



PASTURES NEW

Meat and Livestock Commission
Annual Report and Accounts 2008





Meat and Livestock Commission Annual Report and Accounts 2008

Volume I

Meat and Livestock Commission Annual Report and Accounts 2008

Volume II

Hybu Cig Cymru Annual Report and Accounts 2007-08

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The Meat and Livestock Commission (MLC) was set up under the 1967 Agriculture Act and was dissolved on 31 March 2008 after more than 40 years of industry advancement.

MLC's role was to address market failure in the British meat and livestock industry (cattle, sheep and pigs). Its remit was to improve the industry's efficiency and competitive position; and to maintain and stimulate markets for red meat at home and British meat abroad, with due regard for the consumer.

MLC was a Non-Departmental Public Body (NDPB) funded through the collection of levies on sheep, pigs and cattle slaughtered for human consumption or exported live. This was supplemented by EU and Government grants and from money earned from its own commercial operations.

During its latter years MLC operated as a federal structure. A board of MLC Commissioners appointed by Ministers ensured it fulfilled its statutory duties efficiently. The responsibility for setting and delivering strategies had been passed to the executive boards of four bodies:

- British Pig Executive (BPEX)
- English Beef and Lamb Executive (EBLEX)
- Hybu Cig Cymru/Meat Promotion Wales (HCC)
- Quality Meat Scotland (QMS)



www.bpex.org.uk



www.eblex.org.uk



www.hybucigcymru.org



www.qmscotland.co.uk

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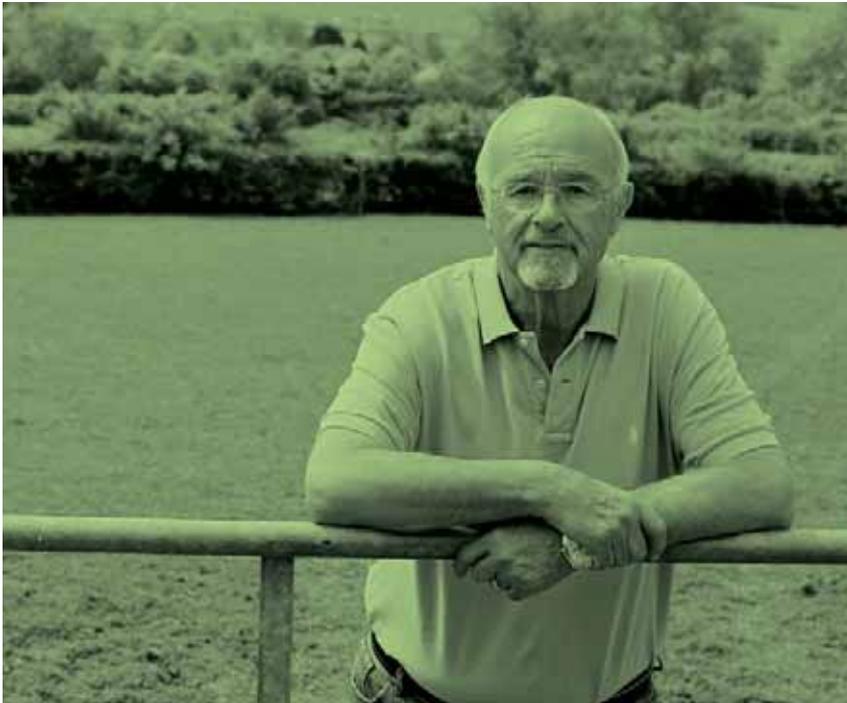
Forty First Annual Report to the Secretary of State for Environment, Food and Rural Affairs, Scottish Ministers and the Welsh Assembly Government, and Statement of Accounts for the year ended 31 March 2008.

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MLC



Peter Barr CBE
Chairman
Meat and Livestock Commission

MLC CHAIRMAN'S FOREWORD

The twelve months ending 31 March 2008 was the final year of operation for the Meat and Livestock Commission after almost 41 years of achievement and outstanding service to the British red meat industry.



It is not so much an end, as a new beginning. Much of our important work in the red meat sector is continuing through BPEX and EBLEX in England, HCC in Wales and QMS in Scotland.

Since I was appointed as Chairman in 2001, MLC has succeeded in generating increased demand for red meat. I'm delighted that we hand over a stable consumer marketplace with both the image of red meat and consumption levels amongst the most robust in Europe. Indeed, the UK home market for red meat has seen volume growth since 2001 of more than 13%.

We have also delivered significant internal efficiencies and cost savings which have meant the levy rates have remained unchanged since early 2001. These have included reducing MLC administration costs, reducing headcount by 25%, and halving the cost ratio for levy collection.

Through our federal structure we have dramatically increased knowledge transfer activity and brought management decisions closer to our levy payers.

The MLC contains the most professional group of people I have ever worked with and it has been an honour to have been their Chairman. My job has been made easier by the expert advice and support of Kevin Roberts and more recently Richard Lowe in their capacity as MLC Director General and Chief Executive respectively, and also by the Commissioners who have served on the MLC Board.

The MLC team has worked with diligence and integrity over the years, and I'm immensely proud of all that the organisation and its staff have delivered, and of the high reputation we have earned at home and abroad. These achievements are also a credit to the support we have received from Defra, the farming unions, processors, retailers and our other stakeholders.

The MLC, and I, depart at a time when there are still massive challenges facing our meat and livestock sectors. These include the desperate need to improve the financial returns received by many primary producers, the increasingly costly impacts of animal diseases such as bovine TB and Bluetongue,

the threat of globalised food supply chains which do not always operate on a level playing-field with home production, and the consequences of climate change and strategies to mitigate against climate change.

I wish the new Agriculture and Horticulture Development Board and its sector companies well in the years ahead, as we pass the baton to them.

Peter Barr CBE
Chairman
Meat and Livestock Commission

MLC



Richard Lowe
Chief Executive
Meat and Livestock Commission

MLC CHIEF EXECUTIVE'S REPORT

This is our final annual report and accounts and it marks the closing of a chapter in the recent history of the British meat and livestock industry.



The year to 31 March 2008 was a difficult and busy year during which the MLC executive team had two main challenges:

1. to prepare for the orderly wind up of MLC on 31 March 2008
2. to ensure the work streams to support levy payers and the industry continued uninterrupted during the continued change process.

I am pleased to report that the team has delivered on both of these, helped by the encouragement and guidance from MLC Chairman Peter Barr and also Deputy Chairman Paul Kirk, whose wise counsel as chairman of the MLC Audit Committee was vital during this complex final year.

For the staff it was a year of great uncertainty. Understandably the planning process for the creation of the new levy board organisation was not a simple or quick process, and the announcement of a forthcoming relocation to Stoneleigh for the new organisation was unsettling for many staff. The day job of delivering work streams for levy payers acted as a welcome focus for many of the team and it is a tremendous credit to everyone that we managed to achieve 'business as usual' during the period.

There were some very immediate and challenging issues for the pig, sheep and cattle sectors during the year including animal disease outbreaks, disrupted marketing, poor farmgate prices and the sharply rising cost of animal feed. These are picked up in the federal MLC chairmen's reports on pages 12 to 37.

I was also concerned by further attacks on the reputation of red meat as a healthy and nutritious part of a balanced diet. There were some suggestions that fewer livestock and eating less meat would be a quick fix way of cutting greenhouse gases and saving the planet. This is such a complex area with little in the way of accurate data, so we put in place some research programmes which will help inform the argument during the year ahead. Also a report from the World Cancer Research Fund highlighted a possible association between high levels of preserved meat consumption and increased risk of colo-rectal cancer, and in its reporting the media frequently did not make the distinction between fresh meat and processed or preserved meat products. This is why our work with GPs and practice nurses and other health professionals to provide the facts on red meat and health continued to be vital.

Our purpose

The MLC's statutory functions broadly covered four key areas of activity:

- Collection and dissemination of market information and industry statistics relating to red meat and livestock in order to help industry make informed decisions.
- Raising industry efficiency and standards through knowledge transfer of research and development (R&D) and best practice (including the work of the Red Meat Industry Forum (RMIF)).
- Promotion of red meat at home, and the development of export markets.
- Issues management – playing a pivotal role in defending red meat from unsubstantiated attacks and in the coordination, and management of critical issues as they occurred.

Delivering good 'value for money' back to levy-payers was a cornerstone of federal MLC policy, along with linking with other organisations to develop partnership working arrangements to the advantage of our levy payers.

MLC

Our structure

MLC was a Non-Departmental Public Body (NDPB) which operated as a federal structure. A board of Commissioners appointed by Ministers oversaw the strategic direction of the MLC and ensured it fulfilled its statutory duties efficiently. The responsibility for setting and delivering strategies and deploying levy income rested with the executive boards of four bodies: the British Pig Executive (BPEX), the English Beef and Lamb Executive (EBLEX), Hybu Cig Cymru/Meat Promotion Wales (HCC), and Quality Meat Scotland (QMS). HCC and QMS were bodies independent of the MLC. This federal structure provided MLC with the opportunity to be closer to its market and its stakeholders, which in turn allowed for greater responsiveness, flexibility and transparency.

A central resource of MLC expertise (including administrative support services), based in Milton Keynes was funded by the MLC federal bodies. Under the management of myself as the Chief Executive, this resource supported the Board of Commissioners in delivering the corporate governance requirements of public accountability. It also identified and implemented common areas of strategic activity to avoid duplication and, where required, support more locally focused strategy. It provided common administrative services to a number of the MLC federal bodies. It also delivered a number of collaboratively funded projects.

Unique within the Defra family of agri-based NDPBs, MLC included a mature and profitable commercial operation. This provided independent advice, logistics and inspection services to government agencies and individual businesses in the meat and livestock industry on a commercial basis. It was managed separately within the MLC group. All costs were fully accounted for within the operation and all net profits used to supplement MLC levy income. The ownership of this business was transferred to the Agriculture and Horticulture Development Board (AHDB) when MLC was dissolved.

Our funding

Federal MLC was funded through the collection of levies on sheep, pigs and cattle slaughtered for human consumption or exported live. This was supplemented by EU and Government grants and from money earned from our own commercial operations.

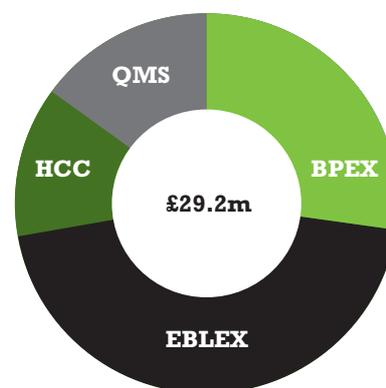
Levy rates up to 31 March 2008

Species	Total paid by producer per head	Total paid by slaughterer/exporter per head
Cattle	£3.495	£1.075
Calves (up to 68 kg)	£0.07	£0.07
Pigs	£0.85	£0.20
Sheep	£0.505	£0.165

Levy collected in each geographical/species area was allocated to each respective federal body to implement its strategy. For the year ended 31 March 2008 MLC generated gross levy income of £29.2m (compared to £28.3m the previous year), of which **£8.0m was attributable to BPEX, £13.4m was attributable to EBLEX, £3.6m was attributable to HCC and £4.2m was attributable to QMS.**

We generated around £6.9m of additional funding from government and EU grants and other sources. This was comprised of a post-foot and mouth industry disease recovery grant from Defra of £2.0m with the balance largely joint-funding for other specific federal MLC R&D and industry communications projects.

All net profits from the MLC commercial operation were used to supplement MLC levy income. For the year ended 31 March 2008 the operation contributed £408k (post tax) to supplement MLC's levy income. During the period approximately 42% of MLC back-office costs were defrayed by the commercial activities.



Our objectives and targets

The objectives, strategies and targets to deliver MLC's statutory functions, all linked into the MLC risk management process, were detailed in our annually updated corporate plan.

Performance against these plans and targets are reported on by the four federal body chairmen in their individual reports on pages 12 to 37.

A copy of the 2007/08 corporate plan can be requested by writing to the Secretariat, AHDB Meat Services, Winterhill House, Snowdon Drive, Winterhill, Milton Keynes MK6 1AX.



Our financial results

The income and expenditure account for the year ended 31 March 2008 and the balance sheet at the same date are set out on pages 58 and 60. MLC generated a deficit of £1.23m for the year to 31 March 2008 compared with a surplus of £1.07m for the previous year. The deficit was caused by a reserves distribution of £1.27m to QMS and HCC during the year (see Note 13 to the accounts).

Total net operating income of £37.61m was £1.74m higher than in 2006/07 (£35.87m) predominantly due to higher year-on-year levy (£0.71m) and fee and grant income (£1.03m). The deficit for the year has been deducted from accumulated funds.

Our cash management

MLC's long-term financial policy is based on the maintenance of cash neutrality. However, during the year to 31 March 2008 the retained deficit and working capital changes resulted in a £3.35m decrease in consolidated

cash holdings and short-term investments to £7.59m (£10.94m at 31 March 2007). The Defra fund on deposit is held outside MLC's own cash resources and was set up to underwrite potential future redundancy costs. The fund decreased by £2.12m during the year, due to the repayment of part of the fund to Defra (see Note 10 to the accounts).

Our financial reserves

In December 2007, the Chairmen of both QMS and HCC wrote to Paul Kirk, Chairman of the MLC Audit Committee, asking that consideration be given to the appointment of an independent adviser to assist in ensuring that a fair and equitable distribution of MLC's assets was effected on wind-up. Accordingly BDO Stoy Hayward LLP was engaged in January 2008 to conduct this work.

The BDO review established a number of foundation and detailed principles. In broad terms, BDO recommended that operating reserves distributions be based on their value at the date at which QMS and HCC ceased to make a financial contribution towards the

respective species reserves. It was further recommended that property and commercial assets be based on their value at the date of QMS's and HCC's respective Delegation Agreements with MLC, as this represented a more logical 'separation' event for these types of assets. At the meeting of MLC Board of Commissioners on 26 March 2008 final reserves allocations were agreed of £519k to QMS and £211k to HCC.

Our internal controls

As Accounting Officer, I had responsibility for reviewing and ensuring the effectiveness of our corporate governance procedures. Helped by our robust and mature corporate governance framework and our sound internal control systems, I am pleased to report that at the year-end we had completed all the necessary work to enable the MLC to be dissolved and its assets, people and pension schemes to be smoothly transferred into AHDB. A detailed report on our corporate governance is contained in our 'statement on internal control' that can be found on pages 50 to 54.

MLC

Our Consumers Committee

The Consumers Committee ensured the views of consumers were represented in MLC's work. Its final meeting was held on 8 November 2007. Its last action was to produce a report, *Food Production and Consumer Choice – informing strategies for nutrition and the environment*, to help inform and stimulate the new Agriculture and Horticulture Development Board and others on these important issues when formulating their strategies for the future.

Our people

MLC staff are specialists and experts covering all aspects of red meat production and marketing. The average number of levy-funded full- and part-time staff employed by the MLC (EBLEX, BPEX, the MLC Executive) during the year was 120, compared with 121 for 2006/07.

An additional 243 full- and part-time staff were employed within the MLC commercial operation, and were funded from fees earned from commercial activities, or within other fee-earning and grant-supported areas.

Our central services work

The central resource of MLC expertise delivered a number of collaboratively funded projects during the year.

Technical work

MLC's technical team delivered a number of research projects on a shared basis. The main mechanism for developing this shared research programme was the *Joint Research Committee* which met quarterly to identify new and monitor existing research work.

Examples of jointly-funded projects successfully commissioned included two research projects in the area of climate change. The *ruminant nutrition project* at Reading University which examined ruminant diet and its relevance to both methane and nitrogen excretion. *The Life Cycle Analysis (LCA)* work at Cranfield developed comparisons between lamb produced in the UK and New Zealand and beef produced in the UK and Brazil. The final report of the *sheep VIA project* was also presented to industry stakeholders at a briefing meeting on 9 May 2007.

In addition the technical team kept a watching brief on animal disease management issues. This provided a link between levy payers and government policy on a range of diseases including BSE, Scrapie, PMWS, bovine TB, Bluetongue and Foot and Mouth Disease, the latter three of which affected trade and normal farm practice during the reporting period.

Consumer affairs

Meatmatters.com continued to provide positive, red meat based stories to magazines and food and consumer journalists, funded by EBLEX, BPEX, Bord Bia, Danish Bacon & Meat Council, Livestock and Meat Commission (Northern Ireland) and Meat & Wool New Zealand all who have an interest in maintaining a positive image for red meat among UK consumers. Special projects included a National Cook With Dad Day which ran on 16 June 2007 to encourage Dads to cook with their children and the publication of the Red Meat Cook Book, a 100 page recipe book targeted at journalists and for use in a wide range of PR activity.

Meat and Education. A *Food and Farming* module of the Food a Fact of Life website was launched. Hosted by the British Nutrition Foundation (BNF) and sponsored by the joint levy board Food and Nutrition Group it is an education resource about healthy eating, cooking and food skills. MLC tailored the material to provide three new interactive activities about where

food comes from for teachers to use as part of the Year of Food and Farming and in the future.

MLC also continued with its popular *Digi Bites*, a suite of on-line digital film material for use on PCs in the classroom and access to meat and education material continued through the www.meatandeducation.com website.

The British Meat Nutrition Education Service (BMNES)

continued to provide GPs, dieticians and practice nurses with nutritional information and resources that delivered messages regarding the low fat content of red meat and its essential role within a healthy balanced diet. A particular emphasis was in preparing for, and responding to, the processed meat related comments in the World Cancer Research Fund Report published in November 2007.

The Consumer Insight service provided regular reports and analysis of red meat and its markets to inform EBLEX, BPEX and the industry of developments in the market. The series of specialist 'category reports' was continued with a report on the growth of premiumisation in the pork industry. In addition, MLC was commissioned by the National Farmers' Union (NFU) to prepare a major report on meat retailing in Britain.

Economics work

Our Economics team continued to collect a comprehensive range of industry statistics and to publish these and other market insight reports in MLC's wide range of publications.

A *Future Global Trends* study, which is on-going, examined the major trends and developments that are likely to affect the global and UK meat and livestock industries over the next 25 to 30 years. Based on a scenario planning approach, it seeks to imagine a future beyond the limitations of current political, economic, social and technological constraints.

MLC also centrally co-ordinated the drafting and submission of responses to a wide range of Government and Government Agency consultations concerning matters that could impact on the meat and livestock industry.

Issues management and industry defence

The MLC and Meatmatters press offices continually monitored and reacted to potential issues or running news stories, which adversely impacted on red meat. Background briefing material was prepared and circulated to stakeholder organisations and where appropriate the media were briefed and factual balance was provided to those covering the story.

The publication in November 2007 of the updated World Cancer Research Fund (WCRF) report on food, nutrition and the prevention of cancer was, as anticipated, a major challenge for preserved red meat such as bacon, ham and some sausages. It made an association between the high consumption of preserved meats and colo-rectal cancer. Together with the International Meat Secretariat, the MLC implemented a media and communications plan which helped the industry respond in a factual, consistent and effective way, bringing balance to many of the national media reports. Going forward, the challenge is to work with consumers, healthcare professionals, charities, Government and NGO's to ensure the Report's conclusions do not directly translate into public policy in an unbalanced way.

Wider collaboration on major issues, such as climate change, was mainly facilitated through MLC's membership of the Applied Research Forum which linked MLC federal bodies with the levy-funded bodies in the crops, horticulture, milk and potato sectors. During the reporting period the Forum produced a series of general and sector specific fact sheets on climate change for levy body and climate change websites.

Our stakeholder communications

MLC and its federal bodies continued to nurture sustainable working partnerships with major international meat organisations, government, other NDPBs and key industry organisations and stakeholders in order to help deliver our statutory functions. Also farming and meat industry organisations/sectors were represented on the main MLC Board as well as the boards of MLC federal bodies.

A number of formal annual events were hosted by MLC aimed at keeping stakeholders, industry organisations and governments informed about industry issues and the work of the MLC. In 2007/08 these included the MLC Chairman's annual Westminster barbecue on 11 July 2007 where Ministers, MPs, Lords and senior civil servants met and informally discussed issues with federal MLC and industry representatives; the MLC Chairman's Brussels Reception on 4 December 2007 where EU issues were aired; and the 2008 MLC Outlook conference on 29 January 2008 with sessions on climate change, as well as the regular sessions on the market outlook for the cattle, sheep and pigs sectors in the coming year, including MLC's latest forecasts.

Red Meat Industry Forum (RMIF)

MLC continued as the delivery partner in the RMIF, with Defra, NFU and IGD, and administered its grant-funding from Defra. This partnership, set up in 2001, was focused specifically on improving performance and profitability of red meat supply chains. It was chaired by MLC Chairman Peter Barr and during the reporting period it completed its sixth and final year of operation.

RMIF has been very successful in demonstrating the benefits of business improvement either side of the farmgate and of supply chain businesses working more closely together. There is no doubt that there is an enormous scope to improve the competitiveness and sustainability of the British red meat industry.

The funding finished at the end of March 2008. Much of the on-farm benchmarking activity has been transferred into BPEX and EBLEX work programmes and the post-farmgate tools and techniques, databases and publications have been archived and remain available to the industry.

Year end

On 31 March 2008 the Meat and Livestock Commission was dissolved with no outstanding corporate governance issues. The staff and assets were transferred into the new levy board, AHDB.

Richard Lowe
Chief Executive
Meat and Livestock Commission

BPEX



Stewart Houston CBE
Chairman
British Pig Executive

BPEX CHAIRMAN'S REPORT

The pig industry has been facing an unprecedented challenge from the rapid rise in feed costs and an inadequate reaction in pig prices. BPEX has given urgent help to the pig sector to help ensure that sufficient value gets back to producers to give them a sustainable future.



In the year to 31 March 2008, the worldwide rise in feed ingredient prices had a dramatic impact on pig production costs. In the UK the price of feed wheat and soya doubled compared with the previous year. The result was production costs rose by 35%. With pig prices increasing by only 7% pig farmers faced severe financial pressure. The pressure on producers was exacerbated by the outbreak of Foot and Mouth Disease (FMD) in August 2007. This caused considerable disruption and increased costs mainly from movement controls. In addition many export markets were lost. By 31 March 2008 many of these non-EU markets had not yet been re-opened.

BPEX concentrated much of its effort during the year to help the industry address these problems. We worked in close partnership with Defra during the FMD outbreak. Initially the focus was on helping to design and communicate practical and effective movement control measures. Latterly we worked together on export recovery. The profitability challenge was addressed mainly through a major communications campaign, supported by technical advice on how to use expensive

feed more efficiently. The coming year will tell if these initiatives have been successful in helping to secure a sustainable future for the English pig sector.

