



Agreement on the Conservation of Albatrosses and Petrels

Second Meeting of Advisory Committee

Brasilia, Brazil, 5 – 8 June 2006

Financial Report 2005 - 2006

Author: Secretariat

Financial Report

Purpose

To provide the meeting with the financial report for 2005 and to inform the meeting on the current financial status of the budget for 2006.

Background

The first Meeting of Parties (MoP) approved a budget for the Agreement of US\$ 200,000 per annum for the 2005 and 2006 financial years (Resolution 1.2) based on scales of contribution set out in Resolution 1.3. The first meeting of the Advisory Committee (AC) supported a recommendation that in future the budget and financial report be presented in Australian dollars (AUS \$).

MoP1 also adopted financial regulations for ACAP (Annex 5 of MoP1 report). These require, amongst other things, that:

Regulation 10.2

- The Executive Secretary shall submit to the Parties annual financial statements showing for the previous financial year:
 - (a) the income and expenditure relating to all funds and accounts;
 - (b) the situation with regard to budget provisions, including:
 - (i) the original budget provisions;
 - (ii) the approved expenditure in excess of the original budget provisions;
 - (iii) any other income;
 - (iv) the amounts charged against these provisions and other income;
 - (c) the financial assets and liabilities of the Secretariat and Advisory Committee;
 - (d) details of investments; and
 - (e) losses of assets proposed in accordance with Regulation 9.3 and that;
- Parties are informed on the position of any arrears in payment of contributions (Regulation 5.9).

The following financial report provides this information, as well as providing the meeting with an interim report for the 2006 financial year.

As previously advised, under the interim arrangements for the Secretariat a single account is maintained for the Secretariat by the Australian Antarctic Division, Department of Environment and Heritage. All income and expenditure for the Agreement is processed through this account. For clarity, the following report has separated annual contributions from voluntary contributions and recorded these as belonging to either the General Fund or the Special Fund, in accordance with Financial Regulation 6.

Income

Income for the 2005 and 2006 financial years is presented in Table 1 (AUS\$). The table includes annual contributions and voluntary contributions. Budget amounts for 2005 were converted from \$US to \$AUS using the exchange rate at 1 January 2005 (\$US1.00 – \$AUS 1.31) and on the basis of this invoices for annual contributions and other donations were sent to Parties in \$AUS. Contributions for 2006 were converted from \$US to \$AUS using the

exchange rate at 7 February 2006 (\$US 1.00 - \$AUS 1.34). All receipts in currencies other than \$AUS are converted at the exchange rate of the day.

For the 2005 financial year annual contributions from Parties were received from Australia, Ecuador, New Zealand, South Africa, Spain and the United Kingdom. Part year contributions from new Parties, France and Peru were not received in the 2005 financial year and will appear in the 2006 Financial Report.

Additional voluntary contributions were received from the United Kingdom. These contributions are designated as Special Funds, in accordance with Regulation 7 of the Financial Regulations.

Annual contributions for 2006 have been received from Australia, New Zealand, South Africa and the United Kingdom to date.

Table 1. Income

ACAP INCOME STATEMENT 2005-2006	BUDGET 2005 AUS\$	ACTUAL 2005 AUS\$	BUDGET 2006 AUS\$	ACTUAL 2006 AUS\$
CONTRIBUTIONS FROM PARTIES				
Australia	65,400	65,400	65,400	65,400
Ecuador	2,600	2,666	2,600	0
France	21,800	0	87,200	0
New Zealand	49,700	49,700	49,700	49,700
Peru	1,080	0	3,683	0
Spain	32,700	32,700	32,700	0
South Africa	26,100	26,100	26,100	26,083
United Kingdom	85,000	85,000	85,000	85,000
Sub-total (contributions)	284,380	261,566	352,383	226,183
OTHER INCOME				
Special Funds (Voluntary Contributions)				
United Kingdom (£10,000)		25,300		
United Kingdom (£25,000, S Georgia Petrel Survey)		61,531		
United Kingdom (£35,000 Advisory Committee Work Program Fund)		81,616		
Sub-total Special Fund		168,447		
TOTAL INCOME		430,013		

Expenditure

Expenditure from the General Fund for the 2005 financial year is presented below in Table 2 as well as an estimate of expenditure for 2006. Allocations and expenditure are recorded against the line items agreed to at AC 1.

The only expenditure in excess of the original budget provision occurred in line item 3.2 - Venue and Meeting Support Costs, where as additional AUS \$277 was spent above the budget allocation of \$7,450. Expenditure against Special Funds is shown in Table 3.

