

Interbull Centre Financial Report

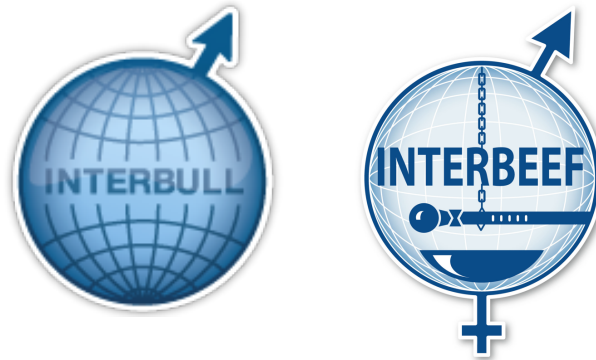


2021

INTERBULL CENTRE FINANCIAL REPORT 2021

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interGenomics

GENEX
International Genotype Exchange Platform



INTERBULL CENTRE FINANCIAL REPORT 2021

Introduction

The complete Interbull Centre Financial Report 2021 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 2021*”.

The Interbull Centre Financial Report 2021 includes final accounts for 2020 and 2021 and the budget for 2022:

- 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 operate in Swedish Crowns (SEK), which may lead to exchange rate differences in reporting.
- Exchange rates used are provided with each table. The exchange rate used are based on the following:
 - 2020 (Actual); average exchange rate during 2020: 10.49 SEK:€
 - 2021 (Budget); exchange rate on 6 October 2020: 10.5 SEK:€
 - 2021 (Actual); average exchange rate during 2021: 10.14 SEK:€
 - 2022 (Budget); exchange rate on 12 October 2021: 10.1 SEK:€.

Income

Service Fee Income:

- The methodologies for the calculation of **Interbull Service Fees** are detailed in chapter 10 of the Interbull Code of Practice: https://interbull.org/ib/cop_chap10.
- Interbull Service Fee values are based on the **number of milk-recorded cows** in each of the countries participating in Interbull Evaluations.
- Following a proposal at the Interbull Business Meeting of 29 April 2021, and subsequent approval by the Steering Committee on 5 May 2021, the 2021 Service fees were based on the same number of milk-recorded cows as used for the calculation of the 2020 Service fees.
- From 2013 to 2021, Interbull Centre absorbed the increased costs to provide its services and the decreasing number of milk-recorded cows (on which the service fee is based). Starting in 2021, the Interbull Steering Committee approved a policy for an annual review by the Interbull Steering Committee of the service fee level.

This resulted in a service fee increase for services provided by the Interbull Centre by 2% in 2021 and 3% in 2022. The service fee model for the **traditional trait groups in MACE** evaluations has not changed.

- At the same time however, a new service fee model was introduced for **novel traits**. This model recognises 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 and was first applied in 2021 with the introduction of “MACE for Clinical Mastitis as a tool for SNP training”.
- The **Interbeef Service Fees** are paid to the Interbull Centre by ICAR for the performance of International Beef Evaluations. These fees are calculated based on a fee model which takes account of the number of countries, populations and traits, as well as the amount of data submitted by each organisation. This model was agreed in collaboration with the Interbeef Working Group in 2019, and first applied in 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 is set by the Interbull Steering Committee.
- **Services to ICAR** have thus far not been charged even though they require work by Interbull Centre. A fee has been proposed for some of these services, resulting in a modest income in 2022, such as accreditation for DNA Data Interpretation Centres.
- **Invoices** for the delivery of all expected services in 2021 were sent in May 2021. In November 2021, supplementary invoices were issued for the delivery of services that were requested after May and were therefore not invoiced in May 2021.

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 European Commission notified all EURC’s that due to the preparation of the new model of grant agreements taking longer than anticipated, grant agreements for 2021-2022 are expected to be signed in March 2022; the grants will be retroactive to 1 January 2021.
- 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 at various time and to varying levels.

Other income includes:

- Currency exchange differences between invoicing and receipt of payments.

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.
- 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.

	2020 Actual €	Budget €	2021 Actual €	Variance €	2022 Budget €
<i>Income</i>					
Service fees*	810 712	870 055	914 538	44 483	939 442
Service fee correction [§]	-	-	26 802	26 802	-
SLU Grant	100 276	28 571	29 586	1 015	29 703
EURC Grant	190 464	150 000	150 000	-	150 000
Other income ⁺	8 016		9 615	9 615	-
Total income	1 109 467	1 048 627	1 130 540	81 914	1 119 145
<i>Costs</i>					
Salaries incl. social costs	637 451	609 660	601 013	- 8 647	655 099
Other staff costs	8 955	5 143	5 297	154	4 950
Office Rent	79 178	73 856	73 226	- 630	85 163
Support Functions and Overhead	264 715	254 512	248 022	- 6 490	268 590
Bought services (incl. consultancy)	91 242	99 133	87 971	- 11 162	60 000
Travel	5 901	3 810	132	- 3 678	24 852
Hardware and depreciations	38 721	40 607	46 682	6 075	54 538
Running/Other costs	16 007	12 316	14 194	1 878	9 882
Total costs	1 142 172	1 099 036	1 076 538	- 22 499	1 163 074
Net result	- 32 705	- 50 410	54 002	104 413	- 47 083
Accumulated Balance	371 446	321 036	425 448		381 517
Exchange rate (SEK:€)	10.49	10.5	10.14	10.14	10.1

