

Un-audited Provisional Financial Statement for the International Whaling Commission 2016

Prepared by the Secretariat

Introduction

This statement analyses income and expenditure against the budget adopted by the Commission at IWC65 in 2014. It is prepared in fulfilment of Financial Regulation D.1.

The estimates of total income and expenditure predict the level of the Commission's General Fund reserve as at 31 December 2016. This prediction is used as a basis for preparing the Commission's budget for 2017 and 2018.

Estimated income and expenditure, and variance against budget is illustrated in Table One overleaf. Notes on page 3 onwards explain the variance against each item.

Summary of Estimated End of Year Position

Table One estimates that the balance on the General Fund at 31 December 2016 will be £1,082,954. This is £41,267 greater than expected when the budget was agreed at IWC65 in 2014.

Most items of income and expenditure are on budget. However, receipts of doubtful debts are £248,000 greater than anticipated in 2016.

Separately, in February 2016 the Commission elected to purchase its headquarters premises. This was financed by a loan of £800,000 and a deposit (drawn from the General Fund) of £200,000. The purchase was not anticipated at IWC65, and consequently the requirement for the deposit was not included in the agreed budget at that time.

The net effect of these items, plus the routine income and expenditure reported in Table One, is expected to generate an additional £41,267 compared to budget.

Table One: Provisional Financial Statement 2016				
	2016 (estimated)	2016 (agreed budget)	Variance	Note
Income				
Contributions from member governments	1,637,960	1,637,960	0	1
Interest on overdue financial contributions	9,430	9,700	(270)	2
Observers registration fees	40,000	46,000	(6,000)	3
UK taxes recoverable	0	0	0	4
Staff assessments	196,227	196,750	(523)	5
Interest receivable	6,894	7,000	(106)	6
Support for Scientific meeting	0	50,000	(50,000)	7
Support for Commission meeting	0	50,000	(50,000)	7
Dilapidation provision from previous years	49,508	49,508	0	8
Total income	1,940,019	2,046,918	(106,899)	
Expenditure				
Secretariat	1,220,336	1,229,615	(9,279)	9
Publications	8,000	8,000	0	10
Scientific Committee Meeting (contribution to fund)	150,500	200,500	(50,000)	11
Biennial Commission Meeting (contribution to fund)	196,250	246,250	(50,000)	12
Bureau Meeting	500	5,000	(4,500)	13
Research expenditure	315,800	315,800	0	14
Red House refurbishment	81,340	66,340		15
Total Expenditure	1,972,726	2,071,505	(98,779)	
Provisions				
Doubtful debts	(172,146)	76,000	(248,047)	16
Severance pay	39,335	39,236	99	17
Total Provisions	(132,811)	115,236	239,927	
Surplus for the Year	100,104	(139,823)	239,927	
Red House Purchase adjustments (General Fund end of year balance figure only)				
Deposit	(200,000)			18
Capital repayment in 2016	(7,210)			18
Loan arrangement fee	8,550			18
Balance on General Fund	1,124,221	1,082,954	41,267	

Notes to Table One:

- 1 Contributions from member governments are set through the budget process and individual invoices calculated according to the Commission's contributions formula. The figures in Table One represent the total value of invoices issued, and consequently are identical to the agreed budget figure. Provision for doubtful debts (i.e. non-payment of invoices) is explained at Note 16 below.
- 2 Interest on overdue financial contributions is calculated according to the requirements of Financial Regulation F.1.
- 3 Estimated receipts of observer fees are reduced by £6,000 following analysis of observer attendance at IWC65 in 2014.
- 4 UK taxes recoverable is zero following a change in accounting policy in 2015 such that expenditure is now shown net of tax recoverable.
- 5 Staff assessments are the internal tax deducted from the salaries of Secretariat staff for the Commission's benefit. Staffing levels for 2016 are close to budget and hence receipts of assessments are also close to budget.
- 6 Interest receivable on the Commission's funds. This figure is close to budget.
- 7 The agreed budget envisaged voluntary contributions in support of the costs of running Scientific and Commission meetings in 2016. However, no contributions were required because the relatively low operating costs in Slovenia (compared to the UK) have allowed the cost of the meetings to be covered by the funds available.
- 8 For several years the Commission made a financial provision against the estimated costs of dilapidations charges on the Red House under the terms of the lease arrangement. With the ending of the lease in February 2016 this provision is returned to the income and expenditure account.
- 9 Secretariat costs are within one percent of the budget and hence are in line with expectations.
- 10 Publications costs are estimated at budget level although this figure may reduce as the Commission continues to move towards paper free working.
- 11 A total of £150,500 was allocated to the Commission's meeting fund in order to support the costs of the Scientific Committee meeting in 2016. Total costs for this meeting were £141,000. The surplus is carried forward in the meeting fund to help support costs of future meetings.
- 12 A total of £196,250 was allocated to the Commission's meeting fund in order to support the costs of IWC66. Total costs of the Commission meeting in 2016 are estimated at £248,000. The balance on the meeting fund following the 2016 Scientific and Commission meeting is expected as follows:

	£
Meeting fund balance as at 31 Dec 2015	147,953
Allocation for 2016 Scientific Committee	105,500
Allocation for 2016 Commission Meeting	196,250
Estimated cost of 2016 Scientific Committee	(141,000)
Estimated cost of 2016 Commission	(247,922)
Balance remaining as at 31 Dec 2016	105,526

- 13 The 2016 Bureau meeting was timed to take advantage of several Commissioners being present for the Scientific Committee meeting. Consequently, the only financial outlay was on telephone conference fees.
- 14 Research expenditure is shown as the amount transferred to the Commission's research fund. The income and expenditure for this fund, and the balance remaining, is provided each year through the Scientific Committee's report.
- 15 The Commission's headquarters premises (The Red House) requires updating and repair. The costs of on-going maintenance in 2016 are drawn from the return of the dilapidations provision following the ending of the Commission's lease (see Note 8).
- 16 Receipt of doubtful debts are £248,000 greater than expected when the budget was prepared in 2014. This is particularly due to significant repayments of outstanding debt from Kenya, Nicaragua and Guatemala.
- 17 The practice of providing for severance pay dates from the 1980s. The severance pay fund will have accumulated a balance of £500,000 by 31 December 2016. The budget for 2017 proposes ending of the provision and use of the severance pay fund to reduce the loan on the Commission's headquarters premises.
- 18 These items are balance sheet adjustments which affect the level of the General Fund. The sum of £200,000 was drawn from the General Fund in order to provide a 20% deposit on the purchase of the Red House. The capital repayment fee of £7,210 is the Secretariat's estimate of the amount of capital repaid on the loan during the course of 2016. The loan arrangement fee was incurred when the loan was taken out.