

# Interbull Centre Financial Report

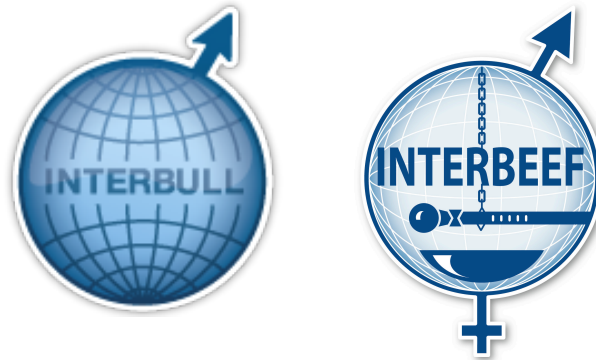


# 2020

# INTERBULL CENTRE FINANCIAL REPORT 2020

## Contents

Introduction.....	3
Notes for all Tables.....	3
Table I: Interbull (Dairy) Finances.....	5
Table II: Interbeef Finances .....	8
Table III: Interbull Centre – Overall Finances.....	9



**inter**  **genomics**

**GEN**  **EX**  
International Genotype Exchange Platform



# INTERBULL CENTRE FINANCIAL REPORT 2020

## Introduction

The complete Interbull Centre Financial Report 2020 can be found in this document. A description of the activities that these are related to can be found in the “*Interbull Centre Activity Reports*” for 2019-2020 and 2020-2021.

The Interbull Centre Financial Report 2020 includes final accounts for 2019 and 2020 and the budget for 2021:

- The accounts have been audited within the normal procedures for the Swedish University of Agricultural Sciences (SLU).
- The process for preparing and reviewing the budget and reports was evaluated in 2020, resulting in different tables, layouts and budget items in 2020, which have been used again for this report.

### *Financial Report Tables*

The financial situation of the Interbull Centre is presented in the following Tables:

- Table I: Interbull (Dairy) Finances; Finances related to Dairy Services, GenoEx, other ICAR related activities (excluding Interbeef) and European Union Reference Centre (EURC).
- Table II: Interbeef Finances; Finances related to the Interbeef Service
- Table III: Interbull Centre - Overall Finances; A consolidation of Tables I and II.

## Notes for all Tables

- Tables are reported in Euro (€).
- SLU bank account and Interbull Centre operates in Swedish Crowns (SEK), which leads to exchange rate differences depending on timing;
- Exchange rates used are provided with each table. The exchange rate used for 2020 is based on the average exchange rate during the year.

## Income

### *Service Fee Income:*

- **Interbull Service Fee** values are based on the latest number of milk-recorded cows received from ICAR. Methodology for calculation of fees is detailed in chapter 10 of the Interbull Code of Practice: [https://interbull.org/ib/cop\\_chap10](https://interbull.org/ib/cop_chap10).
- Despite increased salary costs at the Interbull Centre and the decreasing number of milk-recorded cows (on which the service fee is based), the Interbull service fee structure and level have not changed since 2013. To address this, the Steering Committee approved a new policy for introduction in 2020 which will see the fees for services offered by the Interbull Centre increased annually by a small amount. The exact level will be decided by the Interbull Steering Committee on an annual basis.
- A new service fee model has been introduced for novel traits, recognising the contribution made to the global system from countries with extensive data collection and/or a longer history of data recording at the national level. This model will first be used in 2021 with the introduction of MACE for Clinical Mastitis as a tool for SNP training.
- The **Interbeef Service Fee** is paid to the Interbull Centre by ICAR for the International Beef Evaluations. The Interbeef Service Fee has stood at €100K for a number of years. At the end of 2019, Interbeef introduced a new service fee structure which results in additional income with the increase of service delivery, based on number of countries, populations and traits, as well as amount of data.

