

Financial Statements

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Introduction

At its 54th Annual Meeting in Shimonoseki, Japan, May 2002, the Commission adopted a process, beginning with the year commencing 1 September 2002, to bring income and expenditure into better balance and to eliminate budget deficits as soon as possible by considering both increases in the level of Contracting Government and NGO contributions and short-and long-term reductions in the level of expenditure. This was combined with a requirement that individual contributions should increase no more than necessary to maintain approved budget levels. This is set against the agreement that the level of reserves in the General Fund be set at 6 months operating costs.

These requirements have for the most part been met.

Financial Contributions

Also at the 54th Annual Meeting, the Commission adopted the Interim Measure proposed by Argentina and Antigua and Barbuda for calculating the financial contributions from Contracting Governments beginning with the financial year commencing 1 September 2002. This has the effect of alleviating the financial burden of developing countries. Countries are divided into 4 groups depending on their 'capacity to pay'¹. The Interim Measure takes the 'old' pre-September 2002 formula for calculating contributions as its starting point and then modifies the resulting amounts for each Contracting Government by a factor relating to capacity to pay and a further factor for involvement in whaling. For the years 2002-2003 and 2003-2004, Group 1 and 2 countries were subject to reductions of 50% and 25% respectively. The shortfall was redistributed among whaling countries, and Group 3 and 4 countries by 10%, 30% and 60% respectively. In the third year, i.e. 2004-2005, the Interim Measure provided for further reductions of 25% and 10% for Group 1 and 2 countries. Pending the conclusion of the work of the Financial Contributions Task Force, the formula as used in 2004-2005 has been applied to 2006-2007 and 2007-2008.

¹ Group 1: GNI<US\$10,000 million and GDI per capita <US\$10,000
 Group 2: GNI>US\$10,000 million and GDI per capita <US\$10,000
 Group 3: GNI<US\$1,000,000,000,000 and GDI per capita >US\$10,000
 Group 4: GNI>US\$1,000,000,000,000 and GDI per capita >US\$10,000

Provisional Financial Statement 2005-2006

Key Points And Action Summary

Key Points

Income and Expenditure Account (Table 1)

Income – exceeds budget by £35k the chief factors being: (1) interest on late contributions; (2) increase in voluntary contributions; and (3) increases in the size of deposits and the rates offered thereon and therefore the amount of bank interest received.

Expenditure - is projected to be under budget by £ 18.7k. Savings in Secretariat costs (£ 19k) and Publication costs (£ 17.5k) were mainly offset by increased expenditure on Small Cetaceans (£ 18k).

Provisions¹ – are projected to be over budget by £48k, with increases in provisions for Unpaid Interest (£9k) and Severance Pay (£39k).

Result for the year – a projected surplus of income over expenditure of £ 7.5k which, after transfers between funds, translates into a surplus of £ 7.8k.

The balance on the General Fund is projected at about £ 1,148k at the end of the current financial year (31 August 2006). This represents about 137% of the target level (6 months expenditure: £1,674k x 50%).

Action

1. **Finance and Administration Committee** to receive the report of the Budgetary Sub-committee and, in the light of its conclusions, recommend approval (or otherwise) of the Provisional Financial Statement.
2. **Commission** to approve the Provisional Statement, subject to audit.

¹ The large difference between budget and projected out-turn has arisen due to a drafting error. The budget should have included +£12,100 (an addition to provision) and not -£12,100 (a reduction to provision). Please see Table 5 for a full explanation.

Proposed Budget 2006-2007 and Forecast Budget 2007-2008

Key Points And Action Summary

Key Points

Income and Expenditure Account (Table 7)

Income – is projected to fall overall by about 1.5% (from £ 1,681k in the 2005-2006 out-turn to £ 1,656k in the proposed budget). This is due to the setting of sales of publications, voluntary contributions, meeting fees and bank interest at conservative levels.

Contracting Government Contributions (Table 13) - the total contributions required from Contracting Governments is unchanged for 2006-2007 i.e. remains the same as contributions for 2005-2006.

Total contributions for the forecast budget are unchanged for 2007-2008 i.e. remain the same as contributions for 2005-2006.

Expenditure – 2.4% has generally been used to allow for cost increases throughout the budgets for both years except where there are positive indications that different levels are required. This reflects current levels of inflation in the UK. Expenses are expected to be much the same as last year.

The forecast budget is intended to show the general trend if income is unchanged and expenditure rises at the current level of UK inflation.

