

# Management Report

International Committee for Animal Recording ICAR  
For the period 1<sup>st</sup> January – 31<sup>st</sup> December, 2020



Prepared on  
February 11<sup>th</sup>, 2021

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## Introduction

Following the liquidation and closure of SERVICE-ICAR Srl and ICAR Italy, this management report is presenting a combined situation of the two entities plus ICAR Netherlands for 2020, with a compare to 2020 approved budget and 2019.

In 2021 there will be three 2020 financial statements to be approved:

1. **SERVICE-ICAR Srl.** The legal representative of S.I. is the liquidator, ICAR as sole owner appoint someone to represent the association at the GA. The ICAR Board will receive the final statements early mid-March and after approval the liquidator will convene the General Assembly via Zoom. As for the previous General Assembly Laurent Journaux may be appointed to represent ICAR;

Note: Any assets and cash in S.I. bank account to refund to ICAR Italy the sole owner of the company.

2. **ICAR Italy.** The ICAR Board will approve the closing financial statements (as appointed at the Extraordinary General Assembly in September 2020 as liquidator), and will present them for information to the ICAR General Assembly in Leeuwarden (Netherlands) in April 2021;

Note: Any assets, liabilities, and cash in ICAR Italy bank account to refund to ICAR NL as per Statutes.

3. **ICAR Netherlands.** Will be presented to the Board end of March, then for approval by the General Assembly in Leeuwarden (Netherlands) in April 2021, and
4. Presentation of 2021 budget for information to the General Assembly in Netherlands in April 2021.

# Profit and Loss

January - December 2020

|                                                          |  | Year-end<br>Budget 2020 | Forecast<br>2020 at<br>31.10.2020 | Actuals at<br>31.12.2020 | Difference vs<br>budget | Actuals<br>31.12.2019 | Difference vs<br>2019 |
|----------------------------------------------------------|--|-------------------------|-----------------------------------|--------------------------|-------------------------|-----------------------|-----------------------|
| <b>REVENUES</b>                                          |  |                         |                                   |                          |                         |                       |                       |
| Member fees                                              |  | 314.025                 | 336.485                           | 335.935                  | 21.910                  | 320.725               | 15.210                |
| Business/certification services                          |  | 710.254                 | 650.000                           | 719.382                  | 9.128                   | 799.053               | (79.671)              |
| Other operating income                                   |  | 35.000                  | 16.595                            | 16.595                   | (18.405)                | 45.926                | (29.331)              |
| <b>TOTAL REVENUES</b>                                    |  | <b>1.059.279</b>        | <b>1.003.080</b>                  | <b>1.071.912</b>         | <b>12.633</b>           | <b>1.165.704</b>      | <b>(93.792)</b>       |
| <b>EXPENSES</b>                                          |  |                         |                                   |                          |                         |                       |                       |
| Employees and contracted services                        |  | 463.000                 | 480.000                           | 456.099                  | (6.901)                 | 410.095               | 46.004                |
| Contracted testing and certification services            |  | 409.719                 | 383.000                           | 441.943                  | 32.224                  | 473.944               | (32.001)              |
| Travel                                                   |  | 45.000                  | 7.500                             | 6.655                    | (38.345)                | 41.125                | (34.470)              |
| Office costs (rent, telephone, postage, material)        |  | 55.000                  | 52.000                            | 53.320                   | (1.680)                 | 52.566                | 754                   |
| Administrative services (accounting, legal, IT, bank...) |  | 55.000                  | 65.000                            | 71.329                   | 16.329                  | 99.348                | (28.019)              |
| Special project expenses                                 |  | 30.000                  | 35.000                            | 34.346                   | 4.346                   | 66.764                | (32.418)              |
| <b>TOTAL OPERATING COSTS</b>                             |  | <b>1.057.719</b>        | <b>1.022.500</b>                  | <b>1.063.692</b>         | <b>5.973</b>            | <b>1.143.842</b>      | <b>(80.150)</b>       |
| <b>OPERATING PROFIT / (LOSS)</b>                         |  | <b>1.560</b>            | <b>(19.420)</b>                   | <b>8.220</b>             | <b>6.660</b>            | <b>21.862</b>         | <b>(13.642)</b>       |
| Other extraordinary income / (expenses)                  |  | (55.000)                | (60.000)                          | (80.258)                 | (25.258)                | (14.100)              | (66.158)              |
| <b>NET PROFIT / (LOSS)</b>                               |  | <b>(53.440)</b>         | <b>(79.420)</b>                   | <b>(72.038)</b>          | <b>(18.598)</b>         | <b>7.762</b>          | <b>(79.800)</b>       |

# Notes to Profit and Loss

As of December 31, 2020

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## REVENUES

### 1. Membership fees

Total amount from membership fees paid to ICAR NL.