Objectives

The BPEX mission is to enable the England and Wales pig industry to achieve sustainable international competitiveness through reduced production and processing costs and maximising the value of its pork and pork products.

This is achieved through its strategy the Road to Recovery 2006-2009 (see www.bpex.org/AboutBpex/Strategy/default.aspx that aims to:

- Help the industry recover herd health
- Help the industry improve cost competitiveness to a level comparable to our main competitors
- Build industry confidence to invest in the future
- Increase the demand for pork and pork products.

Delivering our objectives

Among the highlights during 2007/08 were the following:

Herd health

- The British Pig Health Scheme, which feeds back pig health surveillance information to producers and vets from trained assessors in abattoirs, continued to grow. By the end of 2007/08 scheme membership covered 70% of all assured pig herds in England.
- A major initiative to improve the effectiveness of pig farm health planning was jointly funded with Defra.
- A number of research projects focusing on pig health and welfare were conducted. Included in this was a major project seeking to find ways of measuring pig welfare outcomes on farm.
- The Pig Health and Welfare Council, representing a wide range of stakeholders, including welfare organisations continued to oversee the implementation of the Pig Health and Welfare Strategy.

BPEX



Improving cost competitiveness

- The BPEX Knowledge Transfer team actively engaged with producers encouraging the uptake of new and existing techniques. National key performance indicators showed that this and other activity was having a positive impact.
- BPEX played an active role in keeping the industry fully informed during the FMD outbreak in 2007. This helped to minimise the disruption and extra cost arising from the control of the outbreak.
- A range of research projects aimed at improving cost competitiveness continued during the year, co-ordinated through the Pig Development Centre.
- The international competitive position of the England and Wales pig production sector was analysed through the InterPig Network co-ordinated by BPEX. This now covers 13 countries in the EU and the Americas.
- Environment legislation is being introduced increasingly into the pig sector. BPEX helped the industry to comply with this in the most cost effective way through the provision of expert advice.
- BPEX continued to support industry training initiatives such as the pig industry national training strategy, certificates of competence and PIPR (Pig Industry Professional Register).

Building industry confidence

- The Knowledge Transfer team held a number of regional workshops for producers which highlighted, among

other things, opportunities where relatively limited investment could yield profitable results.

- The BPEX website and industry communications activity was heavily used during the year. In addition to industry news, the opportunities for future investment, particularly in improvements in health and productivity were highlighted.
- BPEX supported the work of RMIF in the pig sector. This highlighted best practice techniques from within and outside the industry that could be adapted along the whole supply chain.

Improving demand

- BPEX undertook a major campaign to highlight the challenges being faced from high feed costs and the inadequate response to pig prices. A range of media channels were used including advertisements in national press, the production of authoritative reports and a large-scale integrated public relations programme.
- The messages being communicated by BPEX were co-ordinated with other stakeholders including the National Pig Association (NPA) and British Meat Processors Association (BMPA) to ensure maximum impact.
- BPEX undertook a major pork promotion with retailers under the 'Love QSM Pork' banner. Over one billion stickers were carried on-pack and in-store.
- BPEX worked closely with the independent retail sector, most particularly through roadshows,

which stimulated new product development and regional publicity. BPEX also worked with the foodservice sector which resulted in greater penetration for the Quality Standard Mark.

- The recovery of export markets was a priority in order to regain lost value and exploit the growing world demand for pork and processed pork products.

The year ahead

On 1 April 2008 The British Pig Executive became a sector company of the new Agriculture and Horticulture Development Board. Operating as 'BPEX' we will continue to be focused on enhancing the competitiveness, efficiency and profitability for English pig levy payers and driving demand for English pork and pig meat products in Britain and globally.

Stewart Houston CBE
Chairman
British Pig Executive

Further information on the work of BPEX and a list of Board members is available on the BPEX website, www.bpex.org.uk

BPEX performance against target 2007/08

Table B.1

Strategy	Target	Performance
Objective 1 – Help the industry recover herd health		
1 – Introduce active herd health planning	1. Pig Herd Health Plan (PHHP) successfully piloted with 20 producers and five veterinary practices. 2. Defra funded Farm Health Plan (FHP) project achieves eight groups actively implementing herd health improvement strategies as a result of FHP's. 3. A4 advice sheets produced on addressing all diseases covered by British Pig Health Scheme (BPHS)	PHHP was successfully piloted. The Defra FHP project has seen 21 groups actively participating in health planning across the four regions. Group activity was delayed by FMD but extension was successfully negotiated to end of June 2008 with Defra
2 – Reduce prevalence of pig disease	-5% year-on-year prevalence of major endemic diseases measured by BPHS and National Animal Disease Information Service (NADIS) reports	BPHS scores for prevalence of Milkspot, Enzootic Pneumonia and Pleurisy have declined year on year by 31%, 48% 29% respectively since the start of the scheme in January 2006
3 – Establish new pig health research projects	One Biotechnology and Biological Science Research Council (BBSRC) project started. Defra tender for projects launched	Successful application from Royal Veterinary College (RVC) on PMWS. BPEX has presented the BPEX Knowledge Transfer R&D Health and Welfare Strategy paper to Defra, the BBSRC and England Implementation Group (EIG)

Table B.2

Strategy	Target	Performance
Objective 2 – Help the industry improve cost competitiveness to a level at least comparable with our main EU competitors		
1 – Forecast market developments	Slaughterings within +/- 2.5% of forecasts	April 2007 to March 2008 forecast: 8.250m head. Actual: 8.153m head. Deviation: -1.2% mainly as a result of FMD distorting slaughtering patterns and unforeseen significant increase in feed prices resulting in some producers leaving the industry
2 – Measure the competitive challenge	Publication of report by 10 December 2007. Achieve a 90% satisfaction rating on information provision	2006 Report published 10 January 2008. 94% satisfaction on information provision
3 – Improving the performance of those we work with	+10% year-on-year physical performance in pigs sold per sow per year and finishing herd growth and efficiency	Significant improvements in the range from +2% to +20% on units that Knowledge Transfer team have been fully engaged with and with the groups that they have been facilitating during the year
4 – Improve the performance of the whole industry	+5% year-on-year physical performance in key performance indicators (KPIs) for pigs sold per sow per year and finishing herd growth and efficiency	Comparisons of the first three quarters of the financial year with previous year show high levels of improvement with the +5% target achieved for the top third of producers (a far higher % of sows) for finished pigs per sow per year, and post weaning mortality. Q4 saw disappointing declines in the trends due to poor summer weather and FMD leading to overstocked finished pigs
5 – Adopt best practice	Training – 150 packs distributed and 100 certificates achieved. A4 advice sheets – one per month with targeted distribution through allied industry	Training packs – 120 manuals sold. Four training newsletters produced and distributed. 80 people have started their Certificate of Competence, 60 have their Vet & Med certificate. There are 14 A4 advice sheets on wide ranging best practice topics. Knowledge Transfer workshops – 17 in SW, 6 in EA, 11 in Midlands, 13 in North, have reached units responsible for over 150,000 sows

BPEX

BPEX performance against target 2007/08

Table B.2 continued

Strategy	Target	Performance
Objective 2 – Help the industry improve cost competitiveness to a level at least comparable with our main EU competitors		
6 – Adopt innovative methods	10 new initiatives successfully trialled in grant scheme and 10 new development ideas trialled with commercial producers	Five demonstration grant applications funded in Autumn 2007
7 – Work with and not against the environment	Pig Environmental Partnership (PEP) launched by September 2007. Projects implemented by March 2008	Consultation and launch of PEP was postponed. Projects are under discussion with Newcastle University, the Danes, the Farm Energy Centre looking at Nutrient Management, Life Cycle Analysis (LCA) and Bio-Energy Production
8 – Improve understanding of meat quality issues	Two projects in progress in understanding consumer and abattoir issues. Four A4 advice sheets for meat quality produced	Two consumer research projects completed and widely communicated. Chicory trial under way, growth rate and meat eating quality trial in progress. Four best practice guides 'Target Pork Quality' published

Table B.3

Strategy	Target	Performance
Objective 3 – Increase demand for British pork products		
1 – Increase the use and understanding of the QSM	Year-on-year pork +3% (85% March 2007); year-on-year bacon +7% (48% March 2007); year-on-year ham +11% (36% March 2007); ratio of coverage to spend to be above 3:1	Year-on-year pork -4% to 81%; year-on-year bacon +9% to 57%; year-on-year ham +2% to 38%. LovePork PR campaign 2007 - 2008 spend to coverage ratio 6:1 (PR value: £680k vs Spend: £100k)
2 – Make supply chains work more effectively	90% of pork, 75% of bacon, 75% of ham and Toolkit In place by April 2007. Two supply chain grant schemes per annum	85% of pork, 100% of bacon, 70% of ham and 100% sausages. Toolkit launched in April 2007. Three pig to plate seminars carried out to 40 producers
3 – Improve the demand for quality assured pork	Increase by 2% over December 2007 benchmark of 37%	Increase of 4% in consumer awareness of QSM as measured by Omnibus survey to 41% by December 2007
4 – Defend pork and pork products from adverse policies	No deterioration from December 2006 figure of 39%	Decrease by 1% to 38% during period to December 2007
5 – Gain greater consumer and market insight	80% satisfaction rating in annual trade questionnaire	Foodservice category report published in May 2007 and a premiumisation report published in February 2008. 82% satisfaction received from Foodservice report and 100% satisfaction from trade questionnaire of premiumisation report
6 – Reduce the risk of foodborne disease	-10% year-on-year and 20 veterinary practices visited and 40 producer trials started. Launch in April 2008	In the year to 31.7.07 national prevalence was 25.7% increasing by 2.5% on the previous year. Prevalence from 1.8.07 to 31.3.08 increased to 28.5%. These two periods are not comparable. But there has been no improvement in Salmonella scores. 20 veterinary practices were visited. 16 producer trials are in progress. The focus has changed to prevalence of Salmonella in abattoir carcase swabs
7 – Exporters grow their business	+ 5% pork & pork product exports, +5% pig genetics exports. Secure and maintain export health certificates	Strong growth in most areas. First quarter (April –June 2007) pig meat + 61% and pork products +300%. Breeding pigs down, but July shipments up to 2006/07 levels – In autumn FMD stopped exports and represented a significant setback

BPEX performance against target 2007/08

Table B.4

Strategy	Target	Performance
Objective 4 – Build industry confidence to invest		
1 – Raising business performance standards in the supply chain	Involvement in two major chains and demonstrate quantifiable improvement in competitiveness. Dissemination of findings to other supply chains	Two major chains actively involved in improvement activity. A third Small and Medium Enterprise (SME) processor also worked with RMIF to improve its performance. The main themes are better utilisation of the carcase and harmonising supply with demand. The whole Chain Diagnostic tool has now been finished and been applied at a number of pork wholesalers, results not yet disseminated
2 – Pre-farmgate	10 producers in the full benchmarking club process. Involve a further 100 Agrosoft Winpig recorders in benchmarking	New club with 10 recorders set up. Work undertaken and 50 out of 80 Agrosoft Winpig members contacted were identified as potential club members
3 – Post-farmgate	Recruit 50 producers involved in one or more of the three improvement activities. Achieve 5% savings. 15% cost savings in post farm gate with five SME businesses that undertake the masterclass process	Eight on-farm masterclasses completed. Five masterclass workshops run involving 49 producers from 32 businesses. DVD produced with workbook and promoted widely
4 – Maintaining positive relations with Government	A score of at least 'Good' in awareness	Survey not undertaken in 2007/08
5 – Optimise information flow with the EU	Improvement on baseline established in survey to be completed before 31 March 2008	First survey completed with high ranking on quality and relevance of material.
6 – Effective communication	Increase coverage volume by 5% year on year (77 cuttings per month) and deliver a value ratio of 2:1 and maintain and improve on 2006/07 monthly website visitor average of 17,200	Averaged 100 cuttings per month. Delivered a value to cost ratio of 4:1 (£1150K:£290K) Website hits averaged 26,400 per month for financial year
7 – Improve organisational efficiency	2% year-on-year reduction of BPEX overheads and completion of BPEX business plan matrix within 20 working days of quarter end	BPEX overheads decreased by 1.4% year-on-year. BPEX business plan matrix completed on average within 28 days of the end of each quarter

EBLEX



John Cross
Chairman
English Beef and Lamb Executive

EBLEX CHAIRMAN'S REPORT

Against last year's challenging circumstances, EBLEX continued to deliver for levy payers providing best practice to 16,000 producers under its Better Returns Programmes.

Consumer awareness of the Quality Standard Mark reached an all time high in November 2007, and in February 2008 two multiple retailers became the latest members of the Quality Standard Scheme.



Beef and sheep producers and supply chain businesses faced enormous challenges from rising input costs and the 2007 Foot and Mouth Disease and Bluetongue outbreaks. Throughout EBLEX focused on the effective and timely delivery of activities to strengthen the domestic and overseas markets, and to ensure producers could start putting their businesses back on a sound footing.

Our Quality Standard Autumn Lamb campaign helped deliver an encouraging 16% increase in lamb sales volume in England during November 2007. This was particularly critical at a time when the closure of export markets resulted in an extra 30% of lamb on the domestic market. This successful campaign was boosted with funding from levy reserves, a post-foot and mouth industry disease recovery grant from Defra and around £250k in Regional Development Agency funding.

The 2006/07 edition of *EBLEX Business Pointers* again showed a significant proportion of beef and sheep producers continued to make a loss – but that the gap had started to narrow between bottom third and top third producers.

Activity with the supply chain continued at a vigorous pace last year, with two new multiple retailers and three pub and restaurant chains joining the Quality Standard Scheme. This took membership to well over 2,700 businesses representing a potential 10,000 outlets. Of particular note were two new Quality Standard initiatives – a lamb box scheme for farmers and the pilot of a range of trademarked premium beef and lamb cuts. This was successfully trialled with a small number of foodservice companies and independent retailers.

A series of economic price reports published by EBLEX over the course of the year showed consumers' preferences for buying beef and lamb on the basis of provenance, and illustrated how they were willing to pay higher retail prices for a range of beef and lamb cuts from England. Meanwhile as the market demand for assured stock continued to grow, analysis by EBLEX showed that compared to 2004 the 2006 farmgate price differential for assured cattle in England is estimated to have increased by £23.9 million and by £4.2 million for assured lambs. Since the Quality Standard Scheme

was launched, the number of Assured British Meat (ABM) assured processors in England has more than doubled from 34 to 72.

Delivering our strategy

EBLEX has three main objectives: to encourage better returns for the beef and sheep industry; to stimulate a profitable demand for quality beef and lamb and to champion the development of a sustainable industry through improved profitability.

The EBLEX strategy is delivered via the Business Plan under three core-products:

- Better Returns – focusing on activities related to on-farm or near farm development
- Sustainable supply chains – whole chain activity designed to connect the red meat chain
- Building profitable markets – building a positive business environment through activities such as exporting, marketing and promotion

EBLEX

The EBLEX Board in 2007/08 consisted of 11 members nominated by industry organisations.

In July 2007, Defra announced the appointment of 15 members to the new EBLEX Ltd Sector Company Board, which takes up its tenure on 1 April 2008.

Better Returns

Despite logistical problems caused by livestock movement restrictions EBLEX was able to continue delivering an outline programme of Better Returns events over the summer. These included sessions on farm costings, sheep lameness and worm control events, live to dead days in abattoirs and cattle selection events using the newly developed interactive Virtual Beef Tour.

Believed to be the first of its type in the world, the Virtual Beef Tour is able to show varying cattle conformation and fat levels at the touch of a button. Work on its companion programme – the Virtual Lamb Tour – was completed in February 2008.

With a total of around 16,000 producers signed-up to the Beef and Sheep Better Returns Programmes (BRP), EBLEX issued a range of BRP publications, including seven new technical manuals in 2007/08. The BRP team also worked with several retailer processor groups on events tailored to their members based in England.

Reflecting ongoing industry concern about high cereal prices, the Beef BRP concentrated on a series of autumn alternative feed workshops and outwintering events to coincide with the publication of a Beef BRP guide to utilising fodder crops as an alternative winter feed.

The November 2007 edition of Business Pointers showed the average beef producer made a loss of between £94 and £430 per head, with sheep producers losing between 65 pence and £36 per head.

A positive trend highlighted by the 2006/07 figures is that some beef and sheep enterprises had made

good progress in improving aspects of their production performance, with the gap between the bottom third and top third performers starting to narrow across particular areas.

The biggest single factor differentiating between top third and bottom third performers during the year was fixed costs. Finding ways to reduce fixed costs – especially for many beef producers – has emerged as one of the key areas for farm businesses to focus on to influence their financial performance.

EBLEX initiated a number of research and development projects in 2007/08, including projects looking at meat quality, grass varieties and external parasite control.

The results of the long-awaited Video Image Analysis (VIA) trial on sheep carcasses was published to the industry in May 2007 – and the opportunity to introduce this technology now rests with stakeholders. During the summer EBLEX initiated a survey of suckler herd fertility, the results of which will be fed into ongoing Beef BRP activities.

Other R&D projects included work with the Milk Development Council looking at the supply and quality of dairy calves for beef production and a comparison of late lamb finishing systems. The results of the lamb finishing project will be published in Spring 2008.

Sustainable Supply Chains

A steady growth in membership of the Quality Standard Scheme in 2007/08 resulted in increased trade marketing activity during the year with a number of high profile launches of regional beef and lamb brands under the Quality Standard Mark.

The addition of two more major retailer members to the Scheme in February 2008, brought total multiple retailer membership to 12, and at the end of March 2008 the Scheme had 680 pub,

club and restaurant members, many of which are chains with multiple outlets.

EBLEX published two new Quality Standard Scheme guides to help the supply chain further improve the integrity and consistency of beef and lamb product. The EBLEX Cutting Specification Manual and Meat Purchasing Guide were launched in April 2007, and were well received by the processing sector.

July 2007 saw the Board consider the results of a commercial trial of a range of EBLEX trademarked premium beef and lamb cuts. The trial involved one major foodservice supplier and a retail chain of shops in the North East, and proved to be a success, with the participants reporting increased sales and profit margins as a result of taking part. The full range of cuts will be launched to the trade in Spring 2008.

The reporting period also saw a renewed focus on communication in EBLEX trade operations with the launch of The Link newsletter for all abattoirs, wholesalers and processors in the Quality Standard Scheme, and dedicated EBLEX websites for the foodservice and retail sectors.

Building Profitable Markets

The ongoing implications of last year's disease outbreaks underlined the strategic importance of EBLEX investment in a generic lamb promotion campaign in France, where consumption has declined significantly since 2000.

With around one in five UK lambs destined for a French consumer's plate, EBLEX jointly funded the three year *Agneau Presto* campaign alongside Interbev, Board Bia and the devolved UK red meat bodies. A further encouraging development last year saw six major French processors – who between them supply two thirds of the French retail market – become members of the Quality Standard Scheme.



As part of ongoing work to strengthen the beef export market, EBLEX launched its *Rosbifs* website to the French media, and delivered a sustained programme of focused PR activity which included cooking and butchery demonstrations.

Exploring ways of obtaining more value from the fifth quarter saw EBLEX stage a series of offal seminars for exporters, highlighting potential market opportunities. Technical staff continue to work with the Meat Hygiene Service to improve slaughterline practice in a bid to further boost offal quality. This trade-facing work was accompanied on the consumer side with an offal recipe booklet, promoted by celebrity cook Sophie Grigson. Copies of the book were distributed to 3,000 independent retailers in January 2008.

Promotional activity under the Quality Standard Mark saw the roll out of a new series of Beefy and Lamby press advertisements, based around a 'Dish of the Day' theme. Media activity was backed up by four bursts of TV advertising during the year, and a number of targeted seasonal public relations activities, including the 'Natural Born Grillers', and Christmas 'Roast Rage' campaigns.

The BBC2's Urban Chef Oliver Rowe agreed to be the face of Quality Standard lamb for our highly successful Autumn activities, and played a prominent part in the NFU's Why Beef and Sheep Farming Matters campaign.

With internet use rapidly increasing among the Quality Standard Mark's target audience of housewives with children, EBLEX invested in a series of on-line adverts on popular consumer websites. These adverts performed well against standard industry click through rates, and as a result will become a fixture of promotional work moving forward.

Independent research carried out in Autumn 2007 showed EBLEX Quality Standard TV adverts had a consumer awareness score of 79%, and that 46% of people surveyed would be prepared to pay more for Quality Standard beef and lamb.

Our seasonally themed Tuck-in recipe magazine continued to prove extremely popular with food journalists and the independent retail sector. Two editions were published in 2007/08, focusing on warming winter dishes and summer produce.

Effective levy-payer communication was a mainstay of all EBLEX activity during the year. Website visits and document downloads doubled in 2007/08 compared with 2006/07, while EBLEX achieved advertising equivalent value of £1.8 million for coverage gained from April 2007 to January 2008.

inflation and volatile farmgate prices but in the wider arena of climate change and the ongoing impact of CAP reform.

Against this background, EBLEX, as part of the new Agriculture and Horticulture Development Board (AHDB) will continue to deliver best on-farm practice under its Better Returns Programmes and highlight the critical importance of producers knowing their business costings.

Consolidating membership of the Quality Standard Scheme, and a relentless drive to expand the market for quality beef and lamb will continue to be key features of our work moving forward.

EBLEX will be working with AHDB to ensure levies are invested appropriately on a number of longer term issues to give the best possible return to beef and sheep levy payers.