- The timing for Interbeef invoices will be in line with other invoicing at Interbull Centre from May 2021.
- **GenoEx** was introduced in 2018, with the first users submitting data to GenoEx-PSE in 2019; GenoEx-PSE Service Users pay an annual Service Fee, which has remained at its original value of €1 000.
- **Services to ICAR** have thus far not been charged.

### Grants:

- The **EURC Grant** is set, and paid, by the European Commission (EC) according to its rules, regulations and overall budget for all EURCs. The maximum grant for the Interbull Centre has in recent years been approximately €150 000 per annum.
- The Interbull Centre is situated within the Department of Animal Breeding and Genetics of the Swedish University of Agricultural Sciences (SLU). In line with university and department policies “**SLU Grants**” may be provided to the Interbull Centre.

### Other income includes:

- Currency exchange differences between invoicing and receipt of payments.
- Salary support from the Swedish Public Employment Service.

### Costs

- “Salary and associated costs” are the biggest drivers of costs at the Interbull Centre.
- Due to the Covid-19 Pandemic, the salary negotiations with the Unions in Sweden were delayed, and not finalised by the end of February 2021. Salaries will be adjusted retrospectively from 1 October 2020. These additional salary costs have not been included in the 2020 Financial Report, but will be included with the 2021 Financial Report. Adjustments to the total costs for 2020 may be expected for all activities (Interbull, Interbeef, EURC and GenoEx).
- “Support Functions and Overheads” relates to costs incurred by Interbull Centre through internal SLU recharges, including overhead/indirect costs, but also Finance, HR Administration and IT support staff.
  - Up to and including 2018, “Support Functions and Overhead” also included publication of the Interbull Bulletin. Publication of Interbull Bulletin is taken care of by Interbull Centre staff from, and including, 2019.
- Both “Office Rent” and “Support Functions and Overhead” are calculated and charged as a percentage of “Salary and social costs” and vary from year to year.
- “Travel, conference, training” includes transport, accommodation, conference fees, training costs, travel allowance.
- “Bought services” includes consultancy and license fees.
- “Running/Other costs” relates to all other cost including office supplies, medical expenses, expenses with people not employed by SLU, etc.

**Table I: Interbull (Dairy) Finances**

Finances related to Dairy Services, GenoEx, other ICAR related activities (excluding Interbeef) and EURC.

	2019 Actual	Budget	2020 Actual	Variance	2021 Budget
<i>Income</i>					
Service fees *	830 611	882 297	810 712	-71 585	870 055
SLU Grants	47 219	114 691	100 276	-14 415	28 571
Grants (EU)	70 407	229 206	190 464	-38 742	150 000
Other income	17 449	6 913	8 016	1 103	
<b>Total income</b>	<b>965 686</b>	<b>1 233 107</b>	<b>1 109 467</b>	<b>-123 640</b>	<b>1 048 627</b>
<i>Costs</i>					
Salaries incl social costs	570 491	609 620	637 451	27 831	609 660
Other staff costs	9 045	7 216	8 955	1 739	5 143
Office Rent	84 778	107 707	79 178	-28 529	73 856
Support Functions and Overhead	227 485	223 840	264 715	40 875	254 512
Bought services (incl consultancy)	84 145	128 757	91 242	-37 515	99 133
Travel	31 464	85 016	5 901	-79 115	3 810
IT-hardware	31 388	42 931	38 721	-4 210	40 607
Running/Other costs	35 740	44 097	16 007	-28 090	12 316
<b>Total costs</b>	<b>1 074 536</b>	<b>1 249 184</b>	<b>1 142 172</b>	<b>-107 012</b>	<b>1 099 036</b>
<b>Net result</b>	<b>-108 850</b>	<b>-16 077</b>	<b>-32 705</b>	<b>-16 628</b>	<b>-50 410</b>
<b>Accumulated Balance</b>	<b>404 151</b>	<b>388 074</b>	<b>371 446</b>		
Notes:					
* Service fees:					
Interbull services	797 842	825 000	769 402	-55 598	805 055
InterGenomics	32 372	48 297	32 366	-15 931	56 000
GenoEx	397	9 000	8 944	-56	9 000
Exchange rate (SEK:€)	10.5891	10.5891	10.4867		10.5

**Interbull (Dairy); Results 2020**

The net result of €-32 705 is €16 628 below budget.