### 2. Business / certification services

Total income from paid services carried out by SERVICE-ICAR Srl until 30/6/2020 and by ICAR NL from 1/7/2020 on.

### 3. Special projects and other income

Contribution from SMARTER EU Project for the activities during the year. ICAR Netherlands is taking over this project from SERVICE-ICAR Srl; the documentation is with the EU Officer.

The difference compare to the budget is due to the COVID-19 which obliged to the cancellation of ICAR 2020 Conference, and for this reason the 10.000 Euro due by the LOC, and in the SMARTER Project the face-to-face meetings were also cancelled, with the result of less direct expenses which implies lower overheads than budgeted.

## EXPENSES

### 4. Employees and contracted services

Expenses related to the management and administration including the Chief Executive, staff (Italy and Netherlands) and consultants.

### 5. Contracted testing and certification services

Cost for tests and certification services. As for the income, until 30/6/2020 payments done by SERVICE-ICAR Srl and from 1/7/2020 by ICAR NL.

### 6. Travel

Total cost for travel, accommodation, and meals. In 2020 due to Covid-19 the expenses for travel are reduced compare to the budget.

### 7. Office

Total cost to run the office (postage, telephone, office material, printing, Web site, etc.), including rent.

### 8. Administrative services

Cost for outsourcing services (accounting, legal, bank expenses, etc.). This item was underestimated in the budget, in addition, there was a delay in closing ICAR Italy and SERVICE-ICAR Srl with extra costs. We were running two offices for a longer period than planned.

### 9. Special projects expenses

The total projects expenses breakdown for 2020 was as follows:

- |                              |             |
|------------------------------|-------------|
| 1. InterBeef Phd scholarship | 15.000 Euro |
| 2. R software Test Centres   | 6.000 Euro  |
| 3. Cuckoo Software           | 10.030 Euro |
| 4. EU SMARTER                | 3.316 Euro  |

## 10. Other extraordinary expenses

Cost for the transfer of the seat and extra-legal fees for AR case.

Expenses related to the transfer of the seat (legal and notary) and new accounting system, breakdown below:

- Legal and notary expenses
  - o Legal firm Van Diepen: 23.258 Euro
  - o Legal firm Benessia: 18.577 Euro
  - o Notary Nysingh: 7.211 Euro
  - o Notary Fabro: 1.500 Euro
  - o NDHIA notary: 2.941 Euro
- Accounting expenses
  - o DeJong and Laan: 6.554 Euro
  - o Tonina Angeli (liquidator) 6.500 Euro
- AR case expenses
  - o Studio Benessia: 9.517 Euro
- Bad debt membership
  - o Adjustment fee Argentina 4.200 Euro

# Balance Sheet

As of December 31, 2020

|                                       |  | Actual<br>31/12/2020 | Actual<br>31/12/2019 | Difference       |
|---------------------------------------|--|----------------------|----------------------|------------------|
| <b>ASSETS</b>                         |  |                      |                      |                  |
| Cash                                  |  | 365.466              | 600.535              | (235.069)        |
| Trade receivable                      |  | 69.401               | 105.654              | (36.253)         |
| Other receivables (VAT, taxes)        |  | 9.940                | 340                  | 9.600            |
| Prepayments                           |  | 31.160               | 32.927               | (1.767)          |
| <b>TOTAL CURRENT ASSETS</b>           |  | <b>475.967</b>       | <b>739.456</b>       | <b>(263.490)</b> |
| Fixed assets                          |  | 953                  | 455                  | 498              |
| Financial assets                      |  | 55.000               | 4.900                | 50.100           |
| <b>TOTAL NON-CURRENT ASSETS</b>       |  | <b>55.953</b>        | <b>5.355</b>         | <b>50.598</b>    |
| <b>TOTAL ASSETS</b>                   |  | <b>531.920</b>       | <b>744.811</b>       | <b>(212.892)</b> |
| <b>EQUITY AND LIABILITIES</b>         |  |                      |                      |                  |
| Capital                               |  | 438.563              | 431.315              | 7.248            |
| Operating profit (loss)               |  | (72.038)             | 7.761                | (79.799)         |
| <b>MEMBER'S EQUITY</b>                |  | <b>366.525</b>       | <b>439.076</b>       | <b>(72.551)</b>  |
| Severance Reserve Fund                |  | 518                  | 35.330               | (34.812)         |
| Accounts payable                      |  | 100.840              | 100.007              | 833              |
| Deferred income                       |  | 64.037               | 170.399              | (106.362)        |
| <b>LIABILITIES</b>                    |  | <b>165.395</b>       | <b>305.736</b>       | <b>(140.341)</b> |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> |  | <b>531.920</b>       | <b>744.812</b>       | <b>(212.892)</b> |