John Cross
Chairman
English Beef and Lamb Executive

Further information on the work of EBLEX and a list of Board members is available on the EBLEX website, www.eblex.org.uk

The year ahead

The beef and lamb sector faces unprecedented challenges, not only in terms of rising input costs, food

EBLEX

EBLEX performance against target 2007/08

1. Adding value (competitiveness and sustainability)

Table E.1

Strategy	Target	Performance
Objective 1.1 – Improve the profitability of cattle production		
1 – Develop a more robust and effective benchmarking framework at a sustainable cost; encourage uptake and understanding of farm costings	Publish benchmark data by 30 November 2007. Continue roll out of accessible costings format	Business Pointers circulated to 80,000 farmers in November 2007. Snapshot costings accessed by 7,600 farmers. Snapshot Silver introduced and also Snapshot 'What If' calculator developed
2 – Maintain and develop an effective R&D programme focused on lowering the cost of production in the areas of feeding, breeding, animal and data management, disease control and welfare, human nutrition and slaughter, processing, packaging and storage	Predicted value of live research projects over the next five years = a total benefit of £3.5m (as measured by ongoing cost-benefit analysis)	Funded 15 research projects and five PhD studentships with an estimated value to the industry of £26.3 million over five years. Also funded five generic projects with a value of £11.6 million over five years
3 – Dissemination and uptake of the knowledge and best practice techniques derived from the R&D programme identified above	Predicted value of uptake of knowledge and best practice to the industry = a total benefit of £6.0m (as measured by ongoing cost-benefit analysis)	Promoted 25 Action for Profit sheets and produced interactive CD resource for all information. Supported by wide media communication of messages
4 – Launch and deliver Beef Better Returns in line with published targets on www.eblex.org.uk	Predicted industry benefit of £23.5 million of moving 10% of average producers into top third performers	Beef BRP producer list increased to 13,000. Developed programme of tools, literature (6 manuals, 11 miscellaneous publications) and events (72)
Objective 1.2 – Improve the profitability of sheep production		
1 – Develop a more robust and effective benchmarking framework at a sustainable cost; encourage uptake and understanding of farm costings	Publish benchmark data by 30 November 2007. Continued roll out accessible costings format	Business Pointers circulated to 80,000 farmers in November 2007. Snapshot costings accessed by 7,600 farmers. Snapshot Silver introduced and also Snapshot 'What If' calculator developed
2 – Maintain and develop an effective R&D programme focused on lowering the cost of production in the areas of feeding, breeding, animal and data management, disease control and welfare, human nutrition and slaughter, processing, packaging and storage	Predicted value of live research projects over the next five years = a total benefit of £3.5m (as measured by ongoing cost-benefit analysis)	Funded 10 research projects and seven PhD studentships with an estimated value to the industry of £12.8 million over five years. Also funded five generic projects with a value of £11.6 million over five years
3 – Dissemination and uptake of the knowledge and best practice techniques derived from the R&D programme identified above	Predicted value of uptake of knowledge and best practice to the industry = a total benefit of £6.0m (as measured by ongoing cost-benefit analysis)	Published technical manuals on lameness and worm control. Promoted 25 Action for Profit sheets. Produced interactive CD resource for all information. Wide media coverage
4 – Dissemination and uptake of the knowledge and best practice techniques identified by the Sheep Better Returns Programme	Develop working partnerships with regional bodies to co-fund Sheep BRP activities	Increased number of BRP producers to 12,000. Three mailings to whole list with technical bulletins and material. Co-funding for Sheep BRP activity taking place in all RDA regions
Objective 1.3 – Exploit opportunities and communicate issues on beef/lamb products from developments in the areas of diet, health and nutrition		
1 – Interpret Government policy initiatives in areas such as public sector food provision, health promotion and food labelling etc. and advise industry sectors on most appropriate response	Bi-annual reports with project review to EBLEX Board	Regular progress reports were provided to the EBLEX Board. Advance work in the nutritional field resulted in a comprehensive and well positioned response to the World Cancer Research Fund report. Activities in public procurement included an event for local authorities hosted by the All Party Group on English beef and lamb

EBLEX performance against target 2007/08

2. Marketing proposition (influencing demand)

Table E.2

Strategy	Target	Performance
Objective 2.1 – Improve the real value of beef and lamb to all stakeholders, including consumers		
1 – Undertake ongoing research to ensure the English Quality Standard Mark (QSM) advertising message and brand proposition delivers increased awareness	Maintain consumer awareness score of our 'At Home with Beefy & Lamby' advertising at 75% as measured by independent audit	Consumer awareness for 2007/08 reached 79%
Objective 2.2 – Increase the value of the beef and lamb market through increased market differentiation		
1 – Consolidate the English quality proposition	Maintain the level of participation in the Quality Standard (QS) scheme in the multiple retail sector and increase in other sectors (as measured against baseline)	QS scheme membership increased in all sectors. Two additional national multiples joined the scheme. In addition all major national foodservice suppliers were in membership. There were 2,704 businesses representing 10,302 outlets (January 2008)
2 – Premiumisation of the English quality proposition	Launch the premiumisation element to the trade by 30 September 2007	Premiumisation project was trialled, approved and released to QSM membership
3 – Appropriate management of non-QSM marketing activities and review collaborative red meat programme in light of changes to State Aids legislation	Deliver a cost:benefit return for 'Tuck-in' of 1:8 and deliver campaign to independent retailers at least two times per annum	Delivered a return on investment of 1:33 on the PR activity and two Tuck-in campaigns to independents in addition to Tuck-in related activity in national multiple retail members. Comprehensive pre-planning for World Cancer Research Fund contributed to the event passing off without any impact on the beef and lamb markets. No disturbance to the red meat programme as a result of State Aids issues
Objective 2.3 – Increase the volume of English beef and lamb in specific overseas markets from 75k tonnes to 100k tonnes by 2008 and support the re-entry of beef into the export market		
1 – Against the background of regulatory changes, facilitate the re-entry of beef into export markets	Provide support and maintain an information flow to the industry on progress	Re-entry was achieved in 2006 without raising any negative comment in export markets. This continues to be the case. Regular reports and liaison have provided support to exporters
2 – Against the background of regulatory changes, facilitate the smooth transition of Over Thirty Month (OTM) beef back to the marketplace	Deliver a comprehensive programme of activity to support beef exports as part of the beef market restoration programme	This was successfully achieved in 2006, since when, the market has stabilised and is in growth. A programme of export events, shows and support activity have built on the good start in 2006/07 especially in driving the volumes of OTM beef
3 – Targeting specific European markets	40k tonnes of beef 100k tonnes of lamb	Due to the FMD outbreak, sheep meat export volumes January to October 2007 were down at 52,230 tonnes vs 70,745 tonnes for January to October 2006. Beef volumes exceeded target at 47,724 tonnes vs 28,744 tonnes over the same period due to a very strong start to 2007 pre FMD

EBLEX performance against target 2007/08

3. External drivers (knowledge management)

Table E.3

Strategy	Target	Performance
Objective 3.1 – Providing timely and relevant solutions to key issues which EBLEX can affect, effectively communicating them and seeking ways to improve the value of the process		
1 – Rigorous assessment of external drivers affecting the industry	A minimum 80% stakeholder awareness and satisfaction score as measured by stakeholder survey	84% stakeholder awareness and satisfaction score achieved
2 – Developing solutions to issues that we can influence and are important	All key issues appropriately dealt with	EBLEX expertise and information is disseminated to the benefit of stakeholders and other industry organisations
3 – Effective communication to industry stakeholders of relevant knowledge	A minimum 80% stakeholder awareness and satisfaction score as measured by stakeholder survey	74% stakeholder awareness and satisfaction score achieved
Objective 3.2 – Managing effectively and constantly seeking ways to improve our internal knowledge management process to become a world-class organisation		
1 – Develop a web-based knowledge management infrastructure that better facilitates the sharing of knowledge	Ongoing population of the knowledge management repository and improved utilisation as measured by year-on-year usage statistics	Average website visits of 22,486 per month (April 2007 to March 2008). 110,037 documents downloaded January to December 2007
2 – Management style to facilitate continuous improvement	A minimum 85% internal stakeholder awareness and satisfaction score as measured by annual staff survey	94% satisfaction score from respondents as measured by internal staff survey in February 2008



HCC



Rees Roberts OBE
Chairman
Hybu Cig Cymru

HCC CHAIRMAN'S REPORT

Of the five years that HCC has been in existence, 2007/08 was the most difficult by far for producers in Wales.



Market uncertainties and a debilitating sequence of damaging external influences that were beyond the control of the industry in Wales enforced poorer returns for our quality products. This climate ensured that, of the five years that HCC has been in existence, 2007/08 was the most difficult by far for producers in Wales.

Our main objectives and delivering our objectives

1. Promotion of Welsh Lamb and Welsh Beef and red meat products in Wales, the UK and Europe

Hybu Cig Cymru took the first steps to open up a new market for Welsh Lamb in the Far East by participating in the renowned HOFEX Asian International Exhibition of Food and Drink, held in Hong Kong in May 2007. In October 2007, Welsh red meat exporters attended the Anuga food fair in Germany.

HCC linked up with tourism organisations, the British Hospitality Association and the Wales Tourism Alliance, to launch *Unique/Unigryw*, a dynamic local food campaign that aimed to encourage the promotion of quality PGI Welsh Lamb and Welsh Beef in hotels, restaurants, pubs, inns and diners across Wales.

A promotional roadshow, funded by HCC, in partnership with the Welsh Assembly Government, a west Wales abattoir and a leading UK retailer, visited supermarkets all over Wales in June 2007 to showcase the versatility of Welsh Lamb and its nutritional benefits.

Lamb prices were a cause for concern throughout the summer. In July 2007, HCC's latest lamb costs of production research and current farm gate prices showed that farmers were falling 71 pence per kilogram short of reaching profitability. In response, HCC's Board announced that it would make use of financial reserves to fund extra marketing activity for Welsh Lamb.

HCC produced four vibrant and colourful posters focusing on the low-fat and high-iron and zinc benefits of red meat for circulation to health professionals all over Wales.

In July 2007, HCC welcomed a host of international visitors from Belgium, Denmark, France, Germany, Italy, Kosovo, Netherlands, Romania, Russia and USA to the Royal Welsh Agricultural Show at Builth Wells.

Hollywood star, Matthew Rhys voiced a new 30-second Welsh Lamb TV advertisement, shot in the Brecon Beacons in English and Welsh. The advertisement remained a key factor in HCC's later Autumn marketing and was aired on seven TV Channels and shown in cinemas nationwide in November 2007 - the first time HCC had used the big screen to promote Welsh Lamb. HCC later announced it would screen its well-received Welsh Lamb TV advertisement in Paris, in French, for the new season at a St David's Day function in Paris to promote Welsh Lamb and Welsh Beef.

HCC announced in September 2007 that it was to implement a major marketing campaign to boost demand for Welsh Lamb in the domestic market and assist the Welsh red meat sector in the wake of the recent Foot and Mouth Disease outbreak in England, which had led to restrictions on all exports. HCC reported to the

HCC

Welsh Assembly Government's Finance Committee that the Welsh sheep industry had suffered more than £30m of losses since early August 2007 as a result of the outbreak.

In December 2007, retailers were issued with a special Christmas recipe leaflet, posters, stickers and other promotional point-of-sale material created by HCC.

Welsh Lamb and Welsh Beef kicked off its 2008 export campaign at the prestigious Identità Golose trade show in Milan in January and then attended the Gulf Food Fair in Dubai in February 2008. Minister for Rural Affairs, Elin Jones, visited the Dubai show, leading discussions between HCC and the United Arab Emirates (UAE) Government ministers about the possibility of an early resumption to the trade in Welsh Lamb.

In March 2008, HCC announced a strong year-on-year performance with both lamb and beef brands enjoying significant price and volume rises during January and February 2008.

2. Building strongly differentiated products

HCC's marketing efforts seek to maximise returns for Wales' producers by clearly differentiating Welsh Lamb and Welsh Beef from those of our competitors and at the centre of these efforts is the prestigious Protected Geographical Indication (PGI) status of both the Welsh Lamb and Welsh Beef brands. PGI status remains a strong element of all of HCC's domestic and export marketing activity.

The European Commission awarded PGI status to Welsh Lamb and Welsh Beef in recognition of its quality and special regional identity. Meat bearing the branding Welsh Lamb and Welsh Beef is born and reared in Wales, fully traceable, and slaughtered in an HCC approved abattoir.

3. Improving the quality and cost-effectiveness of primary production and

4. Strengthening the red meat supply chain

The Farming Connect programme, part of the Sheep and Beef Development Programme, funded by the Welsh Assembly Government and administered by HCC, has been the main vehicle for effectively promoting business development and awareness; environmental safeguarding and improved market focus and awareness.

It has been an invaluable resource and assisted greatly in HCC's efforts to meet our competition targets - that is, the application of the latest genetic and technological information with our traditional husbandry techniques, our marketing and branding work and equitable farmgate prices.

The value of Farming Connect was evident at a Monmouthshire Open Day where the Programme's advisers confirmed farmer Graham Probert of Great Bottom Farm, Penrhos near Raglan, had managed to save a total of £2,350 a year by reducing the calving period of his herd of suckler cows. Improving the performance of the herd of 56 cows was a key objective and calculations showed that changes on the farm over the last few years had improved the performance of the herd by nearly £50 per cow.

A trial of a video image analysis (VIA) system for sheep carcasses concluded that VIA was as accurate and more consistent than expert classifiers at predicting carcass conformation. The study was funded by HCC and other industry bodies.

In July and August 2007 respectively, Nant yr Efail farm, home to Richard, Helen and Gethin Owen, at Betws-yn-Rhos, near Abergele and Bwlchdyddwyallt, farmed by Rob and Teresa Wilson, at Merthyr Cynog, Brecon, became the latest additions to HCC's Farming Connect portfolio of ten demonstration farms across Wales. The HCC pan-Wales network of demonstration farms operates in

Trawsfynydd, Llandysul, Newport (Pemb), Cowbridge, Abergele, Llangollen, Welshpool and Raglan.

More than 700 farmers signed up to HCC's Welsh Beef Quality Improvement Project scheme and qualified for funding of up to £2,500 towards buying a top performing bull for their herd. The Welsh Assembly Government-funded project, which is administered by HCC, offers farmers the chance to apply for 40% of funding – up to £2,500 – on purchasing a top performing bull. More than 300 bulls are expected to have been purchased by the conclusion of the scheme, making a valuable contribution to the improvement of the genetic quality of the Welsh herd.

Dafydd Rhodri Davies from Tregaron; Bedwyr Jones from Nant Gwynant and Roger James from Llanyre won the Farming Connect annual scholarship, which is organised by HCC. All three will visit New Zealand and on their return they will pass on their experiences to other industry members.

HCC ran a series of selection for slaughter training courses, to help farmers to achieve accurate selection for slaughter, and maximise returns on their animals throughout the year, for both lamb and beef.

Welsh Mountain sheep breeders were set to eradicate footrot, estimated to cost the Welsh sheep industry around £7million per year, from their flocks after embarking on a new project, granted a SPARK award by Genesis Faraday and funded by additional money from HCC, that allowed for selection of resistant rams.

5. Communicating Activities and Issues

HCC's fourth annual Autumn conference took place at Brecon in November 2007. The conference's keynote speaker was Elin Jones AM, Minister for Rural Affairs. HCC will run a fifth Autumn conference for stakeholders in November 2008.

HCC unveiled the second National Beef Day celebration on 4 October 2007 and revealed that more schools in Wales than ever before were sourcing Welsh Lamb and Welsh Beef.

National Beef Day is a Wales-wide day that is co-ordinated by HCC. It was fully backed by Welsh Assembly Government Rural Affairs Minister Elin Jones, farming unions, processors and suppliers in Wales. Local authorities across Wales staged a blanket of events as part of this year's all-Wales local sourcing promotion.

HCC backed Welsh Food Fortnight (22 September to 6 October 2007) which was created to connect young people with the food that they eat.

HCC gave evidence to the Welsh Affairs Select Committee on Tuesday 4 December 2007. As Chairman of HCC, I outlined to Members of Parliament (MPs) how adapting to CAP reform, together with growing global competition has meant that even the most efficient Welsh livestock producers have had to face new production and marketing challenges. The Committee is made up of MPs from all parties in Wales, and was hearing from HCC as part of its inquiry into the effects of globalisation on food production and supply in Wales.

Four school children from Denbighshire were the stars of the first ever bilingual cookbook - the colourful *Cool2Cook* - created exclusively for children by HCC and released in March 2008. Recipes include Welsh Beef Bolognese in Cheesy Jackets; Pit stop Sausages; Welsh Lamb Crumble; Oriental Welsh Beef & Noodles and even a Fruit Berry Smoothie.

HCC supported and participated in the *Nursing in Practice* conference in Cardiff in June 2007, and throughout the year, HCC organised educational roadshows, visiting schools and colleges across Wales to promote cooking and nutrition and pass on

guidance about how to buy and prepare food. More than 3,000 pupils were involved over the twelve-month period.

The year ahead

In the 2006/07 year the Welsh Assembly Government had announced the retention of HCC as a separate red meat authority in Wales after a consultation in Wales of the outputs of the independent *Review of the Agricultural and Horticultural Levy Bodies* undertaken by Rosemary Radcliffe on behalf of the UK and devolved administration ministers. In the past twelve months HCC has worked with the Welsh Assembly Government to deliver the findings of the report.

On 7 November 2007, the Welsh Assembly Government's Minister for Rural Affairs Elin Jones announced my appointment as Chair of Hybu Cig Cymru-Meat Promotion Wales.

HCC announced in February 2008 that it would take direct responsibility for the marketing, promotion and development of the Welsh pig sector from 1 April 2008 in order to ensure a sustainable future for the sector.

In April 2008, a new HCC Board took office to reflect the widest possible representation of the industry.

Rees Roberts OBE
Chairman
Hybu Cig Cymru

Further information on the work of HCC and a list of Board members is available on the HCC website, www.hccmpw.org.uk

MLC Statement on HCC reporting procedure 2007/08

For the 12 months ending 31 March 2008 MLC functions were delegated to HCC in respect of the Welsh red meat industry. HCC was responsible for the delivery of these MLC functions and for deployment of the levies raised in Wales.

During the reporting period, HCC was a private company that remained fully accountable through the MLC for the use of Welsh levy funds transferred to HCC and its accounts were examined for regularity and reported on by the National Audit Office.

HCC has published its own full annual report and financial accounts for the financial year 2007/08 that are presented together with the MLC Annual Report to the Houses of Parliament, the Welsh Assembly and the Scottish Parliament in July 2008 and subsequently made public.

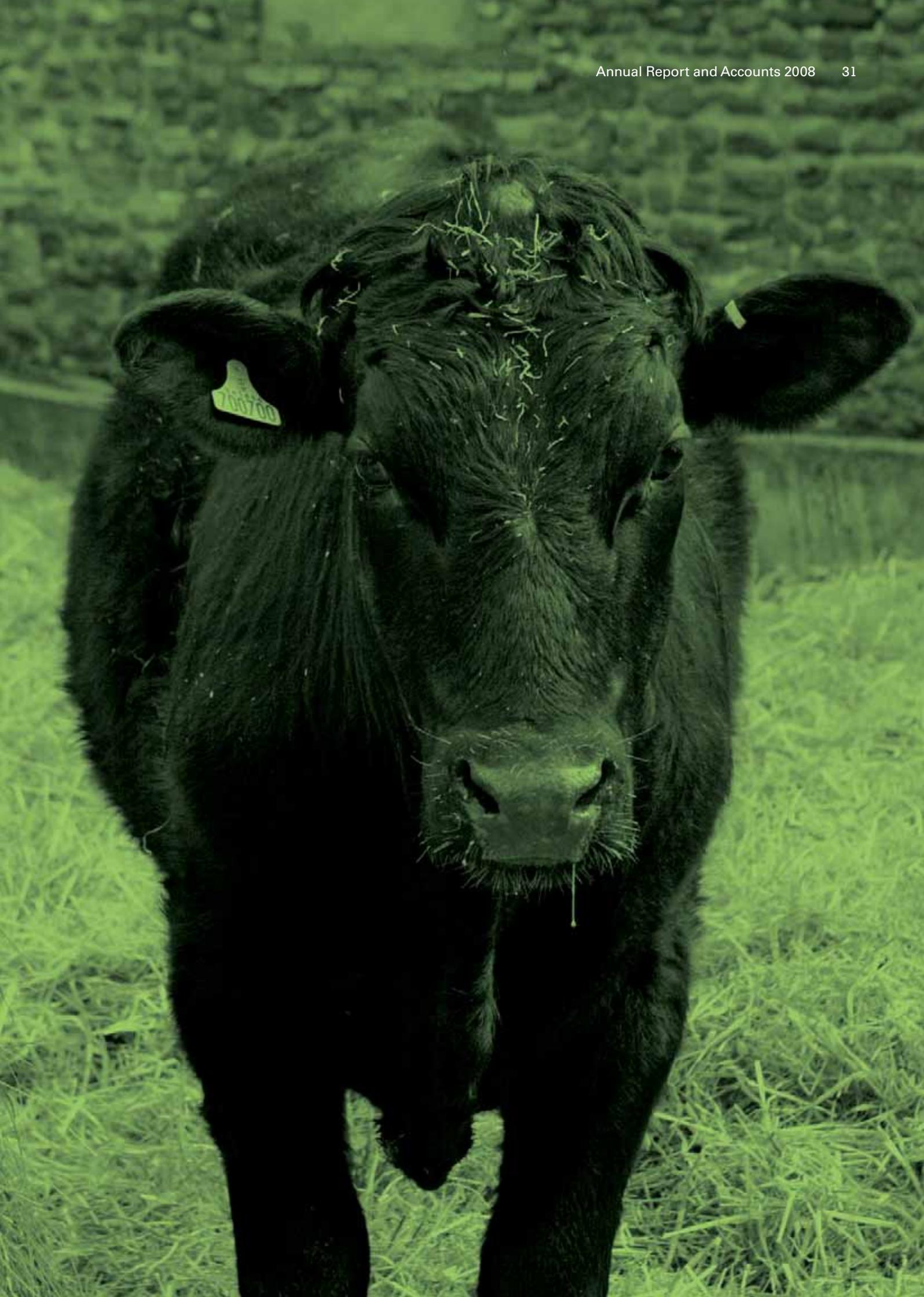
Copies can be requested by writing to:
Hybu Cig Cymru/Meat Promotion Wales,
PO Box 176, Aberystwyth,
Ceredigion SY23 2YA

MLC

HCC performance against target 2007/08

Table H.1

Strategy	Target	Performance
Objective 1 – Effective promotion of Welsh Lamb products in order to maintain value and volume in target markets and sub-sectors		
1 – UK market: Consumer advertising/trade campaigns/business to business campaigns	Maintain % of consumer awareness from HCC commissioned U&A study above 60%	Achieved. Awareness at 65%
2 – Export: develop trade/consumer programmes for PGI Welsh Lamb	Increase trade/consumer awareness and enhance market share/value by 5%	Not achieved. Exports during year stopped for three months due to FMD outbreak in England
Objective 2 – Effective promotion of Welsh Beef products in order to maintain value and volume in target markets and sub-sectors		
1 – UK market: Consumer advertising/trade campaigns/business to business campaigns	Maintain % of consumer awareness from HCC commissioned U&A study above 60%	Achieved. Awareness at 65%
2 – Export: develop trade/consumer programmes for PGI Welsh Beef	Increase trade/consumer awareness and enhance market share/value by 5%	Not achieved. Exports during year stopped due to FMD outbreak in England
Objective 3 – Improve the quality and cost effectiveness of Welsh red meat products		
1 – Develop research and development programme	Undertake 10 projects over next five years	Achieved. Further seven commenced this year, 26 undertaken to date
2 – Set up technology transfer mechanism to discuss new developments	2,500 farmers advised in the year	Achieved. 4,200 farmers advised in the year
3 – Develop a programme of genetic and health improvement for sheep and beef sectors	200 farms involved in improvement schemes	Achieved. 230 farms involved during the year
4 – Develop a framework to collect information for farm to farm comparison	Reports by end of July 2007 (lamb) and September 2007 (beef)	Achieved. Reports issued at appropriate times
5 – Guardian of PGI for Welsh lamb and beef	Maintain audit exercise	Achieved. All 25 abattoirs operating have been inspected
Objective 4 – Strengthen the red meat supply chain		
1 – Introduce training schemes for farmers to understand requirements of processors	300 farmers trained per annum	Achieved. Over 500 farmers have attended training courses
2 – Facilitate projects to increase efficiency within supply chain	Communicate with all abattoirs in Wales; communicate with stakeholders in supply chain	Achieved. Communication made on a regular basis
Objective 5 – Exploit opportunities and defend threats to beef/lamb products with regard to initiatives on diet, health and nutrition		
1 – Interpret Government policy initiatives in areas such as public sector food provision, health promotion and food labelling etc and advise industry sectors on most appropriate response	Regular reports as initiatives arise	Achieved. Articles in Gwlad and monthly bulletin issued
Objective 6 – Effective communication of HCC activities and industry issues		
1 – Coverage in all relevant print and media	Achieve over 270 press articles in the year	Achieved. Over 350 articles in year
2 – Publications and resource materials	Provide industry with monthly bulletin dealing with the prevailing market conditions	Achieved
3 – Industry issues affecting supply and demand	All issues dealt with appropriately and report as necessary to HCC Board	Achieved. Reports made to board



QMS



Donald Biggar OBE
Chairman
Quality Meat Scotland

QMS CHAIRMAN'S REPORT

Scottish red meat businesses in common with others in the UK have had their resilience severely tested by the outbreak of Foot and Mouth Disease (FMD).