Notes:

* Service fees:

Interbull services	769 402	805 055	846 588	41 533	870 442
Service fee correction	-	-	26 802	26 802	-
InterGenomics	32 366	56 000	59 203	3 203	59 000
GenoEx	8 944	9 000	8 747	- 253	10 000

§ Correction for error in the calculation of 2020 Interbull Service fees.

+ Other income: Exchange rate difference between invoice and payment received.

Interbull (Dairy); Results 2021

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.
 - An error in the calculation of 2020 Interbull Service fees was discovered for a small number of organisations at the start of 2021. Corrected invoices were sent and have been reported in the 2021 results as “Service Fee Correction”.

EU Reference Centre:

- In line with communication by the European Commission, a two-year EURC Grant for the period 2021-2022 with a total value of € 300 000 has been anticipated. The grant value has been equally divided between 2021 and 2022. The EURC grant agreement is expected to be signed in March 2022, followed by the first payment, retroactive to 1 January 2021.

Costs:

Salaries and associated costs

- Due to the Covid-19 Pandemic, the salary negotiations with the Unions in Sweden were delayed in 2020, and ultimately finalised in 2021. Salaries have been adjusted retrospectively from 1 October 2020. These additional salary costs have been included in the salary costs for 2021.
- The Interbull Centre had two vacancies for a total duration of 6.5 months in 2021.

‘Office Rent’ and ‘Support functions and Overhead’

- Costs for ‘Office Rent’ and ‘Support functions and Overhead’ were in line with budget

Travel, Conference and training:

- Due to travel restrictions as a result of the Covid-19 pandemic, only very limited travel occurred in 2021. Meetings, conferences and training took mainly place as online activities.

Hardware and depreciations

- Hardware purchase and depreciation costs for the Interbull Centre infrastructure were slightly more than budget. The costs for hardware increase with the increase of the number range of services delivered, as well as an increase in the attention to safety, security and back up.

Bought Services (incl. Consultancy) include:

- SNPMace feasibility study.
- Evaluation software development.
- Auditor and certification fees (ISO9001).
- Governance Review.
- Human Resources and Training.
- Licence Fees.

The total costs for consultancy were lower than budget, with some consulting activities that were planned for 2021 to take place in 2022.

Interbull (Dairy); Budget 2022

Income:

Service Fee Income:

- **Interbull** Dairy Service Fee Income for 2022 as compared to 2021 is a result of:
 - The Service Fee for 2022 has been increased by 3% for all Interbull Dairy services and GenoEx-PSE.
 - A modest income from ICAR Services.
 - No income through new services (e.g. new MACE traits, SNP Mace) or additional participation in current services (MACE, InterGenomics, GenoEx-PSE etc), even though that may be feasible.

Grants:

SLU Grant:

- Level of 'regular' SLU Grant is 300 000 SEK for 2022.

EURC Grant:

- The EURC Grant is €300 000 for the period 2021-2022 and the budget divided this amount equally over 2021 and 2022 into €150 000 each year.

Other income:

- None foreseen.

Costs:

Salaries and associated costs

- Salaries are included for activities for Interbull Centre. Interbull Centre staff also performs activities for HGEN and EU projects: these are not included in the Interbull Centre Budget. In comparison to 2021, the 2022 budget includes one additional geneticist and reduction of 0.5 FTE in IT staff.
- Interbull activities are described in the "*Interbull Centre Annual Operating Plan 2022*".

'Office Rent' and 'Support functions and Overhead'

- The following charges are in place, calculated as percentage of salary and social costs):
 - Office rent is 12,80% in 2022 (12,14% in 2021).
 - Support Functions and Overhead is 42,40% in 2022 (41,6 % in 2021).

Running costs includes:

- Consumables, representation (hosting of visitors and meeting), and other running costs.

Travel, Conference and training:

- While travel in 2020 and 2021 was limited due to the Covid-19 pandemic, training and conference attendance (both online and in-person) is foreseen in 2022. In anticipation of increased travel, including attendance at the ICAR-Interbull Annual Meeting, the travel budget has increased, but is still lower than pre-pandemic times.