# Notes to Balance Sheet

As of December 31, 2020

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## ASSETS

### Current assets

#### 1. Cash

Includes cash on hand and current bank account balances. Here below the breakdown of expenses to illustrate the difference with 2019:

- Netherlands one off costs: 80.258 Euro
- Severance Reserve Funds: 43.307 Euro (accumulated until 2019 plus 2020)
- InterBeef invoice 2019: 100.000 Euro (paid in January 2020)

#### 2. Trade receivable

Includes fees and invoices for services outstanding.

#### 3. Other receivables

VAT refund due from Italian taxes office in Italy.

#### 4. Prepayments

The Association owns the ICAR, Interbull and InterBeef logos. The total cost was paid in 2017 and put in depreciation over 10 years. This is the total amount remains.

DeJong&Laan recommended to delete this item from the BS and put as a cost in the IS, in this way there will be a clean situation for the transfer of the assets to ICAR NL.

### Long term assets

#### 5. Fixed assets

For devices used in the office and put in depreciation according to Dutch law.

#### 6. Financial assets

ICAR Italy sustained SERVICE-ICAR Srl with this amount to cover expenses from the starting procedure of liquidation in July 2020 (rent office, payslips, etc.). The expenses for rent offices and staff were extended until 30/11/2020 and with S.I. stopping invoicing for services in July it was necessary to support the company. This amount now is under asset but only part of it will be recovered at the end of the procedure considering the cash in bank.

## EQUITIES AND LIABILITIES

### Current liabilities

#### 7. Capital

Total reserve before 2020 financial year. The reserve does not correspond to the cash in bank, it includes some assets that probably will not be refund (i.e. the support from ICAR Italy to S.i.).

#### 8. Operating profit/(loss)

Total loss in 2020.

## 9. Severance Reserve Fund

This is the annual amount (in this case corresponding only to 1/12 part of 2020 since the staff contracts started on 1/12/2020) put aside by the association for the Italian staff. The Severance Reserve Fund is part of the national contract in Italy and is mandatory. The fund will be devolved to the staff when leaving the association.

## 10. Accounts payable

Invoices related to QTR4 of 2020 to be paid in January 2021 (e.g., consultants, social charges, and operational expenses). This amount included also the 55.000 Euro paid by ICAR Italy to SERVICE-ICAR Srl.

## 11. Deferred income

This is the amount for invoices paid for ID and RD but deferred to 2021 as the cost was not yet received.

|                 |                     |                   |
|-----------------|---------------------|-------------------|
| Identification: | income: 44.705 Euro | cost: 29.005 Euro |
|-----------------|---------------------|-------------------|

|                    |                     |                   |
|--------------------|---------------------|-------------------|
| Recording devices: | income: 19.332 Euro | cost: 14.871 Euro |
|--------------------|---------------------|-------------------|

## Reserves

Cash Position December 31<sup>st</sup>, 2020 = €367.663

Total reserves: 7,1\* months (policy target of 12 months)

Liquid reserves: 7,1 months equivalent (policy target of 12 months)

Based on ICAR Annual Operating Costs as budgeted for 2021 of €624.200

*\* This is calculated by taking the total operating costs to run ICAR in 2021, not including testing costs (€986.050-€361.850) = €624.200. The Reserve then is how many months could we operate with cash of €367.663.  
 $367/624 = 0,59$  then  $12 \text{ months} \times 0,59 = 7,1 \text{ months}$*