The return of FMD and the subsequent restrictions on movements both at home and abroad caused widespread disruption to markets and had an inevitable impact on the finances of cattle, sheep and pig businesses.

QMS was quick to adapt its work in order to meet the different requirements of an industry in turmoil without losing sight of ambitious work targets for the year.

Our objectives

QMS exists to help Scotland's red meat businesses become more profitable through industry development and promotion of their products. Our objectives are:-

- 1) Be the first port of call in Scotland for positive and authoritative information about the red meat industry
- 2) Be a catalyst for adoption of best practice throughout red meat chain
- 3) Build on existing consumer confidence and preference for Scotch product by maintaining its integrity and continuing to reflect consumer attitudes throughout our assurance schemes

- 4) Agree and undertake a marketing strategy with the industry, based on segmentation, clear focused targeting, brand integrity and simplicity
- 5) Raise awareness of red meat as part of a healthy diet
- 6) Help enhance the culture of trust throughout the red meat supply and demand chain
- 7) Maintain financial and corporate governance systems to reflect the responsibilities of QMS and ensure value for money for levy payers.

Delivering our objectives

The bulk of QMS's levy income continues to be spent on marketing activities for the three brands. Despite disruption to markets during the year significant progress has been made in promoting and building sales of Scotch Beef, Scotch Lamb and Specially Selected Pork.

As far as Scotch Beef is concerned, our marketing activities were this time focused on London.

England is the single biggest market for Scotch Beef, accounting for more than £100 million of all sales annually, and Londoners alone eat nearly 20% of all beef consumed in Great Britain. The new campaign is targeting the premium end of the market and highlighting the taste and quality of Scotch Beef.

Both the Scotch Lamb and Specially Selected Pork campaigns targeted Scottish consumers and each was given fresh impetus with the introduction of new marketing material aimed at raising awareness and building sales.

Work has continued on reaching out to younger consumers. Through our health and education activities we are now coordinating at least one cookery demonstration using healthy recipes for red meat in Scottish schools every month.

Export trade has been building gradually since the ban on beef was lifted in 2006. However as with England and Wales, the outbreak of Foot and Mouth Disease proved to be a major setback as once again we were unable to export product to the continent.

MLC

The restrictions proved particularly difficult for our sheep sector. QMS drew down on its reserves to match a contribution from the Scottish Government to increase marketing activity in order to boost sales of lamb in Scotland.

The FMD outbreak also impacted on some of our scheduled industry development activities with a number of on farm events cancelled.

One that did go ahead to much acclaim was our first Research and Development Conference. Over 100 farmers and processors joined academics in the audience to hear the latest scientific developments that could be given a practical application to benefit their businesses going forward.

The Monitor Farm network continues to grow across Scotland with more than 500 farmers now regularly working together with a common 'can do' attitude.

Monitor Farms are normal commercial farms representative of the local style of farming and the environment in which they operate, and where the farmer is prepared to allow other farmers access to both the farm and the decision-making process. The ultimate aim is to improve the profitability of farming in the area of the monitor farm.

Once again QMS staff were out and about speaking at nearly 70 industry meetings to around 4500 people during the winter, giving levy payers an update on our work and hearing their thoughts on our future activities.

The website and e-news letter continues to offer a valuable mechanism of keeping people up to date with both increasing in popularity on a yearly basis.

The year ahead

Every year presents fresh challenges and no doubt the next twelve months will once again test the resilience of



our industry, particularly those businesses that are dependent on feeding cereals to livestock.

Increasing global demand for all commodities, including meat, is leading to a tightening of supplies and prices are starting to move upwards. Equitable distribution to all parts of the chain are essential if our critical production mass is to be retained.

The status of QMS will also change. From 1 April 2008 the organisation moves from being a private company limited by guarantee to a Non-Departmental Public Body with a new Board appointed by Scottish Ministers.

We already enjoy a good relationship with Scottish Government and its officials and we expect that to continue. So while the status of QMS may have changed it'll be business as usual for the organisation and its work on behalf of the industry.

Donald Biggar OBE
Chairman
Quality Meat Scotland

Further information on the work of QMS and a list of Board members is available on the QMS website, www.qmscotland.co.uk

MLC Statement on QMS reporting procedure 2007/08

For the 12 months ending 31 March 2008 MLC functions were delegated to QMS in respect of the Scottish industry. QMS was responsible for the delivery of these MLC functions and for deployment of all the levies raised in Scotland.

During the reporting period QMS was a private company that was fully accountable to the Scottish Parliament for the use of the Scottish levy. Accountability was assured through a Formal Framework Document agreed with the Scottish Executive.

QMS will publish its own full annual report and financial statements for the financial year 2007/08 that are presented to the Scottish Parliament in October 2008 and subsequently published at the QMS Annual General Meeting.

Copies can be requested by writing to:
Administration, Quality Meat Scotland
The Rural Centre, West Mains,
Ingliston, Newbridge, Midlothian EH28 8NZ

QMS performance against target 2006/07

Table Q.1

Strategy	Target	Performance
Objective 1 – Be the first port of call in Scotland for positive and authoritative information about the red meat industry		
Improve the positive image and understanding of the Scottish red meat industry amongst the wider public, decision makers and opinion formers in Scotland and beyond	Increase understanding of industry among business media and public authorities, through wider circulation of factual information on industry and market/consumer trends and strategic analysis	Achieved <ul style="list-style-type: none"> – press releases – industry profile – R&D report – annual report
Assist the performance of businesses by providing relevant, new and more accessible information to the Scottish red meat chain on prices, market conditions, supply/demand and relevant government policy	Ensure provision of information and analysis of changes to meet changing business needs through regular industry feedback	Achieved <ul style="list-style-type: none"> – regular updating of web site – introduction of weekly e-newsletter – presented to over 67 industry meetings with a total attendance of 4230 – response to ad hoc requests for information – industry conference – DVD launch
Undertake and make available strategic analyses of the economic environment in which the red meat industry is operating		
Ensure awareness and understanding of the role of QMS among the Scottish red meat industry.		
Objective 2 – Be a catalyst for adoption of best practice throughout red meat chain		
Work with other organisations to identify and promote best practice, training and research which leads to an improvement in the efficiency of individual Scottish red meat businesses	Implement R&D strategy	Achieved <ul style="list-style-type: none"> – 14 projects completed during the year
	Achieve Year 2 targets of pig strategy	Achieved <ul style="list-style-type: none"> – cull sow monitoring and blood sampling systems yielding significant benefits to industry
Work with other organisations to identify and promote best practice, training and research which improves the ability of Scottish cattle, sheep and pig businesses to meet customer specifications	Publish results of a survey of farm production costs and key physical performance indicators	Achieved <ul style="list-style-type: none"> – enterprise costings booklet produced
	Promote benchmarking as a tool to improve business performance	Achieved <ul style="list-style-type: none"> – RMIF programmes made available to all Scottish abattoirs
	Disseminate good practice from 10 Monitor Farms to wider industry	Achieved <ul style="list-style-type: none"> – community group meetings, open days and annual newsletter
	Produce and distribute DVDs on muscle profiling for processors and butchers, and animal health for producers	Achieved <ul style="list-style-type: none"> – animal health DVD launched at Winter Fair (Muscle Profiling DVD not achieved due to budgetary constraints.)
Objective 3 – Build on existing consumer confidence and preference for Scotch product by maintaining its integrity and continuing to reflect consumer attitudes through our assurance schemes		
Enhance consumer preference by ensuring that assurance standards take account of our regular consumer research and that assurance procedures maintain best practice standards	Maintain integrity of assurance schemes through appropriate assessment and certification decisions and ensure standards consistent with brand values	Achieved <ul style="list-style-type: none"> – Standard Setting Committees met to update and approve each assurance scheme – 12000 inspections carried out on farm with a further 300 inspections for feeds, auction market and haulage schemes
Retain and enhance the integrity of the Scotch product by increased auditing of product traceability, raising awareness of this among customers in the retail and restaurant sectors	Carry out 500 inspections of retail and catering premises to ensure compliance with PGI	Achieved <ul style="list-style-type: none"> – 505 carried out in processors, retailers and restaurants
Increase the supply of red meat available for the Scotch product	Ensure AFS inspect Scotch labelling in all English, Welsh and Northern Irish processing and packing plants	Achieved <ul style="list-style-type: none"> – 70 inspections carried out
	Promote advantages of membership of QMS Quality Assurance Schemes to ensure maximum throughput of product eligible for Scotch label	Achieved <ul style="list-style-type: none"> – over 90% of beef, lamb and pork is eligible for Scotch Beef & Lamb / Specially Selected Pork labels

QMS

QMS performance against target 2006/07

Table Q.2

Strategy	Target	Performance
Objective 4 – Agree and undertake a marketing strategy with the industry, based on segmentation, clear focused targeting, brand integrity and simplicity		
Increase consumer awareness of and expressed preference for pork, Scotch Beef and Scotch Lamb in the UK and abroad	Scotch Beef Maintain awareness in Scotland above 80%	Achieved – awareness at 89% (up from 82% previously)
Increase branded sales of Scotch Beef, Scotch Lamb and assured pork in the UK and abroad	Maintain current branded distribution in all major multiple retailers in Scotland	Achieved – current distribution maintained with an increase in the number of product lines listed
Identify and develop new markets for produce from Scotland, particularly in foodservice, export and manufactured products	Increase awareness above 70% in London and the Midlands	Partially achieved – 50% awareness amongst ABC1s (up from 38% previously)
Identify and develop new markets for cow beef	Increase distribution of branded point-of-sale material to all multiple retailers in target English regions	Achieved – brand ambassadors, leaflets and sampling activity delivered to targeted retailers
	Develop business opportunities for cow meat produced in Scotland	Achieved – 6 inward missions centring on 2 ongoing businesses
	Scotch Lamb Increase household consumption in Scotland from 45% to 50%	Partially achieved – household penetration of lamb up 5.5% to 48.2% in Scotland
	Increase use of Scotch Lamb stickers from 3 to 5 multiple retailers in Scotland	Achieved – Scotch lamb stickers used in five multiple retailers
	Specially Selected Pork Increase frequency of purchase for pork products from 8.5 to 9 and penetration from 74% to 78% in Scotland	Partially achieved – frequency of purchase increased to 9.2% and penetration decreased to 71%
	Increase distribution of branded point-of-sale material to 3 multiple retailers in Scotland	Achieved – branded point-of-sale material in three multiple retailers in Scotland
	Exports Establish branded distribution of Scotch Beef into France, Belgium, Netherlands and Italy	Achieved – branded distribution established in France, Belgium, Netherlands and Italy
	Establish Scotch Beef Club in targeted export markets	Not achieved – due to timing and market considerations
	To double consumer awareness of Scotch Beef and Scotch Lamb in these target markets	Partially achieved – increased but not doubled
	To increase branded distribution of Scotch Lamb from 1 to 2 in Benelux	Achieved – branded distribution of Scotch Lamb in two retail chains in Benelux
	To establish branded distribution of Scotch Lamb in one major retailer in France and Italy	Partially achieved – branded distribution of Scotch Lamb established with a major retailer in France
	Other New Markets Organise 4 meetings for public purchasers throughout the year including one meet-the-buyer event with over 75% of Scottish Public Purchasers in attendance	Achieved – organised twelve meetings for public purchasers – addressed an industry conference with over 90% of Scottish public purchasers in attendance

QMS performance against target 2006/07

Table Q.3

Strategy	Target	Performance
Objective 5 – Raise awareness of red meat as part of a healthy diet		
Promote the role of red meat as part of a balanced diet and lifestyle	Incorporate healthy eating messages into generic point-of-sale material for butchers, supermarkets and others	Partially achieved – activity to go ahead in October 2007
Develop the reputation of QMS as a credible authority in Scotland on health issues relating to red meat	Develop research portfolio to investigate positive and negative health aspects of red meat	Achieved – children's attitudes to red meat – part-funded MLC study into iron levels in women
Advise the Scottish industry on how to maximise the health benefits of what it produces	Distribute educational material to at least 1,000 primary schools and complete feasibility study for educational material for secondary schools	Achieved – Meaty Matters and other publications distributed via RHET and Directors of Education – Improved links with Home Economics teachers at secondary school level – Health benefits
Objective 6 – Help enhance the culture of trust throughout the red meat supply and demand chain		
Improve awareness and understanding of the chain among the red meat industry in Scotland	Generate a culture of trust throughout the supply chain by increasing availability of information on market demands, needs and trends relevant to the Scottish industry	Achieved – weekly columns on market requirements and trends in three Scottish newspapers, regular page in key weekly Scottish farming publication – improved price reporting on QMS web site – introduction of weekly e-newsletter including price reporting
Use industry meetings, QMS committees, forums and consultations to harness the expertise of the Scottish industry		
Identify common priorities and actions as a way of developing further trust and confidence throughout the chain		
Objective 7 – Maintain financial and corporate governance systems to reflect the responsibilities of QMS and ensure value for money for levy payers		
Ensure accurate and continuous financial information being available to all staff, enabling informed budget decisions	Ensure that State Aids and Tender Process information completed in Purchase Order and Management Account System. Encourage correct use of system to provide accurate and up-to-date information. Provide training through internal workshops re POMAS and budget management in general	Achieved – additional reports incorporated into POMAS system – one-to-one training on operation of POMAS delivered as required
To monitor and control administration overhead costs		
Completion of and adherence to Framework Agreement with SEERAD	Continued review of spending limits re. travel and subsistence. Encourage awareness of new postal structure and impact on costs	Achieved – prudent policy exists for all areas of overhead expenditure – training workshops on new postal structure were carried out leading to reduction in the postage bill of 50% – a review of Corporate Services staffing level was conducted
To ensure value for money is a key consideration in all procurement decisions	Ensure staffing levels appropriate to workload	
Maximise additional income sources that help deliver aims, objectives and targets	Organise Risk Workshop for Board and key staff. Further develop the Risk Register and progress Internal Audit plan	Partially achieved – not completed due to timing constraints (completed mid 07/08) – Internal Audit plan on schedule
	Seek sponsorship of meetings and events and where appropriate obtain travelling expenses and/or attendance fees when staff invited to speak at meetings and events	Achieved – policy reviewed and where appropriate staff costs recharged
	Manage process and timetable for change further to outcome of Radcliffe Review	Achieved – timetable agreed and progress continuing to end of 07/08
	Ensure full implementation of Health and Safety policy. Review HR Procedures and contracts in line with current Employment Law	Achieved – policy reviewed and risk assessment completed – Employee Handbook updated – work on revising employee contracts initiated
	During the year achieve three successful grant applications	Achieved – three grants totalling £246,000 were confirmed

MLC COMMERCIAL OPERATION REPORT

Unique within the Defra family of agri-based Non-Departmental Public Bodies, MLC operated a mature and profitable commercial operation. These businesses provided data, advice, logistics and inspection services to the meat and livestock industry on a commercial basis. The commercial operation was managed separately within MLC. All costs were fully accounted for within the operation and the profits returned to the MLC for the benefit of the industry.

Following the end of this reporting period (31 March 2008), on 1 April 2008, the ownership of these commercial businesses was transferred to the new levy board organisation – the Agriculture and Horticulture Development Board.

Performance against target

The commercial operation worked to an annual financial target agreed by the MLC Board of Commissioners. For 2007/08 this was to contribute £352K (post tax) to supplement MLC's levy income. Actual out-turn provided a contribution of £408K.

MEAT & LIVESTOCK COMMERCIAL SERVICES LIMITED (MLCSL)

Meat and Livestock Commercial Services Limited (MLCSL) operated as a wholly owned subsidiary of MLC. During 2007/08 it continued to develop new business opportunities with both the red meat industry and the Rural Payments Agency (RPA), despite a testing environment as processors and producers faced particularly difficult trading conditions throughout the period.

Authentication services

The Authentication side of the business employed on average 100 people who delivered the following services during the year to 31 March 2008:

- Independent carcass classification services for cattle, sheep and pigs to the slaughtering sector
- Technical training for the selection of livestock for slaughter to the industry
- Development and sales of slaughter line data capture equipment
- Sales, servicing and support of pig classification equipment (Introsopes)
- Marketing of a Stun Assurance Monitor for sheep and pigs
- Carcass label sales for cattle, sheep and pigs

Review of the year

The highlight of the year was being awarded United Kingdom Accreditation Service (UKAS) EN ISO/IEC 17020 for Authentication services. This important recognition that MLCSL's service delivery meets internationally recognised standards provided further assurance to the GB industry that classification standards, which are a critical element in the transaction between producers and processors, are robust and reliable.

There was a further small increase this year in beef carcasses classified by the team as a percentage of British slaughterings (see fig 1). Pigs also showed a slight uplift with sheep falling as result of some shift in marketing patterns.

A significant level of service and support was provided to the EBLEX Sheep Better Returns Programme in England. Selection of sheep for slaughter training events were delivered at abattoirs and auction markets, and the same technical service provision was provided to the EBLEX Beef Better Returns Programme. Even though the programmes were disrupted due to FMD during Autumn 2007, over 60 events were delivered between the two programmes.

Similar support was provided to HCC in Wales with its busy programme of both sheep and cattle selection for slaughter training days. Enrolment and delivery of 50 of these events was by MLCSL authentication staff, and a number of shows were also attended to support the programme.

Fig 1. Carcasses classified by MLCSL as percentage of British slaughterings

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Cattle	53.3%	55.2%	55.6%	55.8%	58.9%	71.2%	72.2%
Sheep	40.9%	44.3%	46.5%	47.6%	40.9%	42.5%	38.5%
Pigs	62.3%	63.7%	63.3%	62.1%	62.1%	60.9%	61.9%

Marketing of the Stun Assurance Monitor continued during the year. The Monitor provides an auditable stun process for slaughterhouses and there was continued interest from many quarters including the role it could potentially play in assurance of pre-stunning for the Halal market.

The dedicated Authentication Services web site, www.mlcclassification.org.uk, continued to provide technical leaflets and information on classification matters as well as the Directory of Carcase Services Users as a reference for producers when marketing finished stock.

Agency services

The Agency side of the business employed on average 73 people who delivered the following services during the year to 31 March 2008:

- Services related to Transmissible Spongiform Encephalopathy (TSE) Schemes for the Rural Payments Agency;
 - Monitoring of the sampling and disposal of Fallen Stock
 - Control of the storage and destruction of Meat and Bone Meal and Tallow
 - Surveillance and control of hide markets for the Older Cattle Disposal Scheme
 - Monitoring and control of hides from food chain cattle aged over thirty months.
- Other service contracts:
 - A migratory bird surveillance and collection role in monitoring of Avian Influenza
 - Meat product inspection for the NHS in Wales
 - Surveillance of the disposal of sheep within the National Scrapie Eradication Scheme.

Review of the year

The 12 months to 31 March 2008 was another challenging year as government spending restraints brought reviews of the operational costs of TSE Schemes. However, the Agency Services had a relatively stable year with only minor changes to operational and staffing provision. By the year-end, Agency Services was active in some 22 sites across Britain with a staffing level of 68 deployed across them.

The work for Defra continued with involvement in the surveillance and control of hides at hide markets from food chain cattle aged over thirty months and the selective monitoring of the disposal of sheep from the National Scrapie Eradication Scheme.

Following the short-term contract with Defra to assist in the Wild Bird Surveillance Scheme (WBS), Agency Services was successful in its tender to secure this work on a longer-term contracted basis. This EU-wide scheme monitors the disease in the wild migratory bird population and in particular provides an early warning of any incidents of Avian Influenza. The contract supports Defra in identifying the targeted species and delivering dead birds to veterinary laboratories for testing.

Agency Services also continued with a small commercial contract with HCC providing meat product inspections for some NHS hospital suppliers in Wales.

The year ahead

Looking forward, MLC SL will operate within the new AHDB structure. It will work to further develop the carcase classification services and within this, promote to the industry the value of providing such services on an accredited basis. Selection for slaughter training will continue to support the EBLEX Better Returns Programme and additional selection training activity will be provided to HCC services. New business opportunities will also be developed within the AHDB structure, such as the levy audit function from April 2008.

On the Agency Services side, it will seek to consolidate its work with the RPA and seek opportunities beyond the Older Cattle Disposal Scheme when it finishes in December 2008. It will also seek to identify opportunities from within the wider family of AHDB.

