



EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

For the period 1st January to 30th September, 2014

NOTES: Balance Sheet

ASSETS

1. Trade debtors

This is the total amount for invoices issued and still outstanding.

2. Other debtors

This is the credit for taxes, and VAT credit.

3. Cash

Includes cash on hand current bank account balances (cash and BNL).

4. Capital assets

Net book value of computers and furniture owned by the Company (cost less depreciation).

LIABILITIES

5. Accounts payable

Total amount for invoices received for this period to be paid.

6. Withholding taxes

These are tax liabilities for social charges and other taxes for personnel costs.

7. Severance Reserve Fund

The Company is required to collect and accumulate prescribed annual amounts as they relate to permanent employees in accordance with the legal requirements of Italy. Those amounts will be retained by S.I. and given back to the employees when they will leave the organization. In November 2013 Pamela Canavacci left the company and for this reason the amount is equal to 0 €.

8. Deferred income

The total amount refers to three items:

- Invoices issued but deferred as the relevant cost from the laboratory is still due and we do not know when the invoice will arrive. The total amount is 82.140€.



- Contribution from EU for SOLID project for future activities for an amount of 27.872,72 €.
- $\frac{3}{4}$ part of the invoices issued in ID for marketed products with 3-years validity for an amount of 14.881,25€.

NOTES: Statement of Financial Position (Income Statement) related to the first 9 months

A. Period 1st January to 30th September 2014

1. Revenues

This is the revenue for current activities of the Company. The detail is given in the annex 1.

2. Other revenues

This is the contribution from EU for SOLID project to cover the current expenses.

NOTES: Statement of Financial Position (Expenses) related to the first 9 months

3. Purchasing and service costs

These are the total cost to run the company. In the annex 1 there is the detail by activity.

4. Staff costs

The detail is shown in annex 1.

5. Other expenses

The expenses are for the EU SOLID project.

B. Forecast notes

6. Revenues

The forecast has been calculated considering the tests on-going by 30th September which is scheduled to be finalised by 31st December and the relevant cost paid to the laboratory. The detail is as follows:

Identification: 28.995 Euro

Recording Devices: 23.495 Euro

Tagging: 7.250 Euro

Genetic Evaluation: 6.500 Euro



7. **Purchasing and service costs**

The forecast has been calculated considering the tests on-going and other services for the last 3 months of 2014. The detail is as follows:

Identification: 21.340 Euro

Recording Devices: 43.223 Euro

Tagging: 1.334 Euro

Interbull Genoex: 20.000 Euro

Genetic Evaluation: 3.250 Euro

Office rent and facilities: 5.730 Euro

Accountant: 2.000 Euro

Meeting cost November Board: 4.000 Euro

8. **Staff costs**

The forecast is based on the information provided by Italconsultants for the two staff (E. Couto and J. Maki-Hokkonen).

For the consultants (B. Wickham, C. Hunlun and M. Zjalic) the the forecast until the end of the year is:

Brian Wickham: 12.000 Euro

Charl Hunlun: 5.000 Euro

Milan Zjalic: 1.500 Euro

9. **Other expenses**

This related to the activity of the EU Project Solid. The two consultants (C. Thomas and R. Nielson) are paid with the EU funds as well as all the direct cost related to the project. A 20% overhead is due to S.I.

10. **Depreciation**

The forecast has been calculated by Italconsultants based on the equipment purchase by the company.

11. **Current taxes**

The current taxes do not include the 42% on profit as it is not applicable in 2014 according to the forecast.



Annex 1

BREAKDOWN INCOME AND EXPENSES BY ACTIVITY

For the 9 months. All figures in Euro

ACTIVITIES	EXPENSES	INCOME	BALANCE 2014
Identification			
Cost laboratories, travel, accommodation	130.730		
Income from tests		195.501	
			64.771
Recording Devices			
Cost laboratories, travel accommodation	40.500		
Income from tests		75.150	
			34.650
Labelling			
Cost for printing tags	9.086		
Income from manufacturers for tags		32.627	
			23.541
Certificate of Quality			
Honorarium, travel and accommodation	12.498		
Income from MO requests of CoQ		7.368	
			(5.130)
EU Projects (Solid)			
Honorarium and direct costs	10.868		
Grant from EU		13.000	
			2.132
InterBeef			
Cost laboratory	100.000		
Income from organisations		93.961	
			(6.039)
Genomic agreement			
Honorarium and direct costs	9.750		
Grant from Interbull Center		6.500	
			(3.250)
TOTAL	313.432	424.107	110.675

SERVICE-ICAR S.R.L.

