

# **Interbull Centre Financial Report**

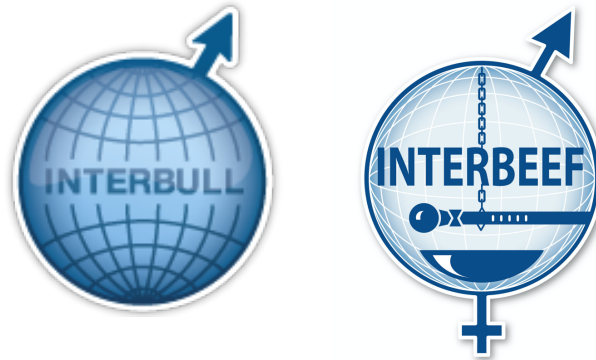


# **2019-2020**

# INTERBULL CENTRE FINANCIAL REPORT 2019-2020

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**interGenomics**

**GENEX**  
International Genotype Exchange Platform



# INTERBULL CENTRE FINANCIAL REPORT 2019-2020

## Introduction

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

The Interbull Centre Financial Report 2019-2020 includes final accounts for 2018 and 2019, budget and forecast for 2020 (based on the financial status as of 1 June 2020):

- 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 forecast, involving the Interbull SC, has been evaluated and is undergoing process improvements during 2020, which have resulted in different tables, layouts and budget items in comparison to previous years.

### Financial Report Tables

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

- Table I: Interbull Centre – Interbull Finances, June 2020; Finances related to Dairy Services, GenoEx, other ICAR related activities (excluding Interbeef) and EURC.
- Table II: Interbull Centre - Interbeef Finances, June 2020; Finances related to the Interbeef Service
- Table III: Interbull Centre - Overall Finances, June 2020; 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.

## Income

### Service Fee Income:

- Interbull Service Fee values are based on the latest number of milk-recorded cows received from ICAR. 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. 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).
- The Interbeef Service Fee is paid to the Interbull Centre by ICAR. The Interbeef Service Fee has stood at €100K for a number of years. Interbeef has now introduced a new service fee structure which is expected to result in a larger budget with an increase in the number of countries and services.
- GenoEx-PSE was introduced in 2018, with the first users submitting data in 2019; GenoEx-PSE Service Users pay an annual Service Fee, which is currently set at €1 000.

### Grants:

- The EURC Grant is set, and paid, by the 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 an “SLU Grant” 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.
- “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 Centre – Interbull Finances, June 2020**

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

	2018 Actual	Budget	2019 Actual	Variance	Budget	2020 Forecast	Variance
<i>Income</i>							
Service fees *	863 945	853 512	830 611	-22 901	882 297	882 297	-
SLU Grants	48 884	48 884	47 219	-1 665	114 691	114 691	-
Grants (EU)	132 896	150 000	70 407	-79 593	229 206	192 895	-36 311
Other income	15 902	-	17 449	17 449	6 913	6 913	-
<b>Total income</b>	<b>1 061 627</b>	<b>1 052 396</b>	<b>965 686</b>	<b>-86 710</b>	<b>1 233 107</b>	<b>1 196 796</b>	<b>-36 311</b>
<i>Costs</i>							
Salaries incl social costs	586 245	671 597	570 491	-101 106	609 620	672 848	63 228
Other staff costs	9 396	3 617	9 045	5 428	7 216	3 010	-4 206
Office Rent	93 366	85 880	84 778	-1 102	107 707	81 751	-25 956
Support Functions and Overhead	232 128	241 367	227 485	-13 882	223 840	277 081	53 241
Bought services (incl consultancy)	86 014	86 364	84 145	-2 219	128 757	127 506	-1 251
Travel	55 972	40 835	31 464	-9 371	85 016	6 143	-78 873
IT-hardware	18 257	24 856	31 388	5 799	42 931	33 665	-9 266
Running/Other costs	52 791	23 097	35 740	12 643	44 097	11 384	-32 713
<b>Total costs</b>	<b>1 134 169</b>	<b>1 177 613</b>	<b>1 074 536</b>	<b>-103 810</b>	<b>1 249 184</b>	<b>1 213 387</b>	<b>-35 797</b>
<b>Net result</b>	<b>-72 542</b>	<b>-125 217</b>	<b>-108 850</b>	<b>17 100</b>	<b>-16 077</b>	<b>-16 591</b>	<b>-514</b>
<b>Accumulated Balance</b>	<b>513 001</b>		<b>404 151</b>		<b>388 074</b>	<b>387 560</b>	
Notes:							
* Service fees:							
Interbull services	832 024	852 512	797 842	-22 670	825 000	825 000	-
InterGenomics	31 921	32 000	32 372	372	48 297	48 297	-
GenoEx	-	1 000	397	-603	9 000	9 000	-
Exchange rate (SEK:€)	10,2284	10,2284	10,5891		10,5891	10,6953	

**Table I - Interbull; Results 2019****Income:**

- Variances in Interbull Service Fee, SLU Grant are purely due to exchange rated differences.
- GenoEx Fee: Eight of the nine GenoEx-PSE service users signed up in 2018 and received a 100% discount for 2019. One paying user was budgeted at full service fee level. There was one paying user, but with €600 discount.

