

Management Report

International Committee for Animal Recording (ICAR)
Follow-up Budget Quarter 1 / 2020



THE GLOBAL STANDARD
FOR LIVESTOCK DATA

Prepared on
April 21st, 2020

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1. Introduction

In 2020 ICAR is registered in The Netherlands and will operate under Dutch law as an association with trade number for paid services. In 2020 the goal was to produce one financial statement with one single balance sheet and profit and loss account. As the Rabo bank account opening was delayed to Q2 we still have individual ICAR and SERVICE-ICAR Srl. accounts for Q1 2020 on file. However, as the budget was approved for 2020 in a combined format, then for budget management purposes we are presenting as one here.

Note 1: This QTR 1 2020 Actual versus Budget 2020 presents the figures for both income and expenses from membership and services and for the comparison with 2019 we used the combined numbers from both ICAR and SERVICE-ICAR Srl.

Note 2: The balance sheet not available as Italian accountings and tax office closed until end of May due to COVID 19.

Note 3: ICAR like other companies will be affected by COVID 19 – See item 5 at the end of this document for discussion on assessment and mitigation of that risk and forecasted impact on our income and budget.

2. Budget 2020 ICAR (Board approved December 2019)

REVENUES	
Membership fees	314.025
Business/certification services	710.254
Other operating income	35.000
TOTAL REVENUES	1.059.279
EXPENSES	
Employee and contracted services	463.000
Contracted testing and certification services	409.719
Office	55.000
Travel	45.000
Administration (accounts, legal, audit, IT, bank)	55.000
Special projects expenses	30.000
TOTAL OPERATING COSTS	1.057.719
NET OPERATING PROFIT / (LOSS)	1.560
Other extraordinary income / (expenses)	- 55.000
Investment income / (expenses)	0
PROFIT / (LOSS) BEFORE TAXES	- 53.440
Taxes	0
NET PROFIT / (LOSS)	- 53.440

3. Income Statement QTR1 2020 vs Budget 2020 and QTR1 2019

	As at March 31st			Versus Budget		Versus Prior Year	
	Actual 2020	Budget 2020	Actual 2019	Euro	%	Euro	%
REVENUES							
Member fees	0	0	57.982	0		(57.982)	(100)
Business/certification services	51.360	107.150	134.992	(55.790)	(52)	(83.632)	(62)
Other operating income	7.635	6.250	0	1.385	22	7.635	
TOTAL REVENUES	58.995	113.400	192.974	(54.405)	(48)	(133.979)	(69)
EXPENSES							
Employee and contracted services	95.672	115.750	90.104	(20.078)	(17)	5.568	6
Contracted testing and certification services	27.494	59.250	55.615	(31.756)	(54)	(28.121)	(51)
Travel	4.985	11.250	9.418	(6.265)	(56)	(4.433)	(47)
Office costs (rental and supplies)	12.651	13.750	10.969	(1.099)	(8)	1.682	15
Administrative services (accounts, legal, bank, audit...)	21.310	13.750	21.254	7.560	55	56	0
Special project expenses	2.316	7.500	568	(5.184)	(69)	1.748	308
TOTAL OPERATING COSTS	164.428	221.250	187.928	(56.822)	(26)	(23.500)	(13)
OPERATING PROFIT/(LOSS)	(105.433)	(107.850)	5.046	2.417		(110.479)	
Other extraordinary income / (expenses)	(24.100)	(13.750)	0	(10.350)	0	(24.100)	0
NET PROFIT (LOSS)	(129.534)	(121.600)	5.046	(7.934)		(134.580)	

REVENUES

1. Membership fees

In QTR1 the request for membership fee were not sent waiting for new bank account at Rabo Bank in Netherlands which will be sent in QTR 2 2020.

2. Business/Certification Services

Income from the business activities in ICAR, certification of devices and members' audits (see item 3 on next page for detail).

3. Other operating income

Income from EU SMARTER Project.

EXPENSES

4. Employee and contracted Services

Salaries and related social charges / costs related to employees and cost of engaging external consultant personnel and services to support ICAR in its operations

5. Contracted Testing and Certification Services

The direct costs associated with test and certification laboratories contracted by ICAR (see item 3 for detail).

6. Office

Total cost to run the office including renting in HNK Utrecht and office in Rome for 2020.

7. Travel

Total cost for travel, accommodation and meals of the office, Board, Groups and General Assembly.

8. Administrative services

Cost for outsourcing services (accounting, legal, IT, bank expenses, etc.). The main difference compare to the budget is due to the payment of annual insurance in the QTR1 for an amount of 8.504 Euro.

9. Special projects

In this period the cost is related to direct expenses of EU Project Smarter.

10. One Off Extraordinary Expenses

The cost is related to the re-location of ICAR office in Netherlands (lawyers, notary, set-up new accounts system).

Notes:

Cash flow: At 31/3/2020 cash on hand amounts to 444.554 Euro while at 31/3/2019 it was 686.481 Euro. This equivalates to 6 months operating costs.