John Heal
Managing Director
Meat & Livestock
Commercial Services Ltd

OTHER MLC COMMERCIAL OPERATIONS

Economics

Economics produces a comprehensive range of market intelligence used for business and strategic planning by those in the meat and livestock industry.

The Foot and Mouth Disease outbreak and the subsequent restrictions on the operation of auction markets meant that the collection and supply of liveweight livestock prices was temporarily suspended. However, the quick resumption of livestock movements on a regional basis meant the direct impact on the services Economics provides was kept to a minimum.

Through its contracts with Defra and the Scottish Executive, Economics successfully increased the number of cattle and sheep breeding sales it reported on. This provided a more complete picture in the trade of breeding stock and its potential effects on future production.

The initiation of a deadweight sow price survey, including an estimation of weekly slaughterings, allowed Economics to provide a fuller weekly information service on the GB pig industry. It also enabled Economics to monitor the exit of producers from the pig industry as a result of rising feed costs.

A new annual publication series, *The UK Yearbook – meat and livestock*, was launched in 2007. This included a vast range of useful meat and livestock information for the UK as a whole with much of the data also shown separately for England, Wales, Scotland and Northern Ireland, and going back over 10 years.

Industry Consulting

The Industry Consulting (IC) team continued to provide project-based meat and livestock consultancy services to individual companies, collaborative groups, the Regional Development Agencies, national government and the European Union.

IC was involved with 28 major fee paying projects during the course of the year, it also provided a great deal of advice to a large number of enquirers about possible projects and technical issues. Many of these involved individual and groups of producers setting up direct selling operations that needed advice on matters such as building cutting plants or accessing local abattoir services.

The larger projects carried out during the course of the year included: a major piece of work for Defra reviewing the issues of waste disposal in the red meat, poultry, milk and egg industries (with waste defined as the disposal of low, zero or negative value materials that were a by-product of the production process); work for the EU on carcase classification; marketing studies for the Isle of Man Fatstock Marketing Association; quality assurance reviews for BPEX; a review of the agriculture industry in the USA; a series of detailed profiles of the pig meat industry in the eight English regions for BPEX; a study of the disposal of fallen stock on the Isle of Wight; and assessment of the operation of the bovine TB disposal scheme in Wales.

In addition work was carried out for Defra and the Food Standards Agency to maintain the accuracy of the internet-based database of GB abattoirs and cutting plants.

Signet Breeding Services

Signet is responsible for delivering breeding evaluations to UK pedigree beef and sheep producers, highlighting breeding stock that will enhance the efficiency of beef and lamb production and improve carcase quality.

During the reporting period Signet started using the BASCO database and all Signet breeding evaluations were produced by EGENEs (Scottish Agricultural College's Breeding Evaluation Unit). These evaluations enabled Signet to provide the beef industry with a series of new Estimated Breeding Values (EBVs) and breeding indexes and delivered 'accuracy values' to the sheep industry for the first time.

Breed Society backed initiatives within the Suffolk and Texel breed led to modest growth in the recording of terminal sire breeds. At 31 March 2008 Signet was recording over 40 different breeds of sheep, most of which were analysed on an across flock basis. New breeding schemes for the Shropshire and Wiltshire Horn breeds were initiated in 2007 and in 2008 new national across flock evaluations will be delivered to the Lleyn and Dorset breeds.

Signet continued to support EBLEX technology transfer activities within the Beef and Sheep Better Returns programmes. This included the provision of training to both pedigree and commercial producers, drafting technical manuals, adjudicating EBLEX competitions, and analysing data to generate promotional messages. EBLEX and Signet also worked together to produce new technical leaflets for the pedigree sector relating to flock connectedness and accuracy values.



Signet is running a big project for Quality Meat Scotland (QMS) looking at the financial importance of selection for maternal traits within commercial sheep flocks and early results are looking promising. Signet also continued to support QMS at technical events delivering breeding consultancy to the sheep sector.

Over 500 beef farmers were trained by Signet within the Welsh Beef Quality Improvement Project being run by Hybu Cig Cymru and feedback was extremely positive. Signet had a pivotal role in both the training of producers and supporting the sourcing of bulls within this project.

Winterhill Conference Centre (WCC)

Winterhill Conference Centre (WCC) provides conference centre facilities to businesses and private parties in the Milton Keynes region. WCC's objective is to maximise revenue by providing its clients with excellent service at value for money. This is backed up by a small core in-house team and a number of flexible temporary staff.

WCC continued to broaden its client base during the year and remained a popular choice for local Milton Keynes companies with regular repeat bookings from major clients. The facilities were also increasingly hired outside normal office hours for events.

DIRECTORS' REMUNERATION REPORT

Introduction

The report also describes how the MLC Board of Commissioners applied the Principles of Good Governance relating to directors' remuneration.

Unaudited information

Remuneration Committee

During the reporting period MLC had an established Remuneration Committee, which was constituted in accordance with the recommendations of the Combined Code. The members of the Committee were all Commissioners: Mr Kirk (Chair), Mr Barr, Mr Cracknell, Mr Cross and Mr Houston.

None of the Committee had any personal financial interest (other than as shareholders of levy-paying organisations), conflicts of interests arising from cross-directorships or day-to-day involvement in running the business. The Committee made recommendations to the MLC Board of Commissioners. No director played a part in any discussion about his own remuneration. In determining the directors' remuneration for the year, the Committee consulted Mr Roberts (AHDB Interim Chief Executive) and Mrs Garvey (Company Secretary) about its proposals.

Remuneration policy

Executive remuneration packages were prudently designed to attract, motivate and retain directors of the high calibre needed to manage MLC. The performance measurement of the executive directors and the determination of their annual remuneration package was undertaken by the Committee. The remuneration of the non-executive directors was determined by Defra.

There were three main elements of the remuneration package for executive directors and senior management:

- Basic annual salary (including directors' fees) and benefits
- One off bonus payments when considered appropriate
- Pension arrangements.

MLC's policy was that a substantial proportion of the remuneration of the directors should be performance related.

Basic salary

An executive director's basic salary was determined by the Committee prior to the beginning of each year and when an individual changed position or responsibility. In deciding appropriate levels, the Committee considered the internal and external job market. Basic salaries were reviewed in May 2007 with increases taking effect from 1 April 2007. In addition to basic salary, the executive directors received certain benefits-in-kind, principally a car or car allowance and private medical insurance.

Annual bonus payments

The Committee considered the appropriateness of paying a cash bonus where performance merited it. The Committee believed that any incentive compensation awarded should be tied to MLC's interests and the extent to which the strategic objectives had been met.

Pension arrangements

Executive directors were members of the MLC Pension Scheme. Their dependants were eligible for dependants' pensions and the payment of a lump sum in the event of death in service. During the reporting period, Mr Lowe was a member of the MLC's Defined Benefit

Section of the MLC Pension Scheme and Mr Wilson was a member of the Defined Contribution Section.

Directors' contracts

It was the organisation's policy that executive directors should have contracts with an indefinite term providing for a maximum of one year's notice. Mr Lowe had one year's notice period. Mr Wilson's notice period was six months.

Members of the Commission

All Commissioners had specific terms of engagement and their remuneration was determined by Defra. The Commissioners received further fees for additional work performed for MLC.

Audited information

Directors' detailed emoluments, directors' pension entitlement and emoluments of members of the Commission can be found on the tables on pages 44 and 45.

Approval

This report was approved by the AHDB Interim Chief Executive and Accounting Officer on 4 June 2008.

Kevin Roberts
Accounting Officer
and Interim Chief Executive
Agriculture and Horticulture
Development Board

MLC

Directors' detailed emoluments

	For the year ended 31-Mar-08			For the year ended 31-Mar-07
	Salary & fees	Benefits	Total	
	£'000	£'000	£'000	£'000
Richard Lowe, Chief Executive	126	8	134	121
Mark Wilson, Director of Pig Industry Development	68	5	73	67
	194	13	207	188

Benefits-in-kind include the provision of a company car and private health cover.

Directors' pension entitlement

Set out below are details of the pension benefits accrued at and earned by each of the directors during the year to 31 March 2008:

	Total accrued pension			Cash equivalent transfer value		
	Annual entitlement as at 31-Mar-08	Real terms increase in year	Annual entitlement as at 31-Mar-07	As at 31-Mar-08	Real terms increase/(decrease) in year	As at 31-Mar-07
	£'000	£'000	£'000	£'000	£'000	£'000
Richard Lowe, Chief Executive	21	3	18	225	(7)	232
Mark Wilson, Director of Pig Industry Development	4	2	2	18	6	12
	25	5	20	243	(1)	244

Total accrued pension

The accrued pension entitlement shown is the amount that would be paid each year on retirement based on service to the end of the current year.

The increase in the additional pension earned during the year excludes any increase for inflation.

Cash equivalent transfer value (CETV)

This is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

As Mark Wilson is a member of the Defined Contribution section of the Meat and Livestock Commission Pension Scheme, his CETV is the value of his money purchase fund as at 31 March 2008. Richard Lowe's transfer value has reduced over the year due to changes in the market conditions used to calculate the CETV.

Emoluments of members of the Commission

The Meat and Livestock Commission was advised by the Department for Environment, Food and Rural Affairs that elements of remuneration and expenses of members of the Commission were as follows:

	For the year ended 31-Mar-08				For the year ended 31-Mar-07
	Salary & fees payable by Defra	Expenses payable by Defra	Salary & fees payable by MLC	Total	
	£	£	£	£	£
Peter Barr, Chairman	83,838	15,975	-	99,813	103,591
Paul Kirk, Deputy Chairman	23,685	1,962	6,000	31,647	32,030
Richard Moody, Chair Consumers Committee	18,367	3,156	-	21,523	23,808
Helen Browning	11,510	758	-	12,268	12,744
Rees Roberts	11,510	2,424	-	13,934	15,770
John Cross	11,510	1,374	36,050	48,934	51,847
Stewart Houston	11,510	8,936	12,500	32,946	32,869
Richard Cracknell	11,510	385	-	11,895	12,423
Kevin Hawkins	11,510	-	-	11,510	11,533
Neil Stoddart	11,510	2,017	-	13,527	15,742
Donald Biggar	8,632	1,951	-	10,583	19,500
	215,092	38,938	54,550	308,580	331,857

During the year Commissioner Paul Kirk was paid an honorarium of £6k by MLC for his chairmanship of the MLC Board of Pension Trustees' (2007: £6k); Commissioner John Cross was paid an honorarium of £36k by MLC for his chairmanship of the English Beef and Lamb Executive (2007: £36k); and Commissioner Stewart Houston was paid an honorarium of £13k by MLC for his chairmanship of the British Pig Executive (2007: £10k).

ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

Introduction

The Accounts for the financial year ended 31 March 2008 have been approved by the AHDB Interim Chief Executive and Accounting Officer and audited by the National Audit Office. In accordance with Section 19(4) of the Agriculture Act 1967 and Section 88(3) of the Scotland Act 1998, the Secretary of State for Environment, Food and Rural Affairs, Scottish Ministers and the Welsh Assembly Government shall lay a copy of the statement of account and report before each House of the UK Parliament, the Scottish Parliament and the National Assembly for Wales.

Foreword

History of body and statutory background

MLC was set up under the Agriculture Act 1967; its authority and the powers vested in it are described therein. MLC took over the activities and assets of the Pig Industry Development Authority and the Beef Recording Association and has subsequently developed the activities of those organisations in pig and cattle production, together with similar activities in sheep production.

On 1 April 2008 the functions, responsibilities, assets and liabilities of MLC were transferred to its successor, the Agriculture and Horticulture Development Board.

Form of accounts

The accounts have been prepared in the form directed by the Secretary of State for Environment, Food and Rural Affairs, Scottish Ministers and the Welsh Assembly Government with the approval of the Treasury in accordance with Section 19(2) of the Agriculture Act 1967. The accounts include the results of MLC and its subsidiary, Meat and Livestock Commercial Services Limited.

Principal activities

MLC's statutory purpose, as defined in Section 1, paragraphs 1(1) and 1(2) of the 1967 Agriculture Act, was:

To promote greater efficiency in the livestock industry and the livestock products industry, whilst having regard to the interests of consumers [and] of the livestock industry and the livestock products industry.

The MLC federal structure

MLC created a fully federal structure in April 2003.

English Beef and Lamb Executive (EBLEX)

EBLEX had strategic responsibility for the deployment of all MLC cattle and sheep levies raised in England. It was an executive committee that operated with maximum autonomy within MLC.

British Pig Executive (BPEX)

BPEX determined the pig strategy and ensured that levy payers' money was deployed effectively and efficiently. Like EBLEX, it was an executive committee that operated with maximum autonomy within MLC. During 2007/08 HCC had an agreement with BPEX for it to implement its strategy in Wales.

Hybu Cig Cymru/Meat Promotion Wales (HCC)

HCC was the body independent of MLC for the red meat industry in Wales. The accounts are therefore not consolidated into the MLC accounts. HCC was responsible for the strategy and deployment of all red meat levies raised by MLC in Wales. It operated under public procedures for the spending of public funds such as levy income and government grants.

Quality Meat Scotland (QMS)

QMS was the separate strategic body for the red meat industry in Scotland. MLC had transferred its functions to QMS in respect of the Scottish industry. QMS was responsible for the strategy and deployment of all MLC levies raised in Scotland and was fully accountable to Scottish Ministers for the use of these levies. It operated under public procedures for the spending of public funds such as levy income and government grants.

The MLC Executive's role within the federal structure was as follows:

Provision of services to the federal bodies:

Where the federal bodies sought the Executive's help to deliver their strategies, the federal bodies and Executive agreed strategic objectives, targets, business plans and working arrangements on an annual basis. For this work, the federal bodies reimbursed the Executive.

Coordination and communication on common issues:

Where consistent activities were required for the industry across Britain, or where all the federal bodies pursued the same objectives, the Executive sought to co-ordinate the approach to avoid duplication. In addition, where messages could most effectively be delivered through one voice, the Executive sought to speak on behalf of the "federal family," with the agreement of the federal bodies.

Consideration of consumer views and interest:

The MLC group also strove to take full account of the consumer in all activities. It continued to subject plans for comment to the internal Consumer Issues Forum and to the statutory Consumers Committee, encouraged the federal bodies to do likewise (either through

their own consumer structures or utilising the Executive's facilities) and sought to ensure that the consumer remained uppermost in the minds of those planning and deciding upon the work being undertaken.

Corporate governance:

The MLC group sought to meet the expectations of Government and industry in the area of corporate governance, and through the Board of Commissioners and with the support of Government ensure that all those using levy funds on behalf of MLC achieved the same standards. These included propriety in relation to levy spend, and governance in relation to the management of staff and assets. The Audit Committee oversaw MLC's financial activities.

MLC Pension Scheme

In accordance with Treasury accounting guidelines for the year ended 31 March 2008, MLC has adopted the full accounting requirements of FRS 17: 'Retirement Benefits'. A key outcome of this is the recognition of a pension asset in the MLC balance sheet, as at 31 March 2008, of £13.6m. This asset is owned by the MLC Pension Scheme and, in accordance with the Pension Scheme Surpluses (Valuation) Regulations 1987, is not available to MLC.

Review of the year and future developments

In the year to 31 March 2008, the worldwide rise in feed ingredient prices had a dramatic impact on pig production costs. BPEX concentrated much of its effort during the year to help the industry address these problems. Beef and sheep producers and supply chain businesses faced enormous challenges from rising input costs and the 2007 Foot and Mouth Disease and Bluetongue outbreaks. Throughout EBLEX focused on the effective and timely delivery of

activities to strengthen the domestic and overseas markets, and to ensure producers could start putting their businesses back on a sound footing.

During the year ahead BPEX will continue to be focused on enhancing the competitiveness, efficiency and profitability for English pig levy payers and driving demand for English pork and pig meat products in Britain and globally. At the same time EBLEX will continue to deliver best on-farm practice under its Better Returns Programmes and highlight the critical importance of producers knowing their business costings.

A fuller explanation of these issues can be found in the Chairman's, Chief Executive's and federal body Chairmen's reports for the year.

MLC Board of Commissioners

The names of the Chairman and other Commissioners at 31 March 2008 are listed at the end of this report (see page 88). There were no retirements during the year.

Government agency work

The Rural Payments Agency (RPA) continued to reimburse MLC in respect of redundancy payments to fatstock staff, who were the subject of an agreement made following the demise of the Sheep Variable Premium Scheme in January 1992, where MLC had been unable to retain those staff to carry out additional specified non agency duties.

Fixed assets

MLC's freehold properties were professionally re-valued as at 31 March 2008 and the Directors confirm that no significant change in valuation has taken place since that date. Details of the movements in tangible fixed assets and revaluation reserve during the year are set out in Notes 7 and 13 to the accounts.

Research and development

In accordance with one of its principal objectives, MLC was concerned with many areas of research and development (R&D). These activities are outlined elsewhere in this report. Collaborative R&D policy and strategy for the ruminant sector were determined by a federal R&D Committee.

Employee matters

The average number of full- and part-time staff employed by the MLC (EBLEX, BPEX, the MLC Executive and MLC Commercial Services) during the year was 363, compared with 359 the previous year. Of those, 120 were funded from the levy. The other 243 worked either within MLC Commercial Services, and were funded from fees earned from commercial activities, or within other fee-earning and grant-supported areas.

MLC operated an equal opportunities policy, which was published in its Conditions of Service and distributed to staff. Applications for employment by disabled persons were always fully considered, bearing in mind the requirements of the job and the aptitude and abilities of the applicant concerned. In the event of members of staff being disabled, every effort was made to ensure that their employment with MLC continued and the appropriate training was arranged. It was MLC's policy that training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Staff of MLC were represented by Prospect with formal communications taking place through the Whitley Council. Regular consultation took place with Prospect to ensure that their

views were considered when decisions were made that were likely to affect the interests of employees. They were also kept informed on MLC's financial status and business performance. Communication with all employees continued through organisation notices, written and face-to-face briefings and the general circulation of the Chief Executive's Whitley Council Report.

MLC's commitment to health and safety was demonstrated through the implementation of its health and safety policy. Health and safety issues were identified and administered by the MLC Health & Safety Committee.

Employment legislation was continually monitored to ensure that MLC's policies and procedures complied with any new developments.

Corporate governance

MLC supported the highest standards in corporate governance and sought to comply with the Code of Best Practice for Board Members of Public Bodies published by HM Treasury.

Board of Commissioners

The MLC Board of Commissioners met up to ten times a year and exercised full and effective control over MLC. There were eleven Commissioners including the Chairman and Deputy Chairman, appointed jointly by the Secretary of State for Environment, Food and Rural Affairs, Scottish Ministers and the Welsh Assembly Government. Commissioners were independent of management and were paid their remuneration and expenses, as determined by the Secretary of State, from public funds. (A list of MLC Commissioners is given on page 88).

Federal body boards

Within MLC's federal structure, the boards of the federal bodies were responsible for the setting of objectives and the development and implementation of strategy within their specific areas of responsibility. A list of board members for EBLEX can be found at www.eblex.org.uk,

for BPEX at www.bpex.org.uk, for HCC at www.hccmpw.org.uk and for QMS at www.qmscotland.co.uk.

Audit Committee

The Audit Committee was comprised entirely of MLC Commissioners and had written terms of reference, which were approved by the MLC Board of Commissioners. The terms of reference outlined the purpose, accountability and make-up of the Audit Committee and included provision for regular discussions with the external auditors and MLC's Internal Audit Manager. The Audit Committee met four times last year. Minutes of Audit Committee meetings were regularly circulated to the Board of Commissioners and there was opportunity to discuss any relevant issues with the Audit Committee Chairman and members. The Audit Committee had a wide remit, defined within MLC's Audit Committee Charter. In summary it reviewed the annual accounts, management accounts, budgets and forecasts, the Internal Audit activity and ensured that MLC had a robust risk management and corporate governance environment. (A list of Audit Committee members is given on page 89).

Management Committee

The day-to-day management of the MLC Executive was exercised by the Chief Executive together with the Directors and senior managers responsible for the major activities. The Chief Executive, Directors and senior managers, as appropriate, fully participated in meetings of the Board of Commissioners.

Remuneration Committee

The pay and benefits of the Chief Executive and other Directors were determined by this Committee, which was comprised entirely of Commissioners. The Committee took appropriate advice from specialist sources. The Board of Commissioners discussed the recommendations of the Remuneration Committee in private session (more detail on the Committee is given in the Directors' remuneration report on page 43).

Going concern

On 1 April 2008 the functions, responsibilities, assets and liabilities of MLC were transferred to its successor, AHDB. This transfer was in accordance with the Statutory Instrument (the Agriculture and Horticulture Development Board Order 2008), which received approval from UK Ministers and was laid before the Westminster Parliament on 13 November 2007 and approved by the Scottish Parliament on 23 January 2008. In accordance with the FReM, these accounts have been prepared on a going concern basis as MLC's services will continue to be provided by AHDB.

Payment policy

MLC observed the principles of the Better Payment Practice Code and it was the organisation's payment policy to settle terms before business was agreed, to ensure that suppliers were aware of them and to pay bills in accordance with those terms.

Open Government

MLC embraced the principles of Open Government and sought to communicate its activities through this publication and its annually updated Corporate Plan, both of which were public documents. MLC, through its federal bodies, consulted widely with stakeholders on the thrust of strategic plans for industry and on changes to statutory levy rates.

MLC had a Publication Scheme in place that was approved by the Information Commissioner in November 2002, as required under the Freedom of Information Act 2000. The Publication Scheme signposted people to a wide range of information published by the MLC.

Relations with Government

MLC sought to maintain excellent working relations with its sponsoring Government department, Defra, facilitated by regular communication between the parties at all levels. MLC had a Management Statement and Financial Memorandum, which set out the broad framework within which MLC was required to operate in relationship to Defra.

Citizen's Charter

MLC sought to comply with the principles of the Citizen's Charter. It developed standards for customer and levy-payer service against which it could measure its performance. A copy of the MLC Citizen's Charter leaflet can be obtained from the Financial Controller at the AHDB Meat Services head office.

Disclosure of information to the auditors

Each of the persons who was a director or commissioner at 31 March 2008 confirms that:

- (1) so far as the director or commissioner is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director or commissioner has taken all the steps that he ought to have taken as a director or commissioner in order to make himself aware of any relevant audit information and to establish that the organisation's auditors are aware of that information.

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

My appointment as Accounting Officer of AHDB, carries with it overall responsibility for ensuring that a sound system of internal control was maintained that supported the achievement of MLC's policies, aims and objectives, approved by Ministers whilst safeguarding public funds and MLC's assets for which the Accounting Officer was personally responsible in accordance with the responsibilities assigned to that individual in Managing Public Money. This included EBLEX, BPEX, the MLC Executive and Meat and Livestock Commercial Services Limited (MLCSL).