**Income:****Service Fee Income:**

- Interbull Service Fee: As the number for several countries were unexpectedly high or low in comparison with previous years, these have been checked with the Interbull Service Users directly.
- Interbull Service Fee is furthermore affected by exchange rate differences and loss of income from departed Service Users (Mexico and Croatia).
- GenoEx Fee: Nine GenoEx-PSE service users at €1 000 each have resulted in an income of €9 000.

### **EU Reference Centre:**

- The EURC Grant is €300 000 for the period 2019-2020 and the budget divided this amount equally over 2019 and 2020 into €150 000 each year.
- During 2019, prioritisation of activities to our other services meant that the EURC activities added up to €70 000. These €80 000 were allocated to 2020, resulting in a 2020 EURC budget of €230 000.
- Due to the Covid-19 Pandemic, training activities and travels were reduced. Despite additional allocation of staff resources, the full grant could not be claimed, resulting in a lower income from the grant than budgeted.

### **Costs:**

#### **Salaries and associated costs**

- Increase of staff costs in comparison to budget is due to an increase of staff of approx. 0.5 FTE due to appointments of a junior geneticist for 6 months (1 July-31 December 2020) and an assistant to the Director from 1 December 2020, whereas some savings were made due to the departure of one member of staff and sick leave and leave of absence of others.
- Interbeef staff time has been reduced to maintain the overall Interbeef expenses within €100K. This time has become available for dairy activities.

#### **'Office Rent' and 'Support functions and Overhead'**

- Variances exist due to two factors:
  - Adjustments in staff time mentioned above;
  - Charges (calculated as percentage of salary and social costs) were not allocated correctly in the budget, causing additional variance in the results vs budget, through correctly applying the rate for Office Rent (12.15%) and Support functions and Overhead (41.2%).

#### **Travel, Conference and training:**

- An increase in comparison with previous years was foreseen as a result of the organisation of 1) Strategic Planning Meeting in January 2020 in Uppsala, 2) ITC/SAC meeting in April 2020 in Amsterdam, and 3) EURC travel and training activities;
- The Strategic Planning meeting was held in January 2020. However, due to travel restrictions as a result of the Covid-19 pandemic, no further travel occurred. Instead, meetings, conferences and training were organised as online activities for the remainder of 2020.

#### **IT Hardware**

- Depreciation costs for the Interbull Centre Infrastructure.

#### **Bought Services (inc. Consultancy) includes:**

- Melbourne (SNPMace Phase 1a);
- CDN/Lactanet (Consultancy Pete Sullivan);
- Auditor and certification fees (ISO);
- Part of the SLU Grant (750K SEK) has contributed to consulting costs for HR, Strategic Planning, Implementation of Strategic Plan;
- Licence Fees: similar to previous years.

## **Interbull (Dairy); Budget 2021**

### **Income:**

#### **Service Fee Income:**

- **Interbull Dairy Service Fee Income** for 2021 as compared to 2020 is a result of:
  - Following the introduction of a new policy to review Interbull Service fees annually, the Service Fee for 2021 has been increased by 2% for all Interbull Dairy services with the exception of IgHOL, which commenced only in December 2020.

- InterGenomics includes the same level of income through Brown Swiss as in 2020. It also includes fees for Holstein.
- One additional Service User: As a result of the EU Animal Breeding Law, a restructuring took place in Croatia. This has resulted in a new organisation joining the Interbull services in 2021.
- **International Genotype Exchange Platform (GenoEx)**
  - We anticipate reducing the threshold for participation in GenoEx-PSE and add Parentage Discovery to GenoEx-PSE in 2021. Although this is expected to increase participation in GenoEx-PSE, the level of income through GenoEx (€9 000) has been scheduled on the basis of the current number of GenoEx-PSE users (9) at €1 000 each.
  - First use of GenoEx-GDE will be through InterGenomics. No additional fee has been budgeted for this. Further development of services in 2021 will address use of GenoEx-GDE in the delivery of IG-BSW and IG-HOL and is not expected to raise any fee income from other users.