Cap. Soc. Euro 10.400 int. vers.
Numero REA 989161
Cod. Fisc. e P. IVA IT06753481008
Socio unico: International Committee for Animal Recording (ICAR)



ORDINARY EXPENSES

Office costs

Telephone, cleaning, stationary, postage, insurance, rent office, awards, printing, etc.

Staff costs (permanent and consultants)

Assistance (server, accounts, legal)

Travel and accommodation

Depreciation

Bank charges

Taxes

Bank interest

EXPENSES INCOME BALANCE 2014

22.451	
50.395	
15.794	
7.903	
1.204	
830	
1.197	
	393
	(99.381)

NET PROFIT / (LOSS)

11.294

SERVICE-ICAR SRL

BALANCE SHEET

All figures in Euro

Year over Year (2014 vs.
2013)

As at September 30th

	Actual 2014	Actual 2013	Euro	%	Notes
ASSETS					
Current assets					
Trade debtors	62.398	95.731	(33.333)	(35)	Note 1
Other debtors	56.041	40.673	15.368	38	Note 2
Cash	365.118	412.728	(47.610)	(12)	Note 3
Total Current Assets	483.557	549.132	(65.575)	(12)	
Investments & Capital Assets					
Capital assets	1.116	2.866	(1.750)	(61)	Note 4
Investments	0	0	0	0	
Total Investment & Capital Assets	1.116	2.866	(1.750)	(61)	
Prepayments and accrued income	0	0	0	0	
TOTAL ASSETS	484.673	551.998	(67.325)	(12)	
LIABILITIES & NET ASSETS					
Current Liabilities					
Accounts payable	75.507	20.036	55.471	277	Note 5
Withholding taxes	2.155	2.708	(553)	(20)	Note 6
Severance Reserve Fund	0	1.689	(1.689)	(100)	Note 7
Deferred income	124.894	258.708	(133.814)	(52)	Note 8
Total Current Liabilities	202.555	283.141	(80.586)	(28)	
Net Assets					
Capital	10.400	10.400	0	0	
Retained earnings	260.422	195.466	64.956	33	
Operating profit (loss)	11.295	62.991	(51.696)	(82)	
Total Capital and Reserves	282.117	268.857	13.260	5	
TOTAL LIABILITIES & NET ASSETS	484.673	551.998	(67.325)	(12)	

SERVICE-ICAR SRL

INCOME STATEMENT

All figures in Euro



				YTD VARIANCE-BUDGET		Y/Y VARIANCE (2014 vs. 2013)				
As at September 30th										
	Actual 2013	Actual 2014	9 month budget	Euro	%	Euro	%	12 month budget	12 month forecast	Notes 9 months
INCOME										
Revenue										
Revenues	345.239	411.107	423.000	(11.893)	(2,81)	65.868	19,08	564.000	478.000	Note 1
Other revenues	18.163	13.000	1.500	11.500	0,00	(5.163)	(28,43)	2.000	15.000	Note 2
REVENUE	363.402	424.107	424.500	(393)	(0,09)	60.705	16,70	566.000	493.000	
Interest										
Bank interest	874	393	900	(507)	(56,32)	(481)	(55,02)	1.200	800	
INVESTMENT INCOME	874	393	900	(507)	(56,32)	(481)	(55)	1.200	800	
TOTAL INCOME										
	364.276	424.500	425.400	(900)	(0,21)	60.224	16,53	567.200	493.800	
EXPENDITURE										
Purchasing and service costs	238.203	348.711	348.375	336	0,10	110.508	46,39	464.500	449.000	Note 3
Staff costs	44.166	50.395	59.813	(9.418)	(15,75)	6.229	14,10	79.750	83.000	Note 4
Other expenses	15.980	10.868	0	10.868		(5.112)	(31,99)	0	12.000	Note 5
GENERAL EXPENSES	298.349	409.974	408.188	1.786	0,44	111.625	37,41	544.250	544.000	
Depreciation	1.204	1.204	2.025	(821)	(40,56)	(0)	(0,04)	2.700	1.605	
Bank charges	1.016	830	1.125	(295)	(26,19)	(186)	(18,27)	1.500	1.200	
Extraordinary charges	0	0	0	0	0,00	0		0	0	
NON OPERATING EXPENSES	2.220	2.034	3.150	(1.116)	(35,43)	(186)	(8,38)	4.200	2.805	
TOTAL EXPENSES										
	300.569	412.008	411.338	670	0,16	111.439	37,08	548.450	546.805	
Current taxes	715	1.197						7.935	1.500	
NET INCOME (LOSS)	62.992	11.295	14.063	(1.570)	(11)	(51.215)	(81,30)	10.815	(54.505)	