awards are being recorded.

Next year we would like to see more herds classifying. Even if you only have two year olds in your herds, by classifying you are making the proof of bulls more reliable and accurate in the sire catalogues.

I would like to thank the people who have hosted the inspectors this year. Your hospitality and generosity is most appreciated, and keeps the cost of classifying to a minimum.

Thank you again to the inspectors for making yourselves available. I know that you are all busy people with your own ventures to attend to, so the association appreciates the time that you put forward to complete the classification runs each year.

Brian Autchings Convenor - T.O.P. Committee



Peter Addison Convenor

This committee consists of Brian Hutchings, Ken Eade and myself.

This year we have completed a full run of certification days throughout the country. It is hoped that we can run another full set of these days in the coming year so that anybody interested who was unable to attend the first round can take part.

After the full run was completed Zane Kite stood down from the judging panel. I would like to take this opportunity to thank Zane for the time he spent making the certification days a success. Alastair Thomson has indicated he would like to remain on the judging panel. Alastair has done a great job this year working alongside Zane on the panel. I would like to thank Alastair as well for making himself available for the certification days. The board have appointed Ken Eade and Ivan Fredrickson to the panel to join Alastair, with any two to make the panel at each certification day.

The NZ Dairy Event was held once again this year in Fielding. It was held later this year, in February, to fit in with the World Jersey Conference. Greg Edmonds from Australia officiated this year over very strong in-milk and young stock classes. Greg did a great job in both the Ayrshire and All Breeds sections at the event.

Congratulations to Jessica and Michael Vaughan on winning Supreme Champion Ayrshire Cow with Peak View Alfie Hetty.

It was great to see a full complement of entrants in the Ayrshire Young Judge competition. Unfortunately there was a withdrawal due to a bereavement, but the other seven continued to make a keenly fought contest. Congratulations go to Kylee Perrett on winning this event and Gemma Hartstone coming in as runner up. Both of them went on to compete in the All Breeds Young Judge competition the following day. Congratulations to all of the Young Judge competitors for having a go and for being great ambassadors for the Ayrshire Breed.

The North Island Championships were held at the Waikato Show in October and congratulations go to Wally and Zane Kite for winning North Island Champion Cow with Kiteroa Bonny Georgina.

The South Island Championships were held at Ellesmere Show in October and congratulations to the Green Family for winning the South Island Champion Cow with Glenmore GG Emerald.

This years Royal Show will be held in conjunction with the Waikato Show in October. The judge will be Gordon Glentworth of Kaponga.

I ask you to please remember the show ring is our shop window and all eyes are on us as we parade our cattle. We always need to portray a professional image, step out with a clean and tidy appearance and be proud to be ambassadors for our great breed.

Thank you to all members who contributed in the show ring either as judges, ring stewards, exhibitors and spectators.

Peter Addison Convenor - Judging Committee



Ken Eade Convenor

With the 2010/2011 season almost finished here are a few points for members.

Production for the season stands at 150,000 kgs MS, this is an increase of 10,000 kgs since the Association started their sharemilking job at Clinton 3 seasons ago.

A few management decisions have been made for the winter this year. Last season 200 cows were grazed off, this year all cows and in-calf heifers will be wintered on farm on the run off and fed on choumollier and baleage. This will be a big saving to the Association.

The in-calf heifers came back from grazing on the 1st May and the calves went out to graze on 1st May also. The calves were weighed before leaving and their average weight was 193.5 kgs.

The herd's empties were scanned again in early May, eight were confirmed as being in calf, so we ended up with an 11% empty rate which is below the average for the area this season.

Our present contract milkers Darren and Amy Frew are moving on, and we have a new couple for the job, Wilson and Trish Miller.

The remaining lease cows go back to their owners in late May, so all cows milked on the farm this incoming season will belong to the Association.

Our main aim for the farm now is to cull low producers, increase production even further, and to improve the quality of the herd.

Ken Fade Convenor – Ace Farm Committee



Donald Green Convenor

The Youth Committee consists of Pam Allison, Brian Hutchings, co-opted members Audrey Stevenson, Selwyn Donald, Jonathan Glentworth and myself.

Perhaps the highlight of the year for the Committee was the organising and hosting of the International Youth Tour. The tour was held in February commencing in Auckland traveling down through the North Island to Wellington then across Cook Strait and down to Christchurch. Travel was by minivan, ferry and train. The tour party consisted of eight youth - three from Sweden, two from Finland, two from Canada and one from New Zealand. The tour leader was Pam Allison and bus drivers were John Wadey, Peter Addison and myself. The itinerary was organised so that our guests could get to see our country at its best to enjoy the hospitality of our people and to see our dairy cows and farms in operation.