Deferred income and cost:

Income Identification	50.028	Cost Identification	34.528
Income Recording Devices	115.545	Cost Recording Devices	78.119

4. Income Breakdown by Activities

Year 2020 - QTR1 (All figures in Euro)

31st March 2020	Labels	CoQ	ID	RSD	Milk PT	Milk Analysers	InterBeef	Acc. DNA Data Centres	Total
Income	9.350	1.500	37.310	2.000	0	0	0	1.200	51.360
Direct Cost	2.644	0	24.850	0	0	0	0	0	27.494
Overhead	6.706	1.500	12.460	2.000	0	0	0	1.200	22.666
% Overhead	72%	100%	33%	100%	0%	0%	0%	100%	44%
Budgeted Overhead (annual)	25.000	20.000	155.000	18.000	35.000	23.021	14.514	10.000	300.535

Year 2019 - QTR1 (All figures in Euro)

31st March 2019	Labels	CoQ	ID	RSD	Milk PT	Milk Analysers	InterBeef	Acc. DNA Data Centres	Total
Income	7.250	24.960	101.882	0	0	0	0	900	134.992
Direct Cost	2.360	2.467	50.788	0	0	0	0	0	55.615
Overhead	4.890	22.493	51.094	0	0	0	0	900	79.377
% Overhead	67%	90%	50%					100%	59%
Budgeted Overhead (annual)	30.000	30.000	150.000	12.000	20.000	0	15.000	10.000	267.000

5. Risks to ICAR Income for 2020 due to COVID-19

Item No.	Risk Identified	Impact	€uro Impact Margin	Mitigation Action(s) Q2	Year End Impact after mitigation	Year End €uro Impact after mitigation actions
1. Fees	Members Contributions Fees may be harder to gather	30% no payment	€220k instead of €314k	Engage with Members to ascertain ability to pay 2020 Membership fees	20% no payment	€251k instead of €314k
2. ID	ID Test Applications fall off as companies' business closed	50% reduction in line item income	€78K instead of €155k	Engage with top ID companies to ascertain activity levels	40% Reduction in line item margin	€93k instead of €155k
3. CoQ	Postponed visit audit for CoQ due to Covid19 at least 6 months and maybe into 2021	100% Postponement of all Audits	€0k instead of €20k	Engage with Members to switch to Consultative Reviews for 2020	75% reduction	€5k instead of €20k
4. Rec Dev	Tests of recording devices postponed	80% reduction in line items income	€4k instead of €18k	Review test schedule 2020 and engage Labs and Mfrs to ascertain late year testing	50% reduction in line item income	€9k instead of €18k
5. MASC PT	Second round Proficiency Test in September 2020 due to closure of laboratories.	50% reduction in line item income	€17k instead of €35k	Engage with ICAR Lab clients to ascertain if open for business Sept 2020 and participate in ring test late Q3/4.	25% reduction in line item income	€26k instead of €35k
6. CONF 2020	Contribution from LOC2020 will now not happen due to cancellation Leeuwarden	LOC fee will now not happen in 2020	€10k less margin	None		

IMPACT ON SERVICES – COVID ADJUSTED

BUSINESS / CERTIFICATION SERVICES QUARTERLY BUDGET 2020

All figures in Euro

	Q1 Actuals March 2020	Q1 Budget March 2020	Diff. Vs. budget Q1	Q2 Actuals June 2020	Q2 Budget June 2020	Diff. Vs. budget Q2	Q3 Actuals Sep. 2020	Q3 Budget Sep. 2020	Diff. Vs. budget Q3	Q4 Actuals Dec. 2020 (Year-end)	Q4 Budget 2020 (Year-end)	Diff. Vs. budget Q4 (Year-end) AFTER MITIGATION
REVENUES												
Labels	9,350	8,750	600		17,500			26,250			35,000	25,000
CoQ	1,500	0	1,500		15,000			22,500			30,000	7,500
Identification	37,310	82,500	-45,190		165,000			247,500			330,000	198,000
Recording Devices	2,000	15,000	-13,000		30,000			45,000			60,000	30,000
Data Interpretation Centres-GenoEx PSE	1,200	900	300		5,000			7,500			10,000	10,000
Milk PT	0	0	0		32,500			32,500			65,000	48,750
Milk Analysers	0	0	0		0			65,740			65,740	65,740
InterBeef	0	0	0		0			114,514			114,514	91,611
<i>Sales income</i>	<i>51,360</i>	<i>107,150</i>	<i>-55,790</i>	<i>0</i>	<i>265,000</i>		<i>0</i>	<i>561,504</i>		<i>0</i>	<i>710,254</i>	<i>476,601</i>
EXPENSES												
Labels	2,644	2,500	144		5,000			7,500			10,000	7,000
CoQ	0	2,500	-2,500		5,000			7,500			10,000	2,500
Identification	24,850	43,750	-18,900		87,500			131,250			175,000	105,000
Recording Devices	0	10,500	-10,500		21,000			31,500			42,000	21,000
Milk PT	0	0	0		15,000			15,000			30,000	22,500
Milk Analysers	0	0	0		0			42,719			42,719	42,719
InterBeef	0	0	0		0			100,000			100,000	80,000
<i>Contract services</i>	<i>27,494</i>	<i>59,250</i>	<i>-31,756</i>	<i>0</i>	<i>133,500</i>		<i>0</i>	<i>335,469</i>		<i>0</i>	<i>409,719</i>	<i>280,719</i>
NET INCOME (LOSS)	23,866	47,900	-24,034	0	131,500	0	0	226,035	0	0	300,535	195,882

IMPACT ON OVERALL BUDGET 2020 – COVID ADJUSTED

REVENUES	Budget	COVID Adjusted
Membership fees	314.025	251.000
Business/certification services	710.254	476.601
Other operating income	35.000	25.000
TOTAL REVENUES	1.059.279	752.601
EXPENSES		
Employee and contracted services	463.000	463.000
Contracted testing and certification services	409.719	280.719
Office	55.000	55.000
Travel	45.000	25.000
Administration (accounts, legal, audit, IT, bank)	55.000	55.000
Special projects expenses	30.000	10.000
TOTAL OPERATING COSTS	1.057.719	888.719
NET OPERATING PROFIT / (LOSS)	1.560	-136.560
Other extraordinary income / (expenses)	- 55.000	- 40.000
Investment income / (expenses)	0	0
PROFIT / (LOSS) BEFORE TAXES	- 53.440	- 176.560
Taxes	0	0
NET PROFIT / (LOSS)	- 53.440	- 176.560