#### **Grants:**

- Level of 'regular' SLU Grant is 300 000 SEK for 2021;
- In line with communication by the European Commission, we are expecting a one-year EURC Grant with a value of € 150 000.

#### **Other income:**

- None expected.

#### **Costs:**

##### **Salaries and associated costs**

- Salaries are included for activities for Interbull Centre. Interbull Centre staff performs activities for HGEN and EU projects: these are not included;
- As a result of staff changes, salary costs for one less geneticist has been budgeted for the first 3 months of 2021;
- Interbull Centre Director will be supported by an administrator employed at HGEN for 20% of the time;
- Interbeef staff time has been scheduled in line with the service fee income (allowing a slight surplus in 2021).

##### **'Office Rent' and 'Support functions and Overhead'**

- Charges (calculated as percentage of salary and social costs) for 2021 have been preliminary set as follows:
  - Office Rent: 12.35% (was 12.15 in 2020);
  - Support functions and Overhead: 41.6% (was 41.2% in 2020).

##### **Running costs includes:**

- Consumables, representation, and charges for building and cleaning.

##### **Travel, Conference and training:**

- Travel is expected to be limited throughout 2021;
- Costs are mainly for online training and conference attendance.

##### **IT Hardware**

- Depreciation costs for the Interbull Centre Infrastructure.

##### **Bought Services (inc. Consultancy) includes:**

- Melbourne (SNPMace Phase 1a);
- Lactanet (Consultancy Pete Sullivan);
- Auditor and certification fees (ISO);
- Licence Fees: similar to 2020;
- Consultants for Marketing/Branding/Planning.

**Table II: Interbeef Finances**  
**Finances related to the Interbeef Services.**

	2019 Actual	Budget	2020 Actual	Variance	2021 Budget
<i>Income</i>					
Service fees	99 956	125 572	99 243	-26 392	120 728
Grants	-	-	-	-	-
Other income	2 462	-	-	-	-
<b>Total income</b>	<b>102 418</b>	<b>125 572</b>	<b>99 243</b>	<b>-26 392</b>	<b>120 728</b>
<i>Costs</i>					
Salaries incl social costs	125 600	90 137	58 664	-31 473	74 471
Other staff costs	603	687	689	2	-
Office Rent	18 205	10 952	6 950	-4 002	9 197
Support Functions and Overhead	49 676	18 240	23 561	5 321	30 086
Travel	5 449	2 946	-	-2 946	-
IT-hardware	-	-	-	-	250
Running/Other costs	4	83	85	2	-
<b>Total costs</b>	<b>199 537</b>	<b>123 045</b>	<b>89 992</b>	<b>-33 053</b>	<b>114 005</b>
<b>Net result</b>	<b>-97 119</b>	<b>2 527</b>	<b>9 251</b>	<b>6 724</b>	<b>6 723</b>
<b>Accumulated Balance</b>	<b>-100 472</b>	<b>-97 862</b>	<b>-91 221</b>		
Exchange rate (SEK:€)	10.5891	10.5891	10.4867		10.5

## Interbeef; Results 2020

### Income (Service Fee Income):

- The Interbeef Service Fee is paid to the Interbull Centre by ICAR for the International Beef Evaluations. Following the introduction of a new service fee structure, the budgeted income for 2020 had been raised to €125K. However, following agreement between Interbull SC, ICAR and Interbeef WG, the 2020 Interbeef Service fee charged by the Interbull Centre remained at the same level (€ 100K) as previous years. This enables Interbeef to continue to fund ongoing Interbeef research activities outside the Interbull Centre.