# Appendix 1

## BUSINESS / CERTIFICATION SERVICES QUARTERLY BUDGET 2020

|                                        | Q1 Actuals<br>March 2020 | Q1 Budget<br>March 2020 | Diff. Vs.<br>budget Q1 | Q2 Actuals<br>June 2020 | Q2 Budget<br>June 2020 | Diff. Vs.<br>budget Q2 | Q3 Actuals<br>Sep. 2020 | Q3 Budget<br>Sep. 2020 | Diff. Vs.<br>budget Q3 | Q4 Actuals<br>Dec. 2020 | Q4 Budget 2020<br>(Year end) | Diff. Vs.<br>budget Q4<br>(Year end) |
|----------------------------------------|--------------------------|-------------------------|------------------------|-------------------------|------------------------|------------------------|-------------------------|------------------------|------------------------|-------------------------|------------------------------|--------------------------------------|
| <b>REVENUES</b>                        |                          |                         |                        |                         |                        |                        |                         |                        |                        |                         |                              |                                      |
| Labels                                 | 9.350                    | 8.750                   | 600                    | 17.860                  | 17.500                 | 360                    | 27.460                  | 26.250                 | 1.210                  | 36.360                  | 35.000                       | 1.360                                |
| CoQ                                    | 1.500                    | 0                       | 1.500                  | 2.450                   | 15.000                 | -12.550                | 5.700                   | 22.500                 | -16.800                | 22.515                  | 30.000                       | -7.485                               |
| Identification                         | 37.310                   | 82.500                  | -45.190                | 118.558                 | 165.000                | -46.442                | 167.365                 | 247.500                | -80.135                | 307.553                 | 330.000                      | -22.447                              |
| Recording Devices                      | 2.000                    | 15.000                  | -13.000                | 122.226                 | 30.000                 | 92.226                 | 122.226                 | 45.000                 | 77.226                 | 124.766                 | 60.000                       | 64.766                               |
| Data Interpretation Centres-GenoEx PSE | 1.200                    | 900                     | 300                    | 1.800                   | 5.000                  | -3.200                 | 2.700                   | 5.000                  | -2.300                 | 11.400                  | 10.000                       | 1.400                                |
| Milk PT                                | 0                        | 0                       | 0                      | 27.618                  | 32.500                 | -4.882                 | 27.618                  | 32.500                 | -4.882                 | 52.741                  | 65.000                       | -12.259                              |
| Milk Analysers                         | 0                        | 0                       | 0                      | 50.000                  | 0                      | 50.000                 | 50.000                  | 65.740                 | -15.740                | 50.000                  | 65.740                       | -15.740                              |
| InterBeef                              | 0                        | 0                       | 0                      | 0                       | 0                      | 0                      | 0                       | 0                      | 0                      | 114.047                 | 114.514                      | -467                                 |
| <i>Sales income</i>                    | <i>51.360</i>            | <i>107.150</i>          | <i>-55.790</i>         | <i>340.512</i>          | <i>265.000</i>         | <i>75.512</i>          | <i>403.069</i>          | <i>444.490</i>         | <i>-41.421</i>         | <i>719.382</i>          | <i>710.254</i>               | <i>9.128</i>                         |
| <b>EXPENSES</b>                        |                          |                         |                        |                         |                        |                        |                         |                        |                        |                         |                              |                                      |
| Labels                                 | 2.644                    | 2.500                   | 144                    | 3.918                   | 5.000                  | -1.082                 | 8.068                   | 7.500                  | 568                    | 8.902                   | 10.000                       | -1.098                               |
| CoQ                                    | 0                        | 2.500                   | -2.500                 | 125                     | 5.000                  | -4.875                 | 125                     | 7.500                  | -7.375                 | 575                     | 10.000                       | -9.425                               |
| Identification                         | 24.850                   | 43.750                  | -18.900                | 64.648                  | 87.500                 | -22.852                | 80.495                  | 131.250                | -50.755                | 174.818                 | 175.000                      | -182                                 |
| Recording Devices                      | 0                        | 10.500                  | -10.500                | 101.169                 | 21.000                 | 80.169                 | 101.169                 | 31.500                 | 69.669                 | 101.169                 | 42.000                       | 59.169                               |
| Milk PT                                | 0                        | 0                       | 0                      | 13.746                  | 15.000                 | -1.254                 | 15.895                  | 15.000                 | 895                    | 30.895                  | 30.000                       | 895                                  |
| Milk Analysers                         | 0                        | 0                       | 0                      | 21.783                  | 0                      | 21.783                 | 21.783                  | 42.719                 | -20.936                | 21.783                  | 42.719                       | -20.936                              |
| InterBeef                              | 0                        | 0                       | 0                      | 0                       | 0                      | 0                      | 0                       | 0                      | 0                      | 103.000                 | 100.000                      | 3.000                                |
| <i>Contract services</i>               | <i>27.494</i>            | <i>59.250</i>           | <i>-31.756</i>         | <i>205.389</i>          | <i>133.500</i>         | <i>71.889</i>          | <i>227.535</i>          | <i>235.469</i>         | <i>-7.934</i>          | <i>441.142</i>          | <i>409.719</i>               | <i>31.423</i>                        |
| <b>NET INCOME (LOSS)</b>               | <b>23.866</b>            | <b>47.900</b>           | <b>-24.034</b>         | <b>135.123</b>          | <b>131.500</b>         | <b>3.623</b>           | <b>175.534</b>          | <b>209.021</b>         | <b>-33.487</b>         | <b>278.240</b>          | <b>300.535</b>               | <b>-22.295</b>                       |