This responsibility also extended to HCC in respect only of its expenditure of levy funds under delegation from MLC. My review of the effectiveness of HCC's system of internal control is informed by representation on the HCC board and its Audit Committee. A separate statement on the system of internal control for HCC can be found in its Annual Report and Accounts 2007-08.

On 1 April 2008 the functions, responsibilities, assets and liabilities of MLC were transferred to its successor, the Agriculture and Horticulture Development Board. This transfer was in accordance with the Statutory Instrument (the Agriculture and Horticulture Development Board Order 2008), which received approval from UK Ministers and was laid before the Westminster Parliament on 13 November 2007 and approved by the Scottish Parliament on 23 January 2008.

The purpose of the system of internal control

The system of internal control was designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it could therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control was based on an ongoing process designed to identify and prioritise the risks to the achievement of MLC's policies, aims and objectives, evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has continued to be in place for the 12 months ended 31 March 2008 as far as MLC is concerned and up to the date of approval of the annual report and accounts in the form of AHDB, and accords with Treasury guidance.

Capacity to handle risk

Leadership

For the 12 months ended 31 March 2008 leadership was given to the risk management process via the MLC Board of Commissioners, federal body boards, the Audit Committee and the MLC Executive's Management Committee. As Chief Executive of MLC, Richard Lowe acted as sponsor of the group's corporate governance and risk management programme with the Financial Controller and Company

Secretary, prior to her secondment to AHDB in October 2007, acting as key programme managers.

From 1 April 2008 and up to the date of approval of the annual report and accounts, leadership is given to the risk management process via AHDB's Board of Directors, the AHDB Audit Committee and the respective Board of Directors of EBLEX Limited, BPEX Limited and MLCSL. As Interim Chief Executive of AHDB, I act as sponsor of the new group's corporate governance and risk management programme with the Interim Finance Director and Interim Human Resources Director acting as key programme managers.

Risk management team

For the 12 months ended 31 March 2008 MLC had a risk management team (RMT) made up of a number of nominated senior managers, including the Chief Executive's of EBLEX and BPEX. The members of the RMT acted as risk champions responsible for disseminating good practice throughout the organisation, implementing the specific actions identified in the corporate and business unit risk registers and updating the registers in the light of any current or anticipated developments that may impact on the group's ability to achieve its objectives. From 1 April 2008 to date this team still exists as AHDB Meat Services (AHDBMS) RMT.

The risk framework

Risk management policy

MLC's risk management policy constituted a key element of its internal control and corporate governance framework and

covered MLC's approach to risk management, roles and responsibilities and key aspects of the risk management process.

From 1 April 2008 to date this policy is still applicable to the bodies that constituted the previous MLC group i.e. EBLEX Limited, BPEX Limited, MLCSL and AHDBMS. During the remainder of the year ending 31 March 2009 AHDB will develop a new group-wide risk management policy.

Risk appetite

HM Treasury defines risk appetite in The Orange Book as 'the overall amount of risk judged appropriate for an organisation to tolerate, agreed at board level'. MLC did not have a generic corporate risk appetite as different underpinning aspects of its work and its core activities had different and varying levels of risk tolerance. At its November 2007 meeting the MLC Board of Commissioners approved a formal Statement on Risk Appetite that provided guidance to management on the level of risk considered appropriate against key areas of strategic interest.

From 1 April 2008 to date this statement is still applicable to the bodies that constituted the previous MLC group. During the remainder of the year ending 31 March 2009 AHDB will develop a new group-wide Statement on Risk Appetite.

Risk register

To facilitate the further development of a more inclusive risk management framework within MLC a series of business unit level risk registers were developed about 18 months ago. These were consolidated to form a strategic-level, group-wide risk register.

From 1 April 2008 to date these risk registers remain in use by the bodies that constituted the previous MLC group and will continue to be fully updated during the remainder of the year ending 31 March 2009.

Business Continuity Plan

MLC had a comprehensive Business Continuity Plan (BCP), the purpose of which was to identify ways and means for MLC to continue to operate its core activities should a disaster occur at its head office location. From 1 April 2008 to date this BCP is still applicable to the bodies that constituted the previous MLC group and that are still based at Winterhill House, Milton Keynes.

A Business Continuity Management Team (BCMT) was established to co-ordinate MLC's activities in this area. In order to restructure the BCMT along more strategic process lines, its remit was transferred to the MLC Executive's Management Committee with the remaining members of the previous team forming an immediate response team under the direction of the BCMT. From 1 April 2008 to date these teams still exist as AHDBMS's BCMT and immediate response teams.

During the remainder of the year ending 31 March 2009 these business continuity components will remain in place much as they are now.

Anti-fraud policy

MLC was committed to ensuring that the risk of fraud in all its forms was minimised. An important part of this approach was its anti-fraud policy, which informed staff of MLC's approach to the serious issue of fraud and incorporated a fraud response plan.

From 1 April 2008 to date this policy is still applicable to the bodies that constituted the previous MLC group. During the remainder of the year ending 31 March 2009 AHDB will develop a new group-wide anti-fraud policy.

Standing Instructions (SI)

MLC's Standing Instructions (SI) defined the operating procedures for MLC and included the Standing Orders, Standing Financial Instructions and a Scheme of Delegation. Periodically MLC submitted an extensive return of notifications and schedules required by Defra under its Management Statement Financial Memorandum (MSFM) with MLC.

From 1 April 2008 AHDB's SI defines the operating procedures for AHDB and include the Standing Orders, Standing Financial Instructions and a Scheme of Delegation. AHDB will submit a return of notifications and schedules required under its MSFM to Defra on a periodic basis.

Corporate Plan

Historically the federal MLC group Corporate Plan was produced annually for the forthcoming three-year period and sat at the apex of MLC's planning hierarchy. Strategic plans for EBLEX, BPEX and HCC were included while QMS published its own plan.

Working to essentially unchanged Defra planning requirements, AHDB has adopted a very similar corporate planning framework to MLC's, which was approved by the AHDB Shadow Board during October 2007. A first draft of the AHDB Corporate Plan 2008-2011 was further approved by the Shadow Board and went out for industry consultation during December 2007. The Plan was finalised and gained UK Ministerial approval during February 2008.

The AHDB Corporate Plan 2008-2011 provides an overview of the statutory purpose and group structure of AHDB. It describes the key industry challenges under six headings – political, environment, social, technological, legislative and economic – which will impact on the British agriculture and horticulture industry over the period of the plan.

The key activities, outcomes and targets are presented in the context of a sector-specific SWOT analysis by each sector organisation within AHDB. A risk management component is also included, which ensures that key risks are identified at the planning phase and an appropriate control environment constructed to pro-actively manage these. The Corporate Plan provides an essential context for the development of business unit level annual business plans.

Business plans and budgets

Historically within MLC, business unit-level business plans were produced annually for the forthcoming 12-month period and underpinned the three-year Corporate Plan as well as informing the annual financial budgeting process.

Again, this type of approach has been adopted by AHDB with very specific guidance on business plan content and format contained in the Delegation Agreements between AHDB and each of EBLEX Limited and BPEX Limited.

Financial reporting framework

For the 12 months ended 31 March 2008 a wide range of routine financial reports were produced and distributed by MLC's Financial Services function on a monthly basis. These formed a reporting hierarchy that allowed senior managers to drill down from a high level of strategic information into detailed operational analysis where the need arose.

From 1 April 2008 to date this reporting hierarchy still exists for those bodies that constituted the

previous MLC group and will continue to operate during the remainder of the year ending 31 March 2009.

Non-financial reporting framework

For the 12 months ended 31 March 2008 both EBLEX and BPEX utilised comprehensive and robust non-financial performance measurement and evaluation frameworks, clearly focused on a number of outcome and output-based measures of performance.

From 1 April 2008 to date these non-financial reporting frameworks remain in operation and will continue to be fully utilised and further developed during the remainder of the year ending 31 March 2009.

Information security framework

For the 12 months ended 31 March 2008 MLC had controls in place to provide reasonable assurance that information in its widest sense was handled accurately and securely. These controls underpinned the requirement that all information used for operational purposes and financial reporting purposes needed to be captured and processed accurately and to an appropriate quality standard, particularly where it was used by third parties or relied upon by other parts of government.

From 1 April 2008 to date this information security framework still exists for those bodies that constituted the previous MLC group and will continue to operate during the remainder of the year ending 31 March 2009.

The financial systems framework

Agresso management information system

For the 12 months ended 31 March 2008 MLC's financial systems framework was underpinned by its Agresso management information system.

From 1 April 2008 to date this system was utilised by those bodies that constituted the previous MLC group and will continue to be utilised during the remainder of the year ending 31 March 2009.

Review of effectiveness

As Accounting Officer of AHDB, I have taken on overall responsibility for reviewing the effectiveness of the system of internal control. This review is informed by the work of the internal auditors, the Audit Committee which oversaw the work of the internal auditors, the executive managers within MLC who had responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

I have been advised on the implications of my review of the effectiveness of the system of internal control by the Board of Commissioners and the Audit Committee. A plan is in place to address weaknesses and ensure continuous improvement of the system in the form of AHDB.

Board of Commissioners

The MLC Board of Commissioners had a number of key roles in the management of risk, including setting the tone and influencing the culture of risk management within MLC. This included determining the level of risk that was acceptable in specific areas of activity. It did this by its policy and overall approach.

From 1 April 2008 the responsibilities of the MLC Board of Commissioners in this area were transferred to the AHDB Board of Directors.

Audit Committee

The broad thrust of MLC's Audit Committee Charter was that the Audit Committee supported the Accounting Officer with a constructive and challenging approach. The remit

of the Audit Committee was defined to include advising the Accounting Officer on strategic processes for risk control, governance and the statement on internal control as well as considering the planned activity and results of both internal and external audit.

In reviewing the effectiveness of MLC's internal control the Audit Committee has undertaken the following key activities:

Internal control: Gained an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management.

Financial reporting: Gained an understanding of the current areas of greatest financial risk and how management is managing these effectively. Asked management and the internal and external auditors about significant risks and exposures and the plans to minimise such risks.

Internal audit: Reviewed the activities and organisational structure of the internal audit function and ensured no unjustified restrictions or limitations were made. Ensured that significant findings and recommendations made by the internal auditors were received and discussed on a timely basis. Ensured that management responded to recommendations made by the internal auditors.

External audit: Reviewed the external auditors' proposed audit scope and approach and ensured no unjustified restrictions or limitations had been placed on the scope. Reviewed the performance of the external auditors. Considered the independence of the external auditor, including reviewing the range of services provided in the context of all services acquired by MLC. Ensured that significant findings and recommendations made by the external auditors were received and discussed on a timely basis. Ensured that management responded to recommendations by the external auditors.

From 1 April 2008 the responsibilities of the MLC Audit Committee were transferred to the AHDB Audit Committee.

A special AHDB year-end accounts clearance meeting, chaired by Paul Kirk and involving ex-MLC, AHDB, internal and external audit staff, took place on 4 June 2008. This forum reviewed the annual financial statements and determined whether they are complete and consistent with the information known to forum members and assessed whether the financial statements reflect appropriate accounting principles. The results of the audit were also discussed at this meeting.

The MLC Executive Management Committee

Management Committee members were responsible for ensuring that risks had been properly identified and assessed across their work areas. They were responsible for agreeing the risk register for their work areas and for ensuring that each department actively addressed the risks and escalated risks up to the Management Committee for their attention as appropriate.

From 1 April 2008 the responsibilities of the MLC Executive Management Committee in this area were transferred to the separate Management Committee's for both EBLEX Limited and BPEX Limited.

Risk management team

This is described in detail on page 50.

Internal audit

MLC's internal audit function was outsourced to PricewaterhouseCoopers (PwC), and operated to standards defined in the Government Internal Audit Standards. The internal audit function had a central role in assessing the robustness of the implementation of the risk management strategy across MLC. It provided information on the various strengths and weaknesses of the approach, and advised on where improvements were necessary and desirable for the good governance of

MLC. The purpose, authority and responsibilities of internal audit were set out in MLC's Internal Audit Charter.

In accordance with the Government Internal Audit Standards, the scope of internal audit encompassed the whole of the MLC's risk management practices, governance practices and internal controls. PwC's agreed work plan was derived from MLC's assessment and evaluation of risks as documented in the risk register. PwC prepared an internal audit plan based on the risk profile determined in the register.

The strategic and annual internal audit plans were discussed and agreed with the Audit Committee on 28 March 2007, with modifications being agreed during the year. The strategic audit plan identified key risks relevant to internal audit and the assurance to be provided on specified controls mitigating the risks.

All reviews were completed in accordance with the agreed 2007/08 plan, or agreement reached to defer or cancel the scheduled reviews. These reviews, together with other activity undertaken by internal audit, were as follows:

- Levy income: To assess the adequacy and effectiveness of the controls operating with respect to MLC's levy income system.
- Corporate governance and risk management: To review management's implementation of the actions agreed from the last governance and risk review that took place in December 2006.
- Financial Services function performance: To benchmark key financial processes against an accepted UK and Ireland benchmark group.
- Month-end processes: To validate key controls in significant financial activities (e.g. journals, bank reconciliations, control/supplier account reconciliations, payroll reconciliations, BACS sign-offs,

fixed asset physical verification, changes to standing data, levy billing and month-end reporting).

- Policies and procedures: To assess whether all the key processes and documents within MLC's shared services environment were incorporated and adequately covered by its 'Corporate Guidelines' document.
- Benchmarking of controls over IT activities: To benchmark key IT activities that tend to encounter risk and control issues via completion of a self-assessment questionnaire.
- IT general controls review: To assess the integrity and reliability of data generated by the key financial applications of Agresso (finance and general ledger) and Chris 5 (payroll and HR).
- Risk and fraud risk management workshops: To raise the awareness and understanding of risk and fraud risk management within both MLC and its commercial subsidiary, MLCSL.

In summary, these reviews generated 4 medium-level and 7 low-level recommendations, a good proportion of which were actioned by management during the year. In broad terms, further progress was made in improving financial controls and continuing to embed controls to manage relationships between MLC's federal bodies.

In addition, PwC was involved in the review and update of MLC's Outstanding Issues Register to provide assurance that the control environment had been improved and recommended actions taken.

At the end of the year, the Internal Auditor reported that, overall, the controls reviewed were adequate. The areas reviewed were those identified through MLC's assessment and evaluation of risk. In line with emerging best practice there is always further scope to improve the risk management, governance and internal control processes.

From 1 April 2008 a new AHDB Head of Internal Audit has been appointed and, at the date of approval of the annual report and accounts, the internal audit function is currently subject to external tender.

Kevin Roberts
Accounting Officer
and Interim Chief Executive
Agriculture and Horticulture
Development Board

Statement of the Commission's and Accounting Officer's responsibilities

Under the Agriculture Act, as amended, 1967 MLC was required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Environment, Food and Rural Affairs and the Welsh Assembly Government with the consent of the Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of the financial position of MLC and the group at the year-end and of the income and expenditure and cash flows of the group for the financial year.

In preparing the accounts MLC was required to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates on a reasonable basis.
- State whether applicable accounting standards have been followed and disclose any material departures in the financial statements.
- Prepare the financial statements on a going concern basis unless it is not appropriate to presume that MLC will continue in operation.

The MLC Board of Commissioners confirmed that it has complied with the above requirements in preparing the financial statements.

The MLC Board of Commissioners were responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the

financial position of MLC and the group to enable them to ensure that the accounts comply with the Agriculture Act, as amended, 1967. It was also responsible for safeguarding the assets of the organisation and the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of AHDB's website is the responsibility of AHDB; the work carried out by the auditors did not involve consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

MEAT AND LIVESTOCK COMMISSION

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament, the Scottish Parliament and the National Assembly for Wales

I certify that I have audited the financial statements of the Meat and Livestock Commission for the year ended 31 March 2008 under the Agriculture Act 1967. These comprise the Consolidated Income and Expenditure Account, the Consolidated and Commission Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Meat and Livestock Commission, the Accounting Officer and Auditor

The Commission and the Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Agriculture Act 1967 and Ministerial directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Commission's and the Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether

the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Agriculture Act 1967 and Ministerial directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Chief Executive of the Commission's Report, the narrative on pages 46 to 49 and Appendices 1 to 6, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Meat and Livestock Commission has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the Meat and Livestock Commission's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Meat and Livestock Commission's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other

information includes the Chairman's foreword, the Chief Executive's report, the narrative on pages 12 to 37, the MLC commercial operation report, the unaudited part of the Director's remuneration report and Appendices 1 to 6. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Meat and Livestock Commission and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Meat and Livestock Commission's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited

are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Agriculture Act 1967 and Ministerial directions made thereunder, of the state of the Meat and Livestock Commission's affairs as at 31 March 2008 and of its deficit for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Agriculture Act 1967 and Ministerial directions made thereunder; and
- information, which comprises the Chief Executive of the Commission's Report, the narrative on pages 46 to 49 and Appendices 1 to 6, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
National Audit Office
 151 Buckingham Palace Road
 Victoria
 London SW1W 9SS

3 July 2008

HYBU CIG CYMRU (Meat Promotion Wales)

The Report of the Comptroller and Auditor General to the Houses of Parliament and the National Assembly for Wales

The Meat and Livestock Commission delegated its activities in Wales to Hybu Cig Cymru (HCC). HCC is a company limited by guarantee and therefore has auditors appointed under the Companies Act. However, the Accounting Officer for the Meat and Livestock Commission retained accountability to Parliament for the activities of HCC. The Annual Report and Accounts of Hybu Cig Cymru are presented to the Houses of Parliament pursuant to Section 19 of the Agriculture Act 1967.

My staff have discussed the results of the audit process with the registered auditors of HCC for me to consider whether any issues have arisen for which I should make Parliament aware. I have no other observations to make.

T J Burr
Comptroller and Auditor General
National Audit Office
 151 Buckingham Palace Road
 Victoria
 London SW1W 9SS

3 July 2008

Consolidated income and expenditure account

	Note	For the year ended 31-Mar-08	For the year ended 31-Mar-07
		£'000	£'000
Income			
Gross levy, fee and grant income	2	45,417	43,490
Net levy transfers to QMS/HCC	2	(7,810)	(7,625)
		37,607	35,865
Expenditure			
Levy and other operating expenditure	2	(37,430)	(35,232)
Current pension service cost	4(4)	(1,700)	(2,200)
		(39,130)	(37,432)
Deficit on ordinary activities before interest and taxation	3	(1,523)	(1,567)
Interest receivable	5	456	473
Other finance income	4(4)	1,200	2,300
Surplus on ordinary activities before taxation		133	1,206
Taxation	6	(96)	(134)
Surplus on ordinary activities after taxation		37	1,072
Reserves distribution	13	(1,267)	-
Retained (deficit)/surplus for the financial year		(1,230)	1,072
Allocated to accumulated funds			
General		62	1,646
Beef promotion		(831)	(223)
Lamb promotion		(703)	(875)
Pork and bacon promotion		742	424
Pension fund		(500)	100
	13	(1,230)	1,072

Consolidated statement of total recognised gains and losses

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
(Deficit)/surplus for the financial year	(1,230)	1,072
Actuarial loss recognised in the pension scheme (Note 4(4))	(11,400)	(200)
Deficit on revaluation of freehold property	(60)	-
Total gains and losses relating to the year	(12,690)	872

Consolidated balance sheet

	Note	As at 31-Mar-08		Restated (Note 13) As at 31-Mar-07	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		5,216		5,532
Current assets					
Stocks	8		-		31
Debtors - amounts falling due within one year	9		8,292		6,126
Defra Fund	10		1,927		4,051
Short term investments - cash on deposit			530		3,780
PIDS Fund	11		73		70
Cash at bank and in hand			6,988		7,090
			17,810		21,148
Creditors - amounts falling due within one year	12		(8,347)		(8,538)
Net current assets			9,463		12,610
Total assets less current liabilities			14,679		18,142
Creditors - amounts falling due after more than one year	12		(41)		(58)
Defra underwrite for redundancy	10		(1,927)		(4,051)
Net assets excluding pension asset			12,711		14,033
Pension asset - MLC Pension Fund	4(6)		13,600		24,968
Net assets including pension asset			26,311		39,001
Capital and Reserves					
Accumulated funds					
Restricted fund - Pension	13		13,600		24,968
General	13		3,571		4,068
Beef promotion	13		904		1,735
Lamb promotion	13		570		1,273
Pork and bacon promotion	13		5,455		4,713
			10,500		11,789
			24,100		36,757
Revaluation reserve	13		2,211		2,244
			26,311		39,001

The accounts were approved by the AHDB Accounting Officer at a year-end accounts clearance meeting on 4 June 2008 and signed on its behalf by:

KJ Roberts

Accounting Officer and Interim Chief Executive
Agriculture and Horticulture Development Board

Commission balance sheet

	Note	As at 31-Mar-08		Restated (Note 13) As at 31-Mar-07	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		5,215		5,531
Current assets					
Stocks	8		-		31
Debtors - amounts falling due within one year	9		7,267		5,635
Defra Fund	10		1,927		4,051
Short term investments - cash on deposit			530		3,780
PIDS Fund	11		73		70
Cash at bank and in hand			5,721		5,668
			15,518		19,235
Creditors - amounts falling due within one year	12		(7,508)		(7,670)
Net current assets			8,010		11,565
Total assets less current liabilities			13,225		17,096
Creditors - amounts falling due after more than one year	12		(41)		(58)
Defra underwrite for redundancy	10		(1,927)		(4,051)
Net assets excluding pension asset			11,257		12,987
Pension asset - MLC Pension Fund	4(6)		13,600		24,968
Net assets including pension asset			24,857		37,955
Capital and Reserves					
Accumulated funds					
Restricted fund - Pension	13		13,600		24,968
General	13		2,117		3,022
Beef promotion	13		904		1,735
Lamb promotion	13		570		1,273
Pork and bacon promotion	13		5,455		4,713
			9,046		10,743
			22,646		35,711
Revaluation reserve	13		2,211		2,244
			24,857		37,955

The accounts were approved by the AHDB Accounting Officer at a year-end accounts clearance meeting on 4 June 2008 and signed on its behalf by:

KJ Roberts

Accounting Officer and Interim Chief Executive
Agriculture and Horticulture Development Board

Consolidated cash flow statement

	Note	For the year ended 31-Mar-08	For the year ended 31-Mar-07
		£'000	£'000
Net cash (outflow) from operating activities		(4,416)	(4,142)
Returns on investments and servicing of finance	15a	(811)	353
Taxation - Group		(266)	(209)
Capital expenditure and financial investment	15b	20	(27)
		(5,473)	(4,025)
Management of liquid resources		3,250	(1,280)
Decrease in cash		(2,223)	(5,305)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash for the period	15c	(2,223)	(5,305)
(Decrease)/increase in liquid resources	15c	(3,250)	1,280
	15c	(5,473)	(4,025)
Total net funds at 1 April		14,991	19,016
Total net funds at 31 March		9,518	14,991
Reconciliation of operating deficit to net cash outflow from operating activities			
Deficit on ordinary activities before interest		(1,523)	(1,567)
Depreciation		271	309
Current pension service cost net of contributions		1,168	1,832
Surplus on disposal of fixed assets		(35)	-
Decrease in stocks		31	13
Increase in debtors		(2,166)	(1,582)
Decrease in creditors		(2,162)	(3,147)
Net cash outflow from operating activities		(4,416)	(4,142)

Notes to accounts

1. Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of freehold properties, in the form directed by the Secretary of State for Environment, Food and Rural Affairs with the approval of the Treasury in accordance with Section 19(2) of the Agriculture Act 1967.