Projected result for the year(s) (Table 7)

	2006-2007	2007-2008
Balance of income and expenditure (deficit)	-77,180	-110,400
Surplus/ (Deficit) after transfers between Funds	-85,730	-119,250

General Fund Reserves (Table 12)

	2006-2007	2007-2008
Projected balance on General Fund at year-end	1,062,020	942,750
Target level – approximately 6 months costs	886,600	883,150
% of Target level	120	106

Reserves

Concern was expressed at IWC57 that the level of reserves should be brought more in line with the “target level” of 50% of operating expenditure in any year. The proposed budget as currently drafted produces an operating deficit and reduces the reserves from a projected level of 137% of the target level in 2005-2006 to 120%. At this point it may be useful to briefly re-state the relationship between annual operating surpluses or deficits and the level of reserves.

It is recognised that the most prudent method to keep the General Fund at or above the “target level” is for income to match expenditure in any year. However because expenditure can be delayed or deferred to a later period, a surplus may result in one year when a break-even was expected. Timing differences can be dealt with by ensuring that the General Fund is maintained at or above the “target level”. This means that expenditure can exceed income in a given year but still maintain the General Fund at or above the “target level”. Unforeseen expenditure can obviously reduce the General Fund below the “target level” in a given year, which would then require higher Financial Contributions in the following year to bring the General Fund back to the “target level”.

The forecast budget shows no increase in Financial Contributions beyond the level of 2005-2006 to show the cumulative effect on reserves of moving towards the “target level”.

A proposed deficit budget (before transfer from/to reserves) that still allows the General Fund to be maintained at or above target levels is sustainable. A deficit budget that allows the reserves to fall substantially below target levels is unsustainable. The latter would require larger increases in Financial Contributions in subsequent years to restore reserve levels. Reserves can be lowered if expenditure is lowered, but this must be judged in the context of the continued unimpaired running of the Commission.

The projected levels of the reserves at 120% for 2006-2007 and 106% for 2007-2008 may be considered satisfactory.

Action**Finance and Administration Committee**

1. To receive the report of the Budgetary Sub-committee and, in the light of its conclusions:
2. To recommend the level of registration fee for observers (see Table 7, note 5);
3. To recommend the budget for 2006-2007, (as proposed in Table 7 or as amended by the Budgetary Sub-committee or Finance and Administration Committee), including the consequent level of financial contributions;
4. *To note/comment upon the Forecast Budget 2007-2008.*

Commission

1. To adopt the budget for 2006-2007 (as proposed in Table 7 or amended by the Finance and Administration Committee);
2. *To note/comment upon the Forecast Budget 2007-2008.*

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the table and explanatory notes on facing pages

Table 1

Provisional Financial Statement 2005 -2006

Income and Expenditure Account

Income	Approved Budget		Projected Out-turn		Note
	£	£	£	£	
Contracting Government contributions		1,359,200		1,351,350	1
Recovery of Arrears		0		0	2
Interest on overdue financial contributions		0		23,900	3
Voluntary contributions for research, small cetaceans work and publications		1,000		22,150	4
Sales of publications		5,600		9,000	5
Sales of sponsored publications		1,000		1,000	6
Observers' registration fees		51,700		43,900	7
UK taxes recoverable		28,930		26,100	8
Staff assessments		148,200		141,000	9
Interest receivable		50,100		61,600	10
Sundry income		0		1,000	
		<u>1,645,730</u>		<u>1,681,000</u>	
Expenditure					
Secretariat	992,960		973,850		Table 1A
Publications	50,070		32,500		11
Annual meetings	326,000		326,000		12
Other meetings	20,000		20,000		13
Research expenditure	266,000		266,000		14
Small cetaceans	1,000		18,950		15
Sundry	0		0		
	<u>1,656,030</u>		<u>1,637,300</u>		
Provisions					
Unpaid interest on overdue contributions	0		9,400		16
Severance Pay Provision	-12,100		26,800		Table 5
Provn for other doubtful debts	0		0		17
		<u>1,643,930</u>		<u>1,673,500</u>	
Surplus of income over expenditure		1,800		7,500	
Net Transfers from or to (-):					
Sponsored Publications Fund		2,010		-1,600	Table 2
Small Cetaceans Fund		-50		8,100	Table 3
Research Fund		-4,000		-6,200	Table 4
Surplus/Deficit (-) for the year after transfers		<u>-240</u>		<u>7,800</u>	Table 6

Notes to Table 1

1. Budgeted (i.e. invoiceable contributions) were set at £ 1,359k.
Less credit note issued to Costa Rica as per Financial Regulation F5 (a) of £ 7.9k for its Financial Contribution 2005-2006
Total Financial Contributions per Out-turn £ 1,351k
2. A recovery of arrears is shown as a write-back of provision for doubtful debts.
3. The budget does not allow any provision for interest on late contributions. The Commission has determined that the budget should be developed on the basis that all Contracting Governments will pay in good time.
4. Voluntary Contributions. The budget showed a notional £1k for Small Cetaceans Invited Participants. The out-turn projection includes £ 9.7k for the General Fund towards translation expenses for Francophone countries (£ 8k from France, £ 1.7k from Monaco), £ 1.7k for the Research Fund towards Acoustic Workshop expenses (from Statoil) and £ 10.7k to the Small Cetacean Fund towards the cost of the Bycatch Reduction programme (from WWF - See Table 3.)
5. The budget was a conservative estimate. Actual sales in 2004-2005 were higher than expected (£14k). The out-turn projection assumes a doubling of sales for the first six months of 2005-2006 to £9k.
6. Conservative estimate.
7. Conservative estimate. Actual revenue is dependent upon the numbers of observers attending the 2006 Annual Meeting. Reliable information is not yet available.
8. Recoveries of primarily VAT but also Airport Departure Tax and Insurance Premium Tax. Conservative estimate for the out-turn projection.
9. Recoveries of Staff Assessments are broadly proportionate to salary costs.
10. Increases in the size of deposits and the rates offered thereon have led to an increase in the out-turn projection of interest receivable above the budget level.
11. The budget for 2005-2006 was based on the budget for 2004-2005 in the absence of current information. A more recent analysis indicated a significant reduction in printing costs which, is reflected in the reduced figure of the projected out-turn.
12. Any costs additional to those budgeted will be met by the host government.
13. The costs of the RMS and other intersessional meetings are expected to reach the budget level.
14. Research expenditure in the out-turn projection agrees with the budget. (See Table 4A.)
15. Small Cetaceans expenditure anticipated to exceed budget (See Table 3.)
16. Where a country has long term arrears (even as limited by decisions at IWC54) interest is still charged annually on balances outstanding. Where no repayment has been received or new repayment schedule agreed, then as a prudent measure, provision for unpaid interest will be included. Provision has been made at this stage for £9,400 annual interest charged to Costa Rica on debts outstanding at 28 February 2006.
17. Review of provision for doubtful debts takes place periodically. No provision has been made at this stage.

Table 1A
Analysis of Secretariat Costs 2005-2006

	Approved Budget	Projected Out- turn	Note
Salaries and allowances	641,700	621,500	1
Retirement and other benefit schemes	132,700	128,300	2
Travelling expenses	4,570	5,550	3
Office rent, heating and maintenance	105,300	106,550	4
Insurance	5,680	5,450	5
Postage and telecommunications	24,530	19,500	6
Office equipment and consumables	57,860	56,500	7
Professional fees	9,010	9,650	8
Training and Recruitment	4,000	3,000	9
Photocopying	5,110	4,400	10
Sundry	2,500	13,450	11
TOTAL	992,960	973,850	

Notes

1. Under-spend to budget mainly due to gaps between staff leaving and recruitment and new staff being employed at lower points on salary scales.
2. Under-spend to budget mainly due to staff changes and savings on insurance premiums.
3. Over-spend to budget expected due to higher than foreseen travel commitments.
4. Over-spend to budget expected due to increased energy costs and health and safety compliance.
5. Expected to be in line with budget.
6. The budget for 2005-2006 was based on the budget for 2004-2005 in the absence of current information. A more recent analysis indicated a reduction in costs.
7. This item includes equipment-leasing costs. The general provision for replacement/upgrading of hardware and software expected to be within budget.
8. Over-spend to budget expected due to additional advice regarding property.
9. Time constraints and workloads continue to make it difficult to implement training programme. Even with the costs of recruiting new staff, budget is unlikely to be reached.
10. Result entirely dependent upon volume of copying required.
11. The costs of meeting translation costs for Francophone countries (funded by Voluntary Contributions from France and Monaco) are included here along with bank charges, loss on exchange etc.

Table 2
Sponsored Publications Fund 2005-2006 (Note 1)
Income and Expenditure Account

	Approved Budget		Projected Out-turn		Note
	£	£	£	£	
Income					
Voluntary contributions		0		0	
Sales		1,000		1,000	2
UK tax recoverable		0		0	
Bank Interest		50		600	3
Sundry income		0		0	
		<u>1,050</u>		<u>1,600</u>	
Expenditure					
Special Issues: (None planned in year)		0		0	
Other (re-prints etc.)		<u>3,060</u>		<u>0</u>	4
		<u>3,060</u>		<u>0</u>	
Net transfer from or to (-) I&E Account		-2,010		1,600	
Opening Balance brought forward		<u>30,610</u>		<u>33,350</u>	5
Projected Closing Balance		<u>28,600</u>		<u>34,950</u>	

Notes

1. The Sponsored Publications Fund exists primarily to receive voluntary contributions towards publication of IWC Special Issues, contributors often specifying that the revenue from sales of publications funded by their donations should be used towards future publications and not for general expenditure. The Commission has also made allocations of money towards publication of some Special Issues. Proceeds of volumes for which the IWC has provided funds wholly or in part are allocated to the General Fund and the Sponsored Publications Fund in due proportion. No IWC funds are expended in the production of volumes relating to small cetaceans. These are funded solely from contributed funds and interest accrued thereon.

2. Expected to be in line with budget.

3. A notional amount of interest receivable was included for the budget. A more realistic estimate has been included for the out-turn projection.

4. No re-prints etc are anticipated for the remainder of 2005-2006.

5. The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

Table 3

Small Cetaceans Fund 2005 – 2006 (Note 1)

Income and Expenditure Account

	Approved Budget		Projected Out-turn		Note
	£	£	£	£	
Income					
Voluntary contributions		1,000		10,700	2
UK tax recoverable		0		0	
Bank Interest		50		150	
Sundry income		<u>0</u>		<u>0</u>	
		1,050		10,850	
Expenditure					
Invited participants	1,000		1,000		3
By Catch Reduction	0		17,950		
Common Dolphin in S America	0		0		
Bank Charges	0		0		
Sundry expenditure	<u>0</u>		<u>0</u>		
		<u>1,000</u>		<u>18,950</u>	
Net transfer from or to (-) I&E Account		50		-8,100	
Opening Balance brought forward		<u>1,000</u>		<u>14,900</u>	4
Projected Closing Balance		<u>1,050</u>		<u>6,800</u>	

Notes

1. The Commission established the IWC Voluntary Fund for Small Cetaceans in 1994 'to allow for the participation from developing countries in future small cetaceans work ...' and called upon 'Contracting Governments and non-Contracting Governments, intergovernmental organisations and other entities as appropriate, in particular those most interested in scientific research on small cetaceans to contribute ...'. (IWC Resolution 1994 - 2 *Rep. int. Whal. Commn 45:41*).

2. Voluntary Contributions: World Wild Fund for Nature £ 10.7k. To be used toward work identified by the Scientific Committee on by-catch reduction. This amount represents stage payments as part of the total programme being funded by an overall voluntary contribution of USD 75,000. Payments are made to projects in two stages, at commencement and when a final report is presented to the Scientific Committee.

3. The projected out-turn assumes no voluntary contributions to support Invited Participants.

4. The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

Table 4**Research Fund 2005 – 2006 (Note 1)****Income and Expenditure Account**

	Approved Budget	Projected Out-turn	Note
Income	£	£	
Allocation	266,000	266,000	2
Voluntary contributions	0	1,700	3
UK tax recoverable	0	0	4
Bank Interest	4,000	4,500	5
Sundry income		0	
	<u>270,000</u>	<u>272,200</u>	
Expenditure	<u>266,000</u>	<u>266,000</u>	Table 4A
Net transfer from or to (-) I&E Account	4,000	6,200	
Opening Balance brought forward	<u>126,300</u>	<u>138,800</u>	6
Projected Closing Balance	<u>130,300</u>	<u>145,000</u>	

Notes

1 The Research Fund exists to receive voluntary contributions and any such monies as the Commission may allocate for research and scientific investigation and is charged with expenditure of this nature.

2 The 'Allocation' comprises the allocation of new money for new or existing programmes.

3 A voluntary contribution has been received from Statoil towards Acoustic Workshop expenses.

4 Recovery of VAT and Airport Departure Tax.

5 Estimates for the out-turn projection show Bank Interest receivable above budget.

6 The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

A full analysis of research expenditure is given in Table 4A.

Table 4A

Research Expenditure 2005 - 2006			
	Approved Budget	Projected Out-turn	Note
RMP			
North Pacific Bryde's whales implementation. 1 st intersessional workshop	£10,000	£10,000	1
North Atlantic fin whales. Participate at workshop	£2,000	£2,000	2
AWMP			
AWMP developers fund	£8,500	£8,500	3
W Greenland common minke whales. Abundance estimation from genetic data	£3,500	£3,500	4
Bowhead. Intersessional workshop to prepare for <i>Implementation Review</i>	£0	£0	
IA			
<i>Furthering estimation and interpretation of abundance estimates</i>			
SOWER Cruise 2005/6	£80,000	£80,000	5
DESS maintenance	£7,500	£7,500	6
DESS standard analysis method	£4,000	£4,000	7
Integrated model analysis	£2,000	£2,000	8
CPII and CPIII explanation: VPA analysis	£5,000	£5,000	9
CPII and CPIII explanation: catch-at-age analysis	£20,000	£20,000	10
E- some with IA and BRG			
ICCED science planning and analysis/ SO-collaboration. Cruise coordination	£13,000	£13,000	11
German SO-GLOBEC, Weddell Sea. IWC participation	£17,500	£17,500	12
Deakin University SOC database completion	£10,000	£10,000	13
Whales and shelf break krill distribution	£1,000	£1,000	14
Arctic Sea ice – population dynamics	£14,500	£14,500	15
Impact on Cetaceans from seismic surveys. Workshop	£4,000	£4,000	16
Arctic Sea ice – body condition and health	£0	£0	
SOCER. Coordination, literature search and editing	£0	£0	
SH			
SH humpback. Workshop	£8,000	£8,000	17
SH humpback. Code and run population dynamics model	£1,000	£1,000	18
SH humpback. Finalise catch series	£1,000	£1,000	19
Cataloguing of Antarctic humpback whales for online access	£5,300	£5,300	20
SH blue whales. Initiate Comprehensive Assessment	£3,000	£3,000	21
SD			
TOSSM Intersessional workshop with non-SC developer of genetic methods	£8,000	£8,000	22
BC			
Co-ordination with FAO	£1,200	£1,200	23
Estimation of bycatch. Simulation modelling	£1,000	£1,000	24
Estimation of bycatch . Data collection and market pathways	£5,000	£5,000	25
Invited participants	£30,000	£30,000	26
TOTAL	£266,000	£266,000	

Table 4A Notes

Abbreviations			
AS	Sub-committees of the Scientific Committee	Aboriginal Subsistence Whaling	
AWMP		Aboriginal Subsistence Whaling Management Procedure	
E		Environmental Concerns	
IA		In-depth Assessment	
H		Humpback whales	
BC		Bycatch	
BRG		Bowhead, Right and Gray whales	
SM		Small cetaceans	
CCAMLR	Commission for the Conservation of Antarctic Marine Living Resources	RUWPA	Research Unit for Wildlife Population Assessment
CP	Circum-polar	SH	Southern Hemisphere
DESS	(IWC) Database and Estimation Software System	SO	Southern Ocean
FAO	Fishing and Agriculture Organisation	SOC	Southern Ocean Cruise
GLOBEC	Global Ocean Ecosystem Dynamics	SOCER	State of the Cetacean Environmental Report
ICCED	Integrated analysis of circum-polar climate interactions & ecosystem dynamics	SOWER	Southern Ocean Whale & Ecological Research
NAMMCO	North Atlantic Marine Mammal Commission	TOSSM	Testing of Spatial Structure Model
RMP	Revised Management Procedure	VPA	Virtual population analysis

Insufficient information is available at the time of preparation of this statement to develop a more informed estimate of projected out-turns of the various projects, but there is no reason to assume any significant variation from budget.

1. NORTH PACIFIC BRYDE'S WHALE. INTERSESSIONAL WORKSHOP *SC Report (item 6.1.1.2).*

This requires two intersessional workshops and thus another will be required after the 2006 annual meeting. The funding is required to cover the costs of invited participants; Japan has offered to host the Workshop.

2. NORTH ATLANTIC FIN WHALES. STOCK STRUCTURE *SC Report (item 6.2.2)*

The money is required to allow two IWC scientists to participate in a joint workshop with NAMMCO in Reykjavík. The Workshop will not deal with management issues but will focus on the scientific aspects of stock structure and the development of an agreed catch series for North Atlantic fin whales.

3. AWMP DEVELOPERS FUND *SC Report (item 8)*

The Developer's Fund was established to provide scientists developing the Aboriginal subsistence Whaling Management Procedure (AWMP) with appropriate facilities (hardware, software, communications, travel support etc) to promote the most effective and expeditious progress.

4. GREENLAND COMMON MINKE WHALES – GENETIC DATA AND ABUNDANCE *SC Report (item 8.2)*

This study will assess the statistical power of various genetic approaches to estimate abundance. It will be conducted intersessionally and, if found to be appropriate, it will develop estimates of sample size and costs for an appropriate study.

5. SOWER CIRCUMPOLAR CRUISE *SC Report (item 10.1.5)*

Provision of funds to support the 2005/06 SOWER cruise.

6. DESS MAINTENANCE *SC Report (item 10.1)*

7. DESS-STANDARD ANALYSIS METHOD *SC Report (item 10.2.3)*

8. INTEGRATED MODEL ANALYSIS *SC Report (item 10.2.3)*

9. CPII AND CPIII EXPLANATION: VPA ANALYSIS *SC Report (item 10.1.2)*

10. CPII AND CPIII EXPLANATION: CATCH-AT-AGE ANALYSIS *SC Report (item 10.1.2)*

High priority has been given to obtaining agreed abundance estimates and trends for Antarctic minke whales and for explaining the differences between CPII and CPIII. To maintain expected progress projects (6)-(10) are funded. A considerable amount of in-kind support is included in these projects. Abundance estimates are expected to be received from at least the standard method (Branch), the integrated model (Cooke) and the hazard probability method (Okamura). The IWC's DESS (Database Estimation Software System) provides estimates of abundance for past cruises and for future work on the abundance of Antarctic minke whales.

This work is considered essential in furthering the work on exploring the reasons for differences in Antarctic minke whale abundance from CPII and CPIII and working towards an in depth assessment. The data have been made available by the Institute of Cetacean Research (Tokyo) under the Data Availability Agreement.

11. ICCED SCIENCE PLANNING AND ANALYSIS/SO-GLOBEC COLLABORATION *SC Report (item 12.3.2)*

This work will contribute to analysis outlined in the sea ice symposium (see SC Report - Annex K) and to ongoing collaboration with SO-GLOBEC.

12. ANTARCTIC: GERMAN SO-GLOBEC. IWC PARTICIPATION *SC Report (item 12.3.2)*

This is part of the field work programme previously funded in collaboration with SO-GLOBEC. The money is to fund a team of two observers on two cruises. The work will provide data to further elaborate the relationship between ice and cetaceans

13. DEAKIN UNIVERSITY – SOC DATABASE COMPLETION *SC Report (item 12.3)*

The SOC database comprises data for all IWC/ SO-GLOBEC/CCAMLR and other multidisciplinary survey data and sea-ice data under international collaborative programmes. This work will contribute to high priority analyses outlined in SC/57/Rep5.

14. WHALES AND SHELF BREAK KRILL DISTRIBUTION *SC Report (item 12.3.2)*

This work relates to possible differences between CPII and CPIII of the SOWER cruises. The funds will be used to pay for the travel and subsistence costs of Ensor (SOWER cruise leader) to attend a collaborative meeting to discuss spatial analysis and sea ice conditions on surveys.

15. SEA ICE – POPULATION DYNAMICS *SC Report (item 12.1)*

Partial funding for a project identified in the sea ice symposium (see SC Report Annex K). It relates issues potentially affecting the management and conservation of Bering-Chukchi-Beaufort Seas bowhead whales and eastern gray whales. The funds are for a student to work with a sea ice specialist to derive regional (meso-scale) analysis of changes in sea ice since 1979 and undertake projections into the future.

16. IMPACT ON CETACEANS FROM SEISMIC SURVEYS WORKSHOP *SC Report (item 12.3.5)*

The funds are required to pay for invited participants to attend a symposium on seismic exploration (including both industrial and academic activities) at the 2006 meeting, to assess potential impacts on cetaceans and examine ways to mitigate known and potential effects.

17. SH HUMPBACK COMPREHENSIVE ASSESSMENT – WORKSHOP *SC Report (item 10.3.3)*

The Scientific Committee has been undertaking a comprehensive assessment of Southern Hemisphere humpback whales for several years and has given priority to its completion. The best way to finalise this work is to hold an intersessional workshop. The Government of Australia have offered to host this Workshop in Hobart, Australia. The funds are required for invited participants (see SC Report Annex H, Appendix 7)

18. SH HUMPBACK WHALE – POPULATION DYNAMICS MODEL *SC Report (item 10.3.1.4)*

This project involves the coding and use of population dynamics models needed to finalise the Comprehensive Assessment referred to in (17) above.

19. SH HUMPBACK WHALE - FINALISE