**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 (€80K less than budgeted, resulting in €80 000 less income during 2019).
- These €80 000 have been reallocated to 2020, resulting in a 2020 EURC budget of €230 000.

**Costs:****Salaries and associated costs (social costs, 'Other staff costs' 'Office rent' and 'Support functions and overhead'):**

- Variation in Overhead% between 'Actual' and 'Budget' may occur as a result of an SLU change to percentage between when the budget was finalised and the actual was charged. For 2019, "Office Rent" and "Support Functions and Overhead" were budgeted at 13% and 36.3% respectively, whereas the actual figures were respectively 14.78% and 40.3%;
- For EU activities (including EURC), the calculation of "Support functions and overheads" includes both salaries and other costs. This results in a lower "Salary" component but a higher "Overhead" costs.

**Travels, conference, training:**

- In line with budget. Variance is due to exchange rate differences.

**IT Hardware/Depreciation:**

- Additional hardware that originally was budgeted for 2020, was bought in late 2019.

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

- Melbourne, Australia (SNPMace project)
- CDN/Lactanet, Canada (Consultancy Pete Sullivan)
- Auditor and certification fees (ISO)
- License fees
- ICAR Fee

**Result:**

The net result of €-108 850 is €17 100 better than budget.

**Table I - Interbull; Budget and Forecast 2020****Income:****Service Fee Income:**

- An increase in Service Fee Income for 2020 as compared to 2019 is expected as a result of:
  - InterGenomics includes the same level of income through Brown Swiss, but also fees for Routine Run of Holstein ('IgHOL') in December 2020.
  - 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.

**Grants:**

- Level of 'regular' SLU Grant is 300 000 SEK for 2020;
- In addition, a 750 000 SEK SLU Grant is available to Interbull Centre for spending on strategic relevant topics during 2020.
- The EURC Grant has a remaining balance of €230 000 available for 2020. It is foreseen that a reduction in travel due to Covid-19 will result in an equivalent reduction in grant income of €36K. This may be mitigated through an amendment of the EURC budget.

**Other income:**

- Salary support from the Swedish Public Employment Service for the period of January – May 2020.

**Costs:****Salaries and associated costs**

- A temporary position has been filled to assist with the delivery of EURC objectives;
- Interbeef staff time has been reduced and has become available for dairy activities.

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

- Variances exist due to two factors:
  - Increase in staff time mentioned above;
  - Charges (calculated as percentage of salary and social costs) were not allocated correctly in the budget. This has been corrected in the forecast with 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 has occurred nor is expected. Online meetings, conferences and training are still foreseen for 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)
- SLU Grant (750K SEK, to be spent in 2020): Assistance with e.g. HR, Strategic Planning, Implementation of Strategic Plan
- Licence Fees: similar to 2019.

**Table II: Interbull Centre – Interbeef Finances, June 2020****Finances related to the Interbeef Services.**

	2018 Actual	Budget	2019 Actual	Variance	Budget	2020 Forecast	Variance
<i>Income</i>							
Service fees	99 977	105 000	99 956	-5 044	125 572	125 572	-
Grants	10 000	-	-	-	-	-	-
Other income	-	-	2 462	2 462	-	-	-
<b>Total income</b>	<b>109 977</b>	<b>105 000</b>	<b>102 418</b>	<b>-2 582</b>	<b>125 572</b>	<b>125 572</b>	<b>-</b>
<i>Costs</i>							
Salaries incl social costs	72 216	61 556	125 600	64 044	90 137	77 000	-13 137
Other staff costs	856	293	603	310	687	654	-33
Office Rent	11 020	9 098	18 205	9 107	10 952	9 356	-1 596
Support Functions and Overhead	28 280	24 807	49 676	24 869	18 240	31 716	13 476
Travel	2 295	1 700	5 449	3 749	2 946	-	-2 946
IT-hardware	1 379	733	-	-	-	4 228	4 228
Running/Other costs	-	1 580	4	-1 576	-	-	-
<b>Total costs</b>	<b>116 046</b>	<b>104 767</b>	<b>199 537</b>	<b>95 503</b>	<b>122 962</b>	<b>122 954</b>	<b>-8</b>
<b>Net result</b>	<b>-6 069</b>	<b>233</b>	<b>-97 119</b>	<b>-98 085</b>	<b>2 610</b>	<b>2 618</b>	<b>8</b>
<b>Accumulated Balance</b>	<b>-3 353</b>	<b>-3 120</b>	<b>-100 472</b>		<b>-97 862</b>		
Exchange rate (SEK:€)	10,2284	10,2284	10,5891		10,5891	10,6953	

**Table II - Interbeef; Results 2019****Income****Service Fee Income:**

- Variances in Interbeef Service Fee income are purely due to exchange rated differences.