The accounts are prepared in accordance with the 2007/08 Financial Reporting Manual (FRoM) issued by HM Treasury and meet the provisions of the Companies Act 1985 and conform with applicable United Kingdom Accounting Standards in so far as these are appropriate to MLC and are in force for the financial year for which the accounts have been prepared. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Agriculture and Horticulture Development Board

On 1 April 2008 the functions, responsibilities, assets and liabilities of MLC were transferred to its successor, the Agriculture and Horticulture Development Board (AHDB). This transfer was in accordance with the Statutory Instrument (the Agriculture and Horticulture Development Board Order 2008), which received approval from UK Ministers and was laid before the Westminster Parliament on 13 November and approved by the Scottish Parliament on 23 January 2008.

In accordance with the FRoM, these accounts have been prepared on a going concern basis as MLC's services will continue to be provided by AHDB.

Consolidation

MLC's subsidiary has been consolidated with the results of MLC under the acquisition method of accounting. Here, the whole of the assets, liabilities, revenues and expenses of the subsidiary are combined with those of MLC. QMS and HCC are bodies independent of the MLC and their results are not consolidated within these accounts.

Tangible fixed assets

Tangible fixed assets are stated at valuation except for motor vehicles and equipment which are stated at cost, where there is no material difference. Net surpluses arising out of the inclusion of property valuations in the accounts are taken to the revaluation reserve.

Depreciation is provided so as to write off the net cost or valuation of tangible fixed assets over their estimated useful lives. The following annual rates of depreciation are applied on a straight-line basis:

Freehold property:	2.5%	- 10%
Motor vehicles:	33.3%	- 40%
Equipment:	20%	- 33.3%

Freehold land is not depreciated.

Stocks

Animal stocks relate to livestock at MLC's pig development unit at Stotfold. Livestock is stated at the prevailing market value.

Ancillary farm stocks and other materials are stated at the lower of cost and net realisable value.

Levy income

Levy income is based on the latest available estimates of slaughterings and known exports of live animals and excludes value added tax.

Fee and other income

Fee income is based on goods and services provided during the year and excludes value added tax.

Grant income is recognised at the time that the associated expenditure is incurred.

Grants payable

Grants payable are charged to the income and expenditure account when the obligation to pay arises.

Investment income

Investment income is accounted for on an accruals basis.

Redundancy compensation

The cost of immediate and future payments is provided for in the year when MLC has committed to making staff redundant and this has been announced. Where such payments fall due after more than one year, and are refundable by the Rural Payments Agency, they are offset against the total liability.

Taxation

The financial statements reflect a policy that MLC is liable for taxation on its commercial surpluses, as adjusted for non-taxable items of income and expenditure. Provision is only made for taxation liabilities which, under current legislation, are expected to crystallise in the foreseeable future.

Deferred taxation

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no intention to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leases

The costs of operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Notes to accounts

Repairs and renewals

Repairs and renewals expenditure is charged to the income and expenditure account when incurred.

Pensions

The amounts charged to operating surplus in respect of the defined benefit scheme is the current service cost and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the income and expenditure account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Research and development

Expenditure on research and development is charged to the income and expenditure account as incurred.

Foreign currency translation

MLC translates those of its currency transactions that are outstanding at the end of the year using the rate of exchange at the balance sheet date.

MLC includes exchange differences that have arisen on transactions completed during the year in its income and expenditure account.

Notes to accounts

2. Analysis of levy, fee and other income and expenditure

	Species promotion funds					Total
	General fund	Beef	Lamb	Pork and bacon	Combined promotion	
Appendix	2	4	5	6	3	
For the year ended 31 March 2008	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Gross levy	13,199	5,241	5,355	5,421	16,017	29,216
Net levy transfer to QMS (Note 17)	(1,937)	(1,283)	(522)	(476)	(2,281)	(4,218)
Net levy transfer to HCC (Note 17)	(1,753)	(307)	(1,510)	(22)	(1,839)	(3,592)
Net levy transfer from HCC	14	-	-	22	22	36
Fee and grant income	13,922	1,165	325	753	2,243	16,165
Total income	23,445	4,816	3,648	5,698	14,162	37,607
Expenditure						
Expenses of levy collection	(249)	(67)	(138)	(91)	(296)	(545)
Operating expenditure	(22,594)	(5,560)	(3,893)	(4,838)	(14,291)	(36,885)
Total expenditure	(22,843)	(5,627)	(4,031)	(4,929)	(14,587)	(37,430)
Surplus/(deficit) on levy, fee and other income	602	(811)	(383)	769	(425)	177
For the year ended 31 March 2007						
Income						
Gross levy	12,805	5,275	5,058	5,185	15,518	28,323
Net levy transfer to QMS (Note 17)	(1,917)	(1,301)	(501)	(446)	(2,248)	(4,165)
Net levy transfer to HCC (Note 17)	(1,688)	(321)	(1,434)	(17)	(1,772)	(3,460)
Net levy transfer from HCC	10	-	-	17	17	27
Fee and grant income	15,115	-	-	25	25	15,140
Total income	24,325	3,653	3,123	4,764	11,540	35,865
Expenditure						
Expenses of levy collection	(232)	(67)	(122)	(88)	(277)	(509)
Operating expenditure	(22,559)	(3,861)	(3,923)	(4,380)	(12,164)	(34,723)
Total expenditure	(22,791)	(3,928)	(4,045)	(4,468)	(12,441)	(35,232)
Surplus/(deficit) on levy, fee and other income	1,534	(275)	(922)	296	(901)	633

Notes to accounts

3. Deficit on ordinary activities before interest and taxation

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Deficit on ordinary activities before interest is stated after charging/(crediting)		
Depreciation of tangible fixed assets	271	309
Profit on sale of tangible assets	(35)	-
Leasehold property rents	107	139
Hire of equipment under operating leases	27	40
Vehicle leases	349	281
Auditors' remuneration: MLC	47	47
Auditors' remuneration: MLCSL	11	8
Research and development	2,223	1,773

Notes to accounts

4. Pensions

1) Information about the Scheme

- a. MLC operated one approved retirement benefit arrangement in the UK encompassing both a Defined Benefit section and a Defined Contribution section. This disclosure covers the Defined Benefit section of the Meat and Livestock Commission Pension Scheme which is closed to new members.
- b. The most recent actuarial valuation of the Scheme was carried out as at 31 March 2007. The FRS 17 figures as at 31 March 2008 have been based on an accounting valuation as at 31 March 2008 by qualified actuaries.

2) Financial assumptions

These are set out in the table below.

	31-Mar-08	31-Mar-07	31-Mar-06
	% pa	% pa	% pa
Price inflation	3.60	3.10	2.80
Rate of increase in pay	5.10	4.60	4.30
Rate of increase of pensions in payment*	3.60	3.10	2.80
Rate of increase for deferred pensioners*	3.60	3.10	2.80
Discount rate	6.80	5.40	5.00

* in excess of any Guaranteed Minimum Pension (GMP) element

3) Market value of assets and expected rate of return on assets

	Long-term rate of return expected on 31-Mar-08	Value at 31-Mar-08	Long-term rate of return expected on 31-Mar-07	Value at 31-Mar-07	Long-term rate of return expected on 31-Mar-06	Value at 31-Mar-06
	% pa	£'000	% pa	£'000	% pa	£'000
UK equities	8.90	21,300	8.35	21,700	8.25	20,700
Overseas equities	8.90	42,200	8.35	43,000	8.25	45,700
Bonds (UK and overseas)	5.00	148,700	4.70	146,600	4.30	147,600
Cash (including net current assets and investment income due)	4.60	500	4.10	300	3.80	500
Total value of assets	6.20*	212,700	5.80*	211,600	5.50*	214,500

* the expected rates of return at 31 March 2006, 31 March 2007 and 31 March 2008 have been set with regard to the Scheme's long-term asset allocation

Notes to accounts

4) Components of defined benefit cost for the year ended 31 March 2008

Analysis of amounts charged to operating surplus:

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Current service cost	1,700	2,200
Past service costs	-	-
Previously unrecognised surplus deducted from past service costs	-	-
Total charged to operating surplus	1,700	2,200

Analysis of the amount charged/credited to other finance income:

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Interest on Scheme liabilities	9,800	9,200
Expected return on assets in the Scheme	(11,000)	(11,500)
Net credit to other finance income	(1,200)	(2,300)
Total I&E charge before deduction for tax (tax nil)	500	(100)

Analysis of the amounts recognised in STRGL:

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Loss/(gain) on assets	1,600	5,000
Experience gain on liabilities	(1,500)	(1,100)
(Gain)/loss on change of assumptions (financial and demographic)	(24,700)	(3,700)
Effect of the limit in paragraph 37 of FRS 17	36,000	
Total loss recognised in STRGL before adjustment for tax	11,400	200

Due to the marked increase in corporate bond yields between 31 March 2007 and 31 March 2008, the discount rate increased from 5.4% per annum to 6.8% per annum. This meant the DB section liabilities reduced by approximately £38.4m. However, this was offset by the increase in the inflation assumption from 3.1% per annum to 3.6% per annum (which affects pension increases in deferment, increases in payment and expected salary growth), resulting in an increase to liabilities of around £13.7m. This gave an overall gain of 24.7m.

The Scheme surplus has been restricted by £36m to comply with Paragraph 37 of FRS 17 (i.e. only £13.6m can be recovered via reduced future contributions). In previous years the DC section was open to new entrants which meant the value of future contributions of potential new DC members could be used in the calculation of the recoverable surplus. This value was more than sufficient to cover the surplus in 2007, so no restriction was needed.

As part of the AHDB transitional arrangements any new employees now join the new AHDB Pension Scheme, so the MLC DC section is now effectively closed to new entrants. This means the calculation can only include the value of future contributions for the current membership. We have calculated this to be £2m for the DC section and £11.6m for the DB section, giving a total recognisable surplus of £13.6m.

Notes to accounts

5) History of experience gains and losses

	For the year ended 31-Mar-08	For the year ended 31-Mar-07	For the year ended 31-Mar-06
	£'000	£'000	£'000
Loss/(gain) on Scheme assets			
amount (£'000)	1,600	5,000	(21,600)
% of Scheme assets at end of year	0.80%	2.36%	10.10%
Experience (gain)/loss on Scheme liabilities			
amount (£'000)	(1,500)	(1,100)	(6,200)
% of Scheme liabilities at end of year	0.90%	0.59%	3.30%
Total actuarial loss recognised in STRGL			
amount (£'000)	11,400	200	1,900
% of Scheme liabilities at end of year	7.00%	0.11%	1.00%

6) Reconciliation to the balance sheet

	For the year ended 31-Mar-08	For the year ended 31-Mar-07	For the year ended 31-Mar-06
	£'000	£'000	£'000
Market value of Scheme assets	212,700	211,600	214,500
Actuarial value of Scheme liabilities	(163,100)	(186,632)	(189,800)
Surplus in the Scheme	49,600	24,968	24,700
Irrecoverable surplus	(36,000)	-	-
Pension asset recognised in balance sheet (before allowance for deferred tax (deferred tax nil))	13,600	24,968	24,700

Analysis of the movement in surplus (deficit) during the year

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Surplus in the Scheme at beginning of year	24,968	24,700
Contributions paid	532	368
Current service cost	(1,700)	(2,200)
Curtailement cost	-	-
Other finance income	1,200	2,300
Actuarial loss	(11,400)	(200)
Surplus in the Scheme at end of year	13,600	24,968

Notes to accounts

5. Interest receivable

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Interest receivable	456	473
Allocated to accumulated funds		
General fund	126	246
Beef promotion	59	52
Lamb promotion	41	48
Pork and bacon promotion	230	127
	456	473

The amount of interest receivable has been allocated to the various funds on the basis of their respective average funds position during the year.

6. Taxation

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Current tax		
UK corporation tax on commercial profits for the period	(133)	8
UK corporation tax on interest income for the period	(119)	(142)
Over provision in respect of prior years	156	-
Total current tax	(96)	(134)
Deferred tax		
Origination and reversal of timing differences (ACA and other)	-	-
Total deferred tax	-	-
Tax on profit on ordinary activities	(96)	(134)
Allocated to accumulated funds		
General	-	(134)
Beef promotion	(18)	-
Lamb promotion	(12)	-
Pork and bacon promotion	(66)	-
	(96)	(134)

The deferred tax asset of £56k included in debtors is in respect of depreciation in excess of tax allowances and will be recoverable against future taxable profits.

Notes to accounts

6. Taxation (continued)

The tax on commercial profits assessed for the year differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Surplus on ordinary activities before tax	133	1,206
Surplus on ordinary activities multiplied by standard rate in the UK 30%	40	362
Effects of:		
Deficit/(surplus) on non-taxable activities	212	(228)
Over provision in respect of prior years	(156)	-
Current tax charge for the year	96	134

7. Tangible assets

Group	Freehold property	Motor vehicles	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
As at 1 April 2007	5,600	63	1,445	7,108
Additions	-	-	23	23
Disposals	-	(29)	(592)	(621)
Revaluation	(450)	-	-	(450)
As at 31 March 2008	5,150	34	876	6,060
Depreciation				
As at 1 April 2007	(195)	(53)	(1,328)	(1,576)
Charge for year	(195)	-	(76)	(271)
Relating to disposals	-	29	584	613
Revaluation	390	-	-	390
As at 31 March 2008	-	(24)	(820)	(844)
Net book amount as at 31 March 2008	5,150	10	56	5,216
Net book amount as at 31 March 2007	5,405	10	117	5,532

Notes to accounts

7. Tangible assets (continued)

MLC	Freehold property	Motor vehicles	Equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
As at 1 April 2007	5,600	63	1,444	7,107
Additions	-	-	23	23
Disposals	-	(29)	(592)	(621)
Revaluation	(450)	-	-	(450)
As at 31 March 2008	5,150	34	875	6,059
Depreciation				
As at 1 April 2007	(195)	(53)	(1,328)	(1,576)
Charge for year	(195)	-	(76)	(271)
Relating to disposals	-	29	584	613
Revaluation	390	-	-	390
As at 31 March 2008	-	(24)	(820)	(844)
Net book amount as at 31 March 2008	5,150	10	55	5,215
Net book amount as at 31 March 2007	5,405	10	116	5,531

Freehold properties were valued at 31 March 2008 at open market valuation for existing use, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors in the United Kingdom by Duncan O'Neill Property Consultants and Bidwells, Chartered Surveyors. The valuation was £5,150k.

There is no potential liability for deferred tax arising from the revaluation of these properties, nor from chargeable gains which have been rolled over against the original cost of these properties.

The net book amount at 31 March 2008 of freehold property according to the historical cost convention is:	£'000
Cost	6,900
Depreciation	(3,961)
Net book amount	2,939

Notes to accounts

8. Stocks

	Group As at 31-Mar-08	MLC As at 31-Mar-08	Group As at 31-Mar-07	MLC As at 31-Mar-07
	£'000	£'000	£'000	£'000
Animals	-	-	27	27
Ancillary farm stocks and other materials	-	-	4	4
	-	-	31	31

9. Debtors

	Group As at 31-Mar-08	MLC As at 31-Mar-08	Group As at 31-Mar-07	MLC As at 31-Mar-07
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Levy income receivable	3,536	3,536	2,824	2,824
Debtors for fee and other income	1,158	692	1,026	584
Amounts owed by subsidiary undertakings	-	123	-	37
Prepayments and accrued income	403	400	556	549
Deferred tax (Note 6)	56	56	56	56
Other taxation and social security	46	180	150	248
Rural Payments Agency	717	62	30	30
Department for Environment, Food and Rural Affairs	2,376	2,218	1,484	1,307
	8,292	7,267	6,126	5,635

Notes to accounts

10. Defra underwrite for redundancy

	Group As at 31-Mar-08	MLC As at 31-Mar-08	Group As at 31-Mar-07	MLC As at 31-Mar-07
	£'000	£'000	£'000	£'000
As at 1 April	(4,051)	(4,051)	(4,593)	(4,593)
Amounts received and applied for:				
Repayment to Defra	2,300	2,300	670	670
Expenses incurred	-	-	71	71
Interest	(176)	(176)	(199)	(199)
As at 31 March	(1,927)	(1,927)	(4,051)	(4,051)
Defra fund	1,927	1,927	4,051	4,051
Net claims to be submitted to Defra	-	-	-	-
Liability as above	1,927	1,927	4,051	4,051

The Defra fund on deposit was held outside MLC's own cash resources and was set up to underwrite potential future redundancy costs. These monies were transferred to MLC during the 1994/1995 financial year. The agreement MLC had with Defra governing the use of the fund to meet potential future redundancy cost is due to expire in March 2010. Notwithstanding, should the Secretary of State at any time decide in his discretion that there is no possibility of any liability arising, then he may terminate the agreement by giving AHDB written notice of this decision, as the fund will automatically transfer to AHDB on 1 April 2008.

11. PIDS fund

	Group As at 31-Mar-08	MLC As at 31-Mar-08	Group As at 31-Mar-07	MLC As at 31-Mar-07
	£'000	£'000	£'000	£'000
As at 1 April	(70)	(70)	(67)	(67)
Interest	(3)	(3)	(3)	(3)
As at 31 March	(73)	(73)	(70)	(70)
PIDS fund	73	73	70	70
Creditor as above (Note 12)	73	73	70	70

The MLC began collecting a separate levy relating to the Pig Industry Development Scheme (PIDS) in July 2001. The PIDS levy collected was used to repay a £3.9m Government loan made to the pig industry during 2001/02 on 31 December 2003.

Notes to accounts

12. Creditors

	Group As at 31-Mar-08	MLC As at 31-Mar-08	Group As at 31-Mar-07	MLC As at 31-Mar-07
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	(4,928)	(4,859)	(5,631)	(5,542)
Redundancy creditor (net)	(20)	(20)	(26)	(26)
Accruals and deferred income	(882)	(240)	(774)	(181)
Other creditors	(1,963)	(1,962)	(1,376)	(1,324)
Corporation tax	(156)	(150)	(326)	(321)
Other taxation and social security	(325)	(204)	(335)	(206)
PIDS fund (Note 11)	(73)	(73)	(70)	(70)
Department for Environment, Food and Rural Affairs	-	-	-	-
	(8,347)	(7,508)	(8,538)	(7,670)
Amounts falling due after more than one year				
Redundancy creditor (net)	(41)	(41)	(58)	(58)

Included in the redundancy creditor (net) above are redundancy compensation payments receivable from the Rural Payments Agency, which are offset against redundancy compensation liabilities, as follows:

	Group As at 31-Mar-08	MLC As at 31-Mar-08	Group As at 31-Mar-07	MLC As at 31-Mar-07
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Redundancy compensation payments	(124)	(124)	(206)	(206)
Less amounts receivable from: Rural Payments Agency	104	104	180	180
	(20)	(20)	(26)	(26)
Amounts falling due after more than one year				
Redundancy compensation payments	(132)	(132)	(247)	(247)
Less amounts receivable from: Rural Payments Agency	91	91	189	189
	(41)	(41)	(58)	(58)

Notes to accounts

13. Capital and reserves

Group	Pension fund	General fund	Species promotion funds			Total
			Beef	Lamb	Pork and bacon	
	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated funds						
Balance at 1 April 2007 as previously stated	18,651	10,385	1,735	1,273	4,713	36,757
Reserves transfer	6,317	(6,317)	-	-	-	-
Balance as at 1 April 2007 <i>restated</i>	24,968	4,068	1,735	1,273	4,713	36,757
Transfer of excess depreciation on revalued assets	-	(27)	-	-	-	(27)
Pension scheme movements (Note 4):						
Actuarial loss	(11,400)	-	-	-	-	(11,400)
Contributions paid	532	(532)	-	-	-	-
Surplus on ordinary activities after taxation	(500)	728	(770)	(354)	933	37
Reserves distribution	-	(666)	(61)	(349)	(191)	(1,267)
Balance as at 31 March 2008	13,600	3,571	904	570	5,455	24,100

MLC	Pension fund	General fund	Species promotion funds			Total
			Beef	Lamb	Pork and bacon	
	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated funds						
Balance at 1 April 2007 as previously stated	18,651	9,339	1,735	1,273	4,713	35,711
Reserves transfer	6,317	(6,317)	-	-	-	-
Balance as at 1 April 2007 <i>restated</i>	24,968	3,022	1,735	1,273	4,713	35,711
Transfer of excess depreciation on revalued assets	-	(27)	-	-	-	(27)
Pension scheme movements (Note 4):						
Actuarial loss	(11,400)	-	-	-	-	(11,400)
Contributions paid	532	(532)	-	-	-	-
Surplus on ordinary activities after taxation	(500)	320	(770)	(354)	933	(371)
Reserves distribution	-	(666)	(61)	(349)	(191)	(1,267)
Balance as at 31 March 2008	13,600	2,117	904	570	5,455	22,646

Notes to accounts

Revaluation reserve	£'000
Balance as at 1 April 2007	2,244
Transfer of excess depreciation on revalued assets from the General fund to the Revaluation reserve	27
Revaluation	(60)
Balance as at 31 March 2008	2,211

The £6,317k transfer of FRS 17 generated entries from the General fund to the restricted Pension fund fully aligns the value of this reserve back to its equivalent pension asset.

