

Management Report

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



Prepared on
April 22nd, 2020

Table of Contents

1. Introduction.....	2
2. Budget 2020 ICAR	3
3. Income Statement QTR1 2020 vs 2020 Budget and QTR1 2019	3
4. Income Breakdown by Activities	5
5. Risk to Income in 2020 due to COVID 19	5
6. Business/Certification Income/Expense QTRLY Budget (Q1 2020 update)	6

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. After next lockdown on 4th May an update will be prepared for the Financial Committee meeting May 25th, 2020

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 – this again be reviewed at the Financial Committee meeting May 25th, 2020

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. This difference is mainly due to the income from membership fees. At 31/3/2019 members paid 193.275 Euro compare to same period in 2020.

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	Mitigation Action(s) Q2
1. Fees	Members Contributions Fees may be harder to gather	Engage with Members to ascertain ability to pay 2020 Membership fees
2. ID	ID Test Applications fall off as companies' business closed	Engage with top ID companies to ascertain activity levels
3. CoQ	Postponed visit audit for CoQ due to Covid19 at least 6 months and maybe into 2021	Engage with Members to switch to Consultative Reviews for 2020
4. Rec Dev	Tests of recording devices postponed	Review test schedule 2020 and engage Labs and Mfrs to ascertain late year testing
5. MASC PT	Second round Proficiency Test in September 2020 due to closure of laboratories.	Engage with ICAR Lab clients to ascertain if open for business Sept 2020 and participate in ring test late Q3/4.
6. CONF 2020	Contribution from LOC2020 will now not happen due to cancellation Leeuwarden	None

6. Business/Certification Income/Expense QTRLY Budget (Q1 2020 update)

	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)
REVENUES												
Labels	9.350	8.750	600		17.500			26.250			35.000	
CoQ	1.500	0	1.500		15.000			22.500			30.000	
Identification	37.310	82.500	-45.190		165.000			247.500			330.000	
Recording Devices	2.000	15.000	-13.000		30.000			45.000			60.000	
Data Interpretation Centres-GenoEx PSE	1.200	900	300		5.000			7.500			10.000	
Milk PT	0	0	0		32.500			32.500			65.000	
Milk Analysers	0	0	0		0			65.740			65.740	
InterBeef	0	0	0		0			114.514			114.514	
<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>	
EXPENSES												
Labels	2.644	2.500	144		5.000			7.500			10.000	
CoQ	0	2.500	-2.500		5.000			7.500			10.000	
Identification	24.850	43.750	-18.900		87.500			131.250			175.000	
Recording Devices	0	10.500	-10.500		21.000			31.500			42.000	
Milk PT	0	0	0		15.000			15.000			30.000	
Milk Analysers	0	0	0		0			42.719			42.719	
InterBeef	0	0	0		0			100.000			100.000	
<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>	
NET INCOME (LOSS)	23.866	47.900	-24.034	0	131.500	0	0	226.035	0	0	300.535	0