Table 2. Expenditure – General Fund

EXPENDITURE – General Fund		Budget 2005	Expenditure 2005	Budget 2006	Estimated Expenditure	Variance +/- 2006
Line Item	DESCRIPTION	AUS \$	AUS \$	AUS \$	AUS \$	AUS \$
1	SECRETARIAT					
1.1	Staff salaries	85,150	44,499	85,150	123,517	38,367
1.2	Staff support	21,615	0	21,615	21,615	0
1.3	Office equipment and support	57,325	12,177	55,675	61,353	5,678
	Subtotal (1)	164,090	56,676	162,440	206,485	-44,045
2	MEETINGS OF THE PARTIES (MOP)					
2.1	Interpretation	0	0	23,580	10,000	13,580
2.2	Venue and meeting support costs	0	0	14,410	16,800	-2,390
2.3	Sponsorship	0	0	0	0	0
	Subtotal (2)	0	0	37,990	26,800	11,190
3	MEETINGS OF ADVISORY COMMITTEE					
3.1	Interpretation	24,130	6,000	24,130	31,028	-6,898
3.2	Venue and meeting support costs	7,450	7,727	7,450	17,800	-10,350
3.3	Sponsorship	5,405	3,469	5,405	0	5,405
	Subtotal (3)	36,985	17,196	36,985	48,828	-11,843
5	TRANSLATION COSTS (DOCUMENTS)					
5.1	Translation costs (documents)	33,100	16,333	54,060	54,060	0
	Subtotal (5)	33,100	16,333	54,060	54,060	0
	TOTAL EXPENDITURE (1-5)	234,175	90,205	291,475	336,173	-44,698

The estimated over-expenditures in 2006 are a result of undischarged commitments carried forward from 2005, as shown in Table 4 below. Income has been carried forward to cover these over-expenditures from 2005 allocations.

Table 3. Expenditure - Special Fund

The only item of expenditure against the special fund in 2005 was for a survey of petrels at South Georgia and the South Sandwich Islands. AUS \$61,531 was allocated, of which AUS \$60,812 was expended from the 2005 appropriation (the difference between the amount allocated and spent is due to exchange rate variations between receipt and expenditure).

EXPENDITURE - Special Fund		Allocation 2005 AUS \$	Expenditure 2005 AUS \$	Allocation 2006 AUS \$	Estimated Exp AUS \$
Line Item	DESCRIPTION				
4.1	Capacity Building Fund (Article IV)	12,650	0	0	0
4.2	Advisory Committee Work Programme	155,797	60,812	0	77,000
4.3	Contingency Fund	0	0	0	0
	Subtotal (4)	168,447	60,812	0	77,000

Undischarged Commitments

Undischarged commitments are financial commitments entered into in 2005 that remained undischarged at the end of that financial year. These commitments were carried over and included in the 2006 budget in accordance with financial regulation 4.3. Table 4 below shows undischarged commitments carried forward to the 2006 financial year in the General and Special Funds.

Table 4. Undischarged Commitments

UNDISCHARGED COMMITMENTS	C'FWD TO 2006 \$ AUS
GENERAL FUND	0
Staff Salaries	38,367
Computer purchases	5,678
Interpretations costs	17,528
Sub-total General Fund	61,573
SPECIAL FUND - Advisory Committee Work Programme	
Bibliographic database for Taxonomy Working Group	2,000
Analysis of remote tracking data	25,000
Subtotal Special Fund	27,000
Total Undischarged Commitments 2005	88,573

Summary of Income and Expenditure

A summary of income and expenditure for the 2005 financial year is provided in Table 5.

Table 5. Income and Expenditure 2005

Fund Description	Income	Expenditure	Undischarged Commitments	Balance AUS \$
General Fund	261,566	90,205	61,573	109,788
Special Fund	168,447	60,812	27,000	80,635
Totals	430,013	151,017	88,573	190,423

Financial Assets and Liabilities

The total financial assets of the Secretariat and Advisory Committee consist of the cash remaining in the General and Special Funds. At the end of the 2005 financial year this was AUS\$ 171,361 and AUS\$ 107,635 respectively.

The total liabilities of the Secretariat and Advisory Committee consist of the undischarged commitments from 2005, totalling AUS\$ 88,573.

Investments

No investments are held by the Secretariat.

Losses of Assets

There were no losses of assets in 2005.

Explanatory Note to the Financial Statement

Expenditure in 2005 was substantially below the budget allocation due primarily to two factors. The first was a relatively high level of undischarged commitments carried forward to 2006. As this was the first financial year of operation of the Agreement it is to be expected that there will be some lag while expenditure is incurred. The second reason was that the cost of operating the interim Secretariat was substantially underwritten by the Governments of Australia and the United Kingdom, primarily through the provision of staff and office services. This situation will not continue once the permanent Secretariat is established and the full operating costs are met solely from Parties' annual subscriptions.

Action by Advisory Committee

The Advisory Committee is asked to:

1. Provide guidance on the allocation of funds to be carried forward to the 2007 budget, and

2. Urge Parties that have not yet provided their 2006 contribution to facilitate payment as a matter of urgency.