The tour coincided with the NZ Dairy Event at Feilding and also a Hurricanes Super 15 game in Wellington. For me the Tour was a huge success and it was very disappointing that our guests had to experience the earthquake that hit Christchurch on the 22nd February.

I would like to thank all of our members who helped out hosting and organising events in their area and a special thank you to Pam Allison who had the will and desire to make this all happen, and for her efforts to assist our guests out of Christchurch.

At the NZ Dairy Event it was pleasing to see our youth participating in the Ayrshire Young Judge Competition and the Youth Challenge. It was good to see the Waikato Club holding their own Youth Camp in October and going by the report in the last Bulletin it was enjoyed by all.

I would like to congratulate all the young contestants at all the A & P Shows and particularly those who won the Young Handlers at both the North and South Island Championships.

The Youth Achiever Competition attracted ten entrants over the three sections, with only four of those entrants completing the competition by returning their points cards.

The Ayrshire Seminar was held for the second year following a very successful one held last year in Southland. This time Northland hosted eight young people 18-35 years. The seminar was over three days and included a mixture of breed and farming matters along with a chance to socialise. Lodore Farm was host to an afternoon discussion group where the group learnt about T.O.P, sire proving and bull selection and how to understand the information available in a sale catalogue. Thanks must go to the Hutchings Family for their hospitality and for organising this event along with Audrey Stevenson, and also to the Northland Clubs for their financial sponsorship.

The Board has approved holding another Seminar next year in Canterbury so please encourage some young members from your area to attend.

The members on the Committee welcome ideas and suggestions as to what we can do to increase youth activities for our Association.

Donald Green

Convener - Youth Committee



Pam Allison Manager

The past year in the Ayrshire office has been a busy one. Immediately after the Annual Conference I was representing the Association on the LIC stand at National Fieldays. I spoke to many of our members there, and a large number of commercial farmers using, or looking to use, Ayrshire in their crossbreeding programme. I believe this was a successful trial, and was significantly easier to organise than our own site.

In July I travelled overnight to Takapau to the farm of David & Tracey Thompson and their family. I spent some time with them preparing an article for the Spring Bulletin, and got to meet their Clydesdales. Thanks to David, Tracey & the kids for an awesome time.

During July I also attended both the Waikato and Thames Valley Club annual dinners.

October was a busy month, with attendance at both the North and South Island Championships. The North Island Championships just meant a day out of the office here in Hamilton, and I travelled to Ellesmere to attend the South Island Championships. Thank you to the Canterbury members for their hospitality.

I also spent half a day during the school holidays with my own kids at the Waikato Youth Camp. The participants were obviously having a ball, and made my girls very welcome.

The TOP season went relatively smoothly, although the new awards did not quite make it on to the Handheld Units for inspectors. This meant that the awards all had to be manually altered before your cow listings were able to be sent, and is the reason why they may have been received a little later than usual.

The latter part of each year sees the production of the Spring Bulletin, Herd Book and Production Register, and these were all issued to members on time.

While the workload in the office is spread well throughout the year, this years 'extra' was the International Youth Tour. The brainchild of Jonathan Glentworth who had attended a similar event in Canada, the Board decided to hold the Tour in February to coincide with the NZ Dairy Event at Feilding. The International Youth Tour had to be both organised and hosted - budgets, itineraries, bookings, organising hosts, drivers and activities, and inviting participants. The tour was a huge success - right until the end. My personal thanks go to all those involved with helping to make the tour such a success, but especially to those who helped us out after the earthquake.

Our display for Dairy Event was also organised and sent down to Feilding early, and I am grateful to Director Graeme Emslie who set up and took down the display on my behalf. While at Dairy Event, I also collated results for our publications and the website, and assisted with organising the Young Judge competition. I was available for members and also was still hosting the Youth Tour.

The Autumn Bulletin was issued to members on 1 April, although slightly smaller than usual due to time constraints following the Youth Tour.

Many members will be aware of the proposed Dairy Industry Good Animal Database (DIGAD). This has the potential to impact greatly on Breed Societies and the Association prepared at least three submissions on this and the National Breeding Objective during the course of the year. I have been appointed as the Dairy Breeds Federation representative to the Key Stakeholders group involved with DIGAD.

April and May are always busy with the preparation and completion of the annual audit, and the preparations for Annual Conference including the publication of this new look Annual Report. Time is also spent throughout the year keeping the website up to date, and more recently the Facebook page also.

I would like to take this opportunity to remind members that it is your own performance, whether it be production, feeding or in the show ring, which allows the Association to continue to promote the breed. Don't sit back on your laurels, make sure we know when there is something worth crowing about.

Pam Allison

Manager



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