The reserves distribution of £1,267k for the year ended 31 March 2008 relates to pre-devolution ruminant reserves settlements to QMS and HCC of £11k and £526k respectively, agreed by the MLC Board of Commissioners during the year ended 31 March 2005 in addition to final reserves distributions of £519k and £211k to QMS and HCC respectively agreed by the MLC Board of Commissioners at their final meeting on 26 March 2008.

14. Results of MLC

As permitted by Section 230 of the Companies Act 1985, MLC's income and expenditure account has not been included in these financial statements.

Its deficit for the year amounted to £1,638k (2007: surplus £799k).

15. Notes to the cashflow statement

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Note 15a Returns on investments and servicing of finance		
Reserves distributions to QMS and HCC	(1,267)	(120)
Interest received	456	473
	(811)	353
Note 15b Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(23)	(28)
Receipts from sale of tangible fixed assets	43	1
	20	(27)

	1-Apr-07	Cash flow	31-Mar-08
	£'000	£'000	£'000
Analysis of net funds			
Note 15c Cash at bank and in hand :			
Defra fund	4,051	(2,124)	1,927
PIDS fund	70	3	73
Cash at bank and in hand	7,090	(102)	6,988
	11,211	(2,223)	8,988
Short term investments - cash on deposit	3,780	(3,250)	530
Total	14,991	(5,473)	9,518

Notes to accounts

16. Financial commitments

	Group As at 31-Mar-08	MLC As at 31-Mar-08	Group As at 31-Mar-07	MLC As at 31-Mar-07
	£'000	£'000	£'000	£'000
Capital expenditure commitments				
Contracted for	-	-	1	1
Approved research projects				
Within one year	2,970	2,970	1,786	1,786
Thereafter	1,001	1,001	1,764	1,764
	3,971	3,971	3,550	3,550
Operating leases				
As at 31 March 2008 MLC was committed to payments in the following year in respect of non-cancellable operating leases, which expire as follows:				
Property				
Within one year	37	26	9	6
Between two and five years	12	6	52	41
Over five years	22	22	24	24
	71	54	85	71
Vehicles				
Within one year	61	61	57	57
Between two and five years	174	174	328	328
	235	235	385	385
Equipment				
Within one year	1	1	-	-
Between two and five years	23	20	25	21
	24	21	25	21

17. Related party transactions

MLC was a Non-Departmental Public Body (NDPB) funded by a statutory levy on producers and slaughterers of red meat (pigs, sheep and cattle) and sponsored by the Department for Environment, Food and Rural Affairs (Defra). Defra is a Government department which is regarded as a related party. The Rural Payments Agency (RPA) is an executive agency of Defra and by virtue of its relationship with Defra is also regarded as a related party.

Quality Meat Scotland (QMS) represents the interests of the meat and livestock industry in Scotland. QMS had a delegation agreement with MLC and was thus regarded as a related party. During the year MLC transferred net levy to the value of £4.2m (2007: £4.2m) to QMS to finance its own operations. MLC owed QMS £1,302k as at 31 March 2008 (2007: £1,116k).

Hybu Cig Cymru (HCC) represents the interests of the meat and livestock industry in Wales. HCC had a delegation agreement with MLC and was thus regarded as a related party. During the year MLC transferred net levy to the value of £3.6m (2007: £3.5m) to HCC to finance its own operations. MLC owed HCC £655k as at 31 March 2008 (2006: £169k).

Notes to accounts

18. Employees

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
Numbers employed		
The average numbers employed by MLC during the year were:		
Commercial activities		
Commercial services	222	214
Other fee earning and grant-supported activities		
Signet Breeding Services	12	13
Stotfold pig unit	1	2
Red Meat Industry Forum	8	9
	21	24
Levy dependent activities		
Consumer, trade and export marketing	25	26
Industry development	10	10
Research and development and technical support	25	23
Communications	7	9
Directorate, finance, personnel and internal services	21	23
EBLEX	29	27
BPEX	3	3
	120	121
	363	359
Staff costs		
	£'000	£'000
Salaries	10,233	10,168
Aggregate travelling and subsistence	872	904
Social security costs	968	961
Other pension costs - current service costs (note 4(4))	1,700	2,200
	13,773	14,233

Notes to accounts

19. Financial instruments

Because of the nature of its activities and the way in which MLC is financed, it is not exposed to the degree of financial risk faced by other business entities. Moreover, financial instruments play a much more limited role than would be typical of the listed companies to which FRS 13 mainly applies.

Financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing MLC in undertaking its activities, or for trading. The fair values of all its financial assets and liabilities approximate to their net book values. In line with FRS 13, short term debtors and creditors (those which mature or become payable within 12 months from the balance sheet date) have been excluded from these disclosures.

Credit and liquidity risk

MLC is exposed to the usual credit risk and cash flow risk associated with invoicing on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

Interest rate risk

MLC is not exposed to any interest rate risk. All surplus funds are placed on deposit with commercial banks at the prevailing deposit interest rate.

Foreign currency risk

MLC's exposure to foreign currency risk is not currently significant.

20. Post balance sheet events

MLC's financial statements are laid before each House of the UK Parliament, the Scottish Parliament and the National Assembly for Wales by the Secretary of State for Defra. FRS 21 requires MLC to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by MLC to the Secretary of State for Defra. The authorised date for issue is 16 July 2008.

Appendix 1: Financial performance

	2007/08	2006/07	2005/06	2004/05	2003/04
	£m	£m	£m	£m	£m
Summary results - Group					
Gross levy	29.2	28.3	27.9	26.3	26.8
Net levy transfers to QMS/HCC	(7.8)	(7.6)	(8.0)	(7.0)	(7.0)
Fee and other income	16.2	15.1	22.0	23.4	24.2
Total operating income	37.6	35.8	41.9	42.7	44.0
Levy and other operating expenditure	(37.4)	(35.2)	(42.1)	(44.3)	(40.6)
Current pension service cost	(1.7)	(2.2)	(2.4)	(2.3)	(2.6)
Operating surplus/(deficit)	(1.5)	(1.6)	(2.6)	(3.9)	0.8
Other net income/(expenditure)					
- Interest	0.5	0.5	0.3	0.3	0.2
- Other finance income	1.2	2.3	2.9	4.1	2.7
- Profit from sale of EFSIS	-	-	2.9	-	-
- Taxation	(0.1)	(0.1)	(0.3)	(0.3)	(0.2)
- Minority interests	-	-	(0.1)	-	-
- Reserves distributions to HCC and QMS	(1.3)	-	(0.6)	-	-
Surplus/(deficit) for the year	(1.2)	1.1	2.5	0.2	3.5

Appendix 2: MLC group - General fund

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Income		
Gross levy	13,199	12,805
Expenses of collection	(249)	(232)
Net levy before transfers to QMS/HCC	12,950	12,573
Net levy transfer to QMS (Note 17)	(1,937)	(1,917)
Net levy transfer to HCC (Note 17)	(1,753)	(1,688)
Net levy transfers from HCC	14	10
Net levy after transfers (to)/from QMS/HCC	9,274	8,978
Fee and grant income		
Marketing	1,449	2,434
Export marketing	85	89
Industry development	1,051	1,298
Commercial services	7,882	7,899
Science and technology transfer	1,911	1,176
Other income	188	931
External devolved body "buy-back"	1,356	1,288
	13,922	15,115
Total net income	23,196	24,093
Operating expenditure		
Marketing	(1,918)	(1,665)
Export marketing	(1,068)	(1,124)
Industry development	(3,577)	(3,583)
Commercial services	(7,275)	(7,583)
Research	(2,223)	(1,773)
Science and technology transfer	(3,867)	(3,798)
Industry communications and species management	(2,471)	(2,761)
Other expenditure	(195)	(272)
Total operating expenditure	(22,594)	(22,559)
Surplus on ordinary activities before interest	602	1,534
Interest allocation (Note 5)	126	246
Surplus on ordinary activities before taxation	728	1,780
Taxation (Note 6)	-	(134)
Surplus on ordinary activities after taxation	728	1,646
Reserves distribution (Note 13)	(666)	-
Surplus for the financial year (Note 13)	62	1,646

Appendix 3: MLC group - Combined promotion funds

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Income		
Gross levy	16,017	15,518
Expenses of collection	(296)	(277)
Net levy before transfers to QMS/HCC	15,721	15,241
Net levy transfer to QMS (Note 17)	(2,281)	(2,248)
Net levy transfer to HCC (Note 17)	(1,839)	(1,772)
Net levy transfers from HCC	22	17
Net levy after transfers to QMS/HCC	11,623	11,238
Fee and grant income	2,243	25
Total net income	13,866	11,263
Operating expenditure		
Consumer advertising and promotion	(5,900)	(5,355)
Trade development and promotion	(3,380)	(3,344)
Foodservice	(951)	(997)
Consumer research	(429)	(586)
Export trade development	(941)	(798)
Supply chain	(318)	(804)
Special projects	(154)	(280)
Defra recovery grant	(2,218)	-
Total operating expenditure	(14,291)	(12,164)
Operating deficit on ordinary activities before interest	(425)	(901)
Interest allocation (Note 5)	330	227
Deficit on ordinary activities before taxation	(95)	(674)
Taxation (Note 6)	(96)	-
Deficit for the year on ordinary activities after taxation	(191)	(674)
Reserves distribution (Note 13)	(601)	-
Deficit for the financial year (Note 13)	(792)	(674)

Appendix 4: EBLEX - Beef promotion fund

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Income		
Gross levy	3,630	3,632
Expenses of collection	(46)	(46)
Net levy before transfers to QMS/HCC	3,584	3,586
Net levy transfer to QMS (Note 17)	-	-
Net levy transfer to HCC (Note 17)	-	-
Net levy after transfers to QMS/HCC	3,584	3,586
Fee and grant income	1,165	-
Total net income	4,749	3,586
Operating expenditure		
Consumer advertising and promotion	(2,349)	(1,860)
Trade development and promotion	(1,144)	(958)
Foodservice	(370)	(333)
Consumer research	(40)	(185)
Export trade development	(403)	(371)
Special projects	(87)	(154)
Defra recovery grant	(1,167)	-
Total operating expenditure	(5,560)	(3,861)
Operating deficit on ordinary activities before interest	(811)	(275)
Interest allocation (Note 5)	59	52
Deficit on ordinary activities before taxation	(752)	(223)
Taxation (Note 6)	(18)	-
Deficit for the year on ordinary activities after taxation	(770)	(223)
Reserves distribution (Note 13)	(61)	-
Deficit for the financial year (Note 13)	(831)	(223)

Appendix 5: EBLEX - Lamb promotion fund

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Income		
Gross levy	3,269	3,074
Expenses of collection	(84)	(74)
Net levy before transfers to QMS/HCC	3,185	3,000
Net levy transfer to QMS (Note 17)	-	-
Net levy transfer to HCC (Note 17)	-	-
Net levy after transfers to QMS/HCC	3,185	3,000
Fee and grant income	325	-
Total net income	3,510	3,000
Operating expenditure		
Consumer advertising and promotion	(1,665)	(1,907)
Trade development and promotion	(998)	(984)
Foodservice	(255)	(294)
Consumer research	(50)	(185)
Export trade development	(538)	(427)
Special projects	(67)	(126)
Defra recovery grant	(320)	-
Total operating expenditure	(3,893)	(3,923)
Operating deficit on ordinary activities before interest	(383)	(923)
Interest allocation (Note 5)	41	48
Deficit on ordinary activities before taxation	(342)	(875)
Taxation (Note 6)	(12)	-
Deficit for the year on ordinary activities after taxation	(354)	(875)
Reserves distribution (Note 13)	(349)	-
Deficit for the financial year (Note 13)	(703)	(875)

Appendix 6: BPEX - Pork and bacon promotion fund

	For the year ended 31-Mar-08	For the year ended 31-Mar-07
	£'000	£'000
Income		
Gross levy	4,915	4,715
Expenses of collection	(83)	(80)
Net levy before transfers to QMS/HCC	4,832	4,635
Net levy transfer to QMS (Note 17)	-	-
Net levy transfer to HCC (Note 17)	-	-
Net levy transfers from HCC	22	17
Net levy after transfers to QMS/HCC	4,854	4,652
Fee and grant income	753	25
Total net income	5,607	4,677
Operating expenditure		
Consumer advertising and promotion	(1,886)	(1,588)
Trade development and promotion	(1,238)	(1,402)
Foodservice	(326)	(370)
Consumer research	(339)	(216)
Supply chain	(318)	(804)
Defra recovery grant	(731)	-
Total operating expenditure	(4,838)	(4,380)
Operating surplus on ordinary activities before interest	769	297
Interest allocation (Note 5)	230	127
Surplus for the year before taxation	999	424
Taxation (Note 6)	(66)	-
Surplus for the year on ordinary activities after taxation	933	424
Reserves distribution (Note 13)	(191)	-
Surplus for the financial year (Note 13)	742	424



BOARD OF COMMISSIONERS

The Board of Commissioners oversaw MLC's statutory responsibilities and the effective corporate governance of MLC. It also sought to avoid duplication and helped identify cross-cutting issues for the four MLC federal bodies. The final Board meeting was held on 26 March 2008.

During this final year of operation for MLC the focus for the Board was to ensure that:

- The high standards of MLC service delivery and professionalism to levy payers and other stakeholders were maintained right up to 31 March 2008.
- The organisation was in impeccable shape, particularly in regards to its corporate governance.

MLC Commissioners

Peter Barr CBE
Chairman – since April 2001

Paul Kirk
Deputy Chairman – MLC
Commissioner since October 1999

Helen Browning OBE
Independent farming and
processing sectors and organic
sector representative – MLC
Commissioner since October 1999

Richard Cracknell
GB abattoir/processor
representative – MLC Commissioner
since October 2002

John Cross
Chairman of the English Beef
and Lamb Executive – MLC
Commissioner since October 2002

Dr Kevin Hawkins OBE
Multiple retailer and food service
sector representative – MLC
Commissioner since October 2002

Stewart Houston CBE
Chairman of the British Pig
Executive – MLC Commissioner since
October 2002

Professor Richard Moody
Consumers Commissioner – MLC
Commissioner since October 1999

Rees Roberts OBE
Welsh Commissioner and Chairman
of Hybu Cig Cymru – MLC
Commissioner since October 1999

Neil Stoddart
GB abattoir/processor representative
– MLC Commissioner since
October 2002

Donald Biggar OBE
Scottish Commissioner and
Chairman of Quality Meat Scotland –
MLC Commissioner since April 2006

Register of interests
A register of MLC Commissioner
interests was maintained and
can be obtained by writing to:
Administration, AHDB Meat Services,
Winterhill House, Snowdon Drive,
Milton Keynes, MK6 1AX.

STATUTORY COMMITTEES

Consumers Committee

The Consumers Committee ensured the views of consumers were represented in MLC's work.

The Committee's final meeting was held on 8 November 2007. Its last action was to produce a report, *Food Production and Consumer Choice – informing strategies for nutrition and the environment*, to help inform and stimulate the new Agriculture and Horticulture Development Board and others on these important issues when formulating their strategies for the future.

Professor Richard Moody (Chairman), MLC Consumers Commissioner
Frances Gallagher, Educational Quality Assurance Adviser for Glasgow City Council (Scottish representative)
Dr Elizabeth Nelson, Chair of Executive Committee, Wellbeing, Royal College of Obstetricians and Gynaecologists
Hilary Wood, beef producer
Sally Trice, catering consultant
Alan Deacon (Welsh representative)
Karen Tonks (observer), Trading, Law and Technical, Tesco Stores Limited

Regular attendees from MLC:

Richard Lowe, Chief Executive
Chris Lamb, Consumer Marketing Manager
Jenny Spencer, Industry Services and Consumer Issues Manager

Audit Committee

Paul Kirk (Chairman), MLC Commissioner
Richard Cracknell, MLC Commissioner
John Cross, MLC Commissioner
Stewart Houston, MLC Commissioner

Regular attendees from MLC:

Richard Lowe, Chief Executive
Shaun Tillery, Financial Controller
Bernadette Garvey, Company Secretary (up to September 2007)
 Representative from MLC's appointed auditors

OFFICES

As at 31 March 2008

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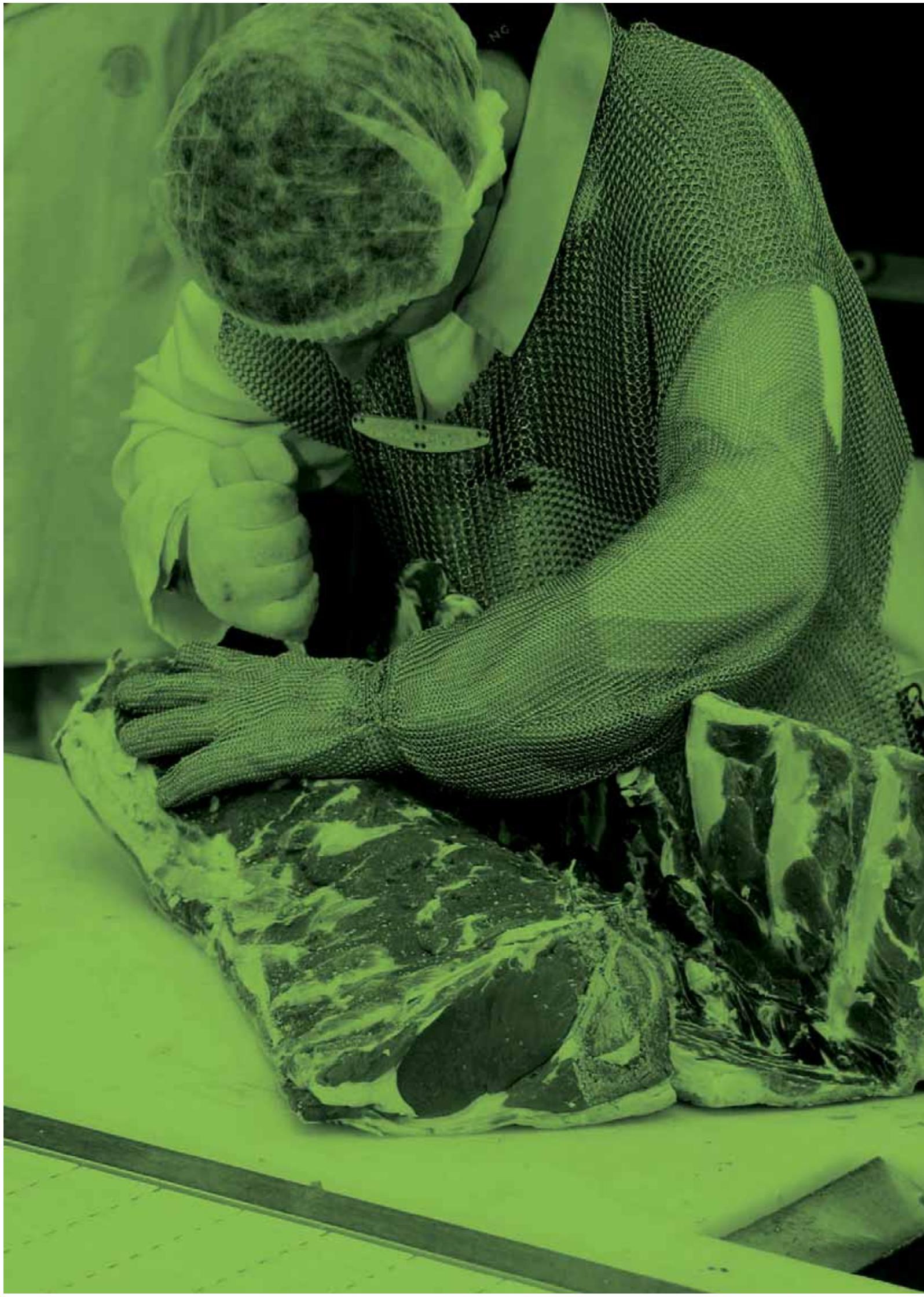
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GLOSSARY OF ABBREVIATIONS

ABM	Assured British Meat	NAO	National Audit Office
AHDB	Agriculture and Horticulture Development Board	NDPB	Non-Departmental Public Body
BBSRC	Biotechnology and Biological Science Research Council	NFU	National Farmers' Union
BCMT	Business Continuity Management Team	NGO	Non-governmental Organisation
BCP	Business Continuity Plan	NHS	National Health Service
BMPA	British Meat Processors Association	NPA	National Pig Association
BNF	British Nutrition Foundation	OBE	Officer of the Most Excellent Order of the British Empire
BPEX	British Pig Executive	OTM	Over Thirty Month
BPHS	Better Returns Health Scheme	PEP	Pig Environment Partnership
BRP	Better Returns Programme	PIDS	Pig Industry Development Scheme
BSE	Bovine Spongiform Encephalopathy	PC	Personal Computer
CBE	Commander of the Most Excellent Order of the British Empire	PGI	Protected Geographical Indication
DC	Defined Contribution	PHHP	Pig Herd Health Plan
Defra	Department for Environment, Food and Rural Affairs	PIPR	Pig Industry Professional Register
EBLEX	English Beef and Lamb Executive	PMWS	Post-weaning Multi-systemic Wasting Syndrome
EBV	Estimated Breeding Value	PwC	PricewaterhouseCoopers LLP
EFSIS	European Food Safety Inspection Services	QMS	Quality Meat Scotland
EIG	England Implementation Group	QSM	Quality Standard Mark
EU	European Union	R&D	Research and Development
FHP	Farm Health Plan	RDA	Regional Development Agency
FMD	Foot and Mouth Disease	RMIF	Red Meat Industry Forum
FSA	Food Standards Agency	RMT	Risk Management Team
GB	Great Britain	RPA	Rural Payments Agency
GMP	Guaranteed Minimum Pension	RVC	Royal Veterinary College
GP	General Practitioner	SAC	Scottish Agricultural College
HCC	Hybu Cig Cymru (Meat Promotion Wales)	SI	Standing Instructions
IC	Industry Consulting	SMEs	Small and Medium Enterprises
IT	Information Technology	SWOT	Strengths, Weaknesses, Opportunities, Threats
KPI	Key Performance Indicator	TB	Tuberculosis
KTR&D	Knowledge Transfer, Research and Development	TSE	Transmissible Spongiform Encephalopathy
MHS	Meat Hygiene Service	TV	Television
MLC	Meat and Livestock Commission	UAE	United Arab Emirates
MLCSL	Meat and Livestock Commercial Services Limited	UK	United Kingdom
MP	Member of Parliament	UKAS	United Kingdom Accreditation Service
MSFM	Management Statement Financial Memorandum	VIA	Video Image Analysis
NADIS	National Animal Disease Information Service	WBS	Wild Bird Surveillance
		WCC	Winterhill Conference Centre



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