**Costs:**

Interbeef expenses have doubled in relation to the reported budget of 100 000 Euro. The following should be taken into account:

**Staff:**

- The key member of staff for Interbeef service delivery left the Interbull Centre at the end of 2018: as a result, extra time has been spent by staff to 1) learn the Interbeef process; and 2) teach new members of staff.

**Service Fee Model:**

- An increase of receipts as a result of a new service fee structure had been anticipated in 2019. The new structure has been agreed in 2019, but does not come into effect until 2020.

**Infrastructure:**

- The Interbull Centre made 1 large investment into developing the Performance Database, which is part of 'IDEA' (Interbull Data Exchange Area). This is used for all beef and dairy evaluations. As the current requirement is from beef evaluations, the cost of developing this database has been placed with Beef.
- The Performance Database will be used for evaluations that make use of performance records (currently Interbeef), and for the GenTORE project.
- In future, if phenotypic data will be used in new dairy (or BeefxDairy) evaluations, then the Performance Database will be of benefit to the dairy community as well and therefore the deficit in Interbeef is expected to be recovered in the coming years.

**Services:**

- A new service 'Interbeef Country Pilot Run' was introduced in 2019.



## **Table II - Interbeef; Budget and Forecast 2020**

- An increase in Interbeef Service Fee income is expected as a result of the following:
  - The ICAR Interbeef WG introduced a new Interbeef Fee structure, which comes into effect in 2020;
  - Additional organisations joining the service in 2020.
- The Interbeef budget for 2020 was set to break-even with an income of € 125 000:
  - Charges (calculated as percentage of salary and social costs) were not allocated correctly in the budget. This has been corrected in the forecast with Office Rent: 12.15%. Support functions and Overhead: 41.2%.
  - In order to stay within budgetary guidelines, Interbeef staff time has been reduced.

## Table III: Interbull Centre – Overall Finances, June 2020

### 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 2019-2020”.

	2018 <u>Actual</u>	<u>Budget</u>	2019 <u>Actual</u>	<u>Variance</u>	<u>Budget</u>	2020 <u>Forecast</u>	<u>Variance</u>
<i>Income</i>							
Service fees*	963 922	958 512	930 567	-27 945	1 007 869	1 007 869	-
EURC Grant	142 896	150 000	70 407	-79 593	229 206	192 895	-36 311
SLU Grants	48 884	48 884	47 219	-1 665	114 691	114 691	-
Other income	15 902	-	19 911	19 911	6 913	6 913	-
<b>Total income</b>	<b>1 171 604</b>	<b>1 157 396</b>	<b>1 068 104</b>	<b>-89 292</b>	<b>1 358 679</b>	<b>1 322 368</b>	<b>-36 311</b>
<i>Costs</i>							
Salaries incl social costs	658 461	733 153	696 091	-37 062	699 757	749 848	50 091
Other staff costs	10 252	3 910	9 648	5 738	7 903	3 665	-4 238
Office Rent	104 386	94 978	102 983	8 005	118 659	91 106	-27 552
Support Functions and Overhead	260 408	266 174	277 161	10 987	242 080	308 797	66 717
Bought services (incl consultancy)	86 014	91 364	84 145	-7 219	128 757	127 506	-1 251
Travel	58 267	42 535	36 913	-5 622	87 962	6 143	-81 819
IT-hardware	19 636	25 589	31 388	5 799	42 931	37 893	-5 038
Running/Other costs	52 791	24 677	35 744	11 067	44 097	11 384	-32 713
<b>Total costs</b>	<b>1 250 215</b>	<b>1 282 380</b>	<b>1 274 073</b>	<b>-8 307</b>	<b>1 372 146</b>	<b>1 336 341</b>	<b>-35 804</b>
<b>Net result</b>	<b>-78 611</b>	<b>-124 984</b>	<b>-205 969</b>	<b>-80 985</b>	<b>-13 467</b>	<b>-13 973</b>	<b>-507</b>
<b>Accumulated Balance</b>	<b>509 648</b>	<b>384 664</b>	<b>303 679</b>		<b>290 212</b>	<b>289 706</b>	
Exchange rate (SEK:€)	10,2284	10,2284	10,5891		10,5891	10,6953	

### Result 2019:

- The net result of €-205 969 is a variance of € 80 985 from the budget. This is equivalent to the amount of EURC income that was not able to be claimed in 2019.

### Budget and Forecast 2020:

- The forecast reduction in income is equivalent to the reduction in costs.
- Salary costs increased, 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.
- Despite these variances, the Net Result forecast for 2020 (€-13 973) is in line with budget (€-13 467).

## INTERBULL CENTRE



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### *The Interbull Centre:*

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