### Costs (Staff costs):

- In order to stay within budgetary guidelines, Interbeef staff time has been reduced.

## Interbeef; Budget 2021

- **Interbeef Service Fee Income:**
  - The level of income through Interbeef (€120 K) is based on the new service fee model for Interbeef: with same level of participation as in 2020, and without the addition of new traits.
  - Interbeef Service income in future years is also expected according to the new Interbeef Service fee structure.
  - The expectation for 2021 and onwards is that therefore the Interbeef Service income for the Interbull Centre will increase with an increase in the number of organisations and services. This includes income from organisations that already joined the Interbeef Service in 2020, as well as those expected to join in 2021 and upcoming years.



## Table III: Interbull Centre – Overall Finances

### A consolidation of Tables I and II.

Table III provides a consolidation of the information in Tables I and II, with the Interbull Centre Finances related to Dairy and Beef Services, GenoEx, EURC and other ICAR-related activities. A description of these activities can be found in the “Interbull Centre Activity Report 2020-2021”.

	<u>2019</u> <u>Actual</u>	<u>Budget</u>	<u>2020</u> <u>Actual</u>	<u>Variance</u>	<u>2021</u> <u>Budget</u>
<i>Income</i>					
Service fees*	930 567	1 007 869	909 955	-97 914	990 783
EURC Grant	70 407	229 206	190 464	-38 742	150 000
SLU Grants	47 219	114 691	100 276	-14 415	28 571
Other income	19 911	6 913	8 016	1 103	-
<b>Total income</b>	<b>1 068 104</b>	<b>1 358 679</b>	<b>1 208 711</b>	<b>-149 968</b>	<b>1 169 355</b>
<i>Costs</i>					
Salaries incl social costs	696 091	699 757	696 115	-3 642	684 131
Other staff costs	9 648	7 903	9 644	1 741	5 143
Office Rent	102 983	118 659	86 128	-32 530	83 053
Support Functions and Overhead	277 161	242 080	288 276	46 196	284 5998
Bought services (incl consultancy)	84 145	128 757	91 242	-37 515	99 133
Travel	36 913	87 962	5 901	-82 061	3 810
IT-hardware	31 388	42 931	38 764	-4 167	40 857
Running/Other costs	35 744	44 180	16 093	-28 087	12 316
<b>Total costs</b>	<b>1 274 073</b>	<b>1 372 146</b>	<b>1 232 164</b>	<b>-140 065</b>	<b>1 213 041</b>
<b>Net result</b>	<b>-205 969</b>	<b>-13 467</b>	<b>-23 454</b>	<b>-9 904</b>	<b>- 43 686</b>
<b>Accumulated Balance</b>	<b>303 679</b>	<b>290 212</b>	<b>280 225</b>		
Exchange rate (SEK:€)	10.5891	10.5891	10.4867		10.5

## Interbull Centre; Results 2020

- The net result of €-23 454 is a variance of € 9 904 from the budget.
- Salary costs remained stable, but travel costs reduced.
- Additional variance is shown between budget and forecast in “Office Rent” and “Support functions and Overhead” as a result of a correction of those charges.

## Interbull Centre; Budget 2021

Three budget columns are provided:

- Interbull (dairy), Interbeef and the consolidation of these two, resulting in the Interbull Centre budget.

Interbull (dairy) includes:

- all Interbull Services (MACE, GMACE, InterGenomics, TMACE)
- EU Reference Centre
- GenoEx Platform services
- Services for ICAR

Interbeef includes the costs related to providing Interbeef evaluation services and coordination of research for the Interbeef WG.



## INTERBULL CENTRE

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### *The Interbull Centre:*

- *is the operational unit of the ICAR permanent sub-committee **Interbull**; and the ICAR Working Group **Interbeef**.*
- *holds the status of **European Union Reference Centre (EURC)** for Zootechnics (Bovine Breeding);*
- *is **ISO 9001:2015** certified.*