Hardware and depreciations

- Hardware purchase and depreciation costs for the Interbull Centre are scheduled to increase with the increase of the range and number of services.

Bought Services (incl. Consultancy) include:

- Evaluation software development.
- Auditor and certification fees (ISO9001).
- Human Resources and Training.
- Marketing, Branding and Governance.
- Licence Fees.



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

	2020 Actual €	Budget €	2021 Actual €	Variance €	2022 Budget €
<i>Income</i>					
Service fees	99 243	120 728	128 314	7 586	125 000
Other income ⁺	-	-	167	167	-
Total income	99 243	120 728	128 481	7 753	125 000
<i>Costs</i>					
Salaries incl. social costs	58 664	74 471	76 267	1 796	76 901
Other staff costs	689	-	588	588	550
Office Rent	6 950	9 197	9 259	62	9 997
Support Functions and Overhead	23 561	30 086	31 727	1 641	31 530
Travel	-	-	-	-	2 376
Hardware and depreciations	-	250	345	95	1 407
Running/Other costs	85	-	1 577	1 577	1 098
Total costs	89 992	114 005	119 763	5 759	123 859
Net result	9 251	6 723	8 718	1 994	1 141
Accumulated Balance	- 91 221	- 84 498	- 82 503		- 81 362
Exchange rate (SEK:€)	10.49	10.5	10.14		10.1

+ Other income: Exchange rate difference between invoice and payment received.

Interbeef; Results 2021

Income (Service Fee Income):

- The Interbeef Service Fee is paid to the Interbull Centre by ICAR for the International Beef Evaluations.
- The total Interbeef service fee income in 2021 was higher than budget. This is thanks to both the introduction of a new service fee structure and new participation in the service in comparison to 2020.

Costs:

- Staff costs are in line with budget.
- Some other costs items that were previously not included have now appropriately been allocated to Interbeef activities.

Interbeef; Budget 2022

Income (Service Fee Income) is based on:

- The service fee model for Interbeef that was also used in 2021.
Changes in comparison to 2021:
 - Withdrawal of one country; no new countries joining.
 - No new traits introduced, but additional data submitted.
- Interbeef staff time and activities have been scheduled in line with the service fee income; Interbeef activities are described in the "Interbull Centre Annual Operating Plan 2022".

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.

	<u>2020</u> <u>Actual</u>	<u>Budget</u>	<u>2021</u> <u>Actual</u>	<u>Variance</u>	<u>2022</u> <u>Budget</u>
	€	€	€	€	€
Income					
Service fees	909 955	990 783	1 042 852	52 069	1 064 442
Service fee correction [§]	-	-	26 802	26 802	-
SLU Grant	100 276	28 571	29 586	1 015	29 703
EURC Grant	190 464	150 000	150 000	-	150 000
Other income ⁺	8 016	-	9 781	9 781	-
Total income	1 208 711	1 169 354	1 259 021	89 667	1 244 145
Costs					
Salaries incl. social costs	696 115	684 131	677 280	- 6 851	732 000
Other staff costs	9 644	5 143	5 885	742	5 500
Office Rent	86 128	83 053	82 485	- 568	95 160
Support Functions and Overhead	288 276	284 598	279 749	- 4 849	300 120
Bought services (incl. consultancy)	91 242	99 133	87 971	- 11 162	60 000
Travel	5 901	3 810	132	- 3 678	27 228
Hardware and depreciations	38 764	40 857	47 027	6 170	55 945
Running/Other costs	16 093	12 316	15 771	3 455	10 980
Total costs	1 232 164	1 213 041	1 196 300	- 16 741	1 286 933
Net result	- 23 454	- 43 687	62 721	106 408	- 42 788
Accumulated Balance	280 225	236 538	342 946		300 158
Exchange rate (SEK:€)	10.49	10.5	10.14	10.14	10.1

[§] Correction for error in the calculation of 2020 Interbull Service fees.

⁺ Other income: Exchange rate difference between invoice and payment received.

All planned activities are described in the “Interbull Centre Annual Operating Plan 2022”.

Interbull (dairy) includes:

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

Interbeef includes:

- Costs related to providing Interbeef evaluation services and coordination of research for the Interbeef WG.

Interbull Centre; Results 2021

- The net result for 2021 is € 62 721, which is € 106 408 better than budget.
- The increase in result vs budget is mainly thanks to a higher service fee income (2021 service fees and correction for 2020) and a slight reduction in salary and associated costs, with vacancies at the Interbull Centre for 6.5 months.

Interbull Centre; Budget 2022

- An increase in costs is planned due to increase of Interbull Centre activities (salary and associated costs), travel and hardware, with a reduction in consulting
- Despite a small increase in service fees, a small negative net result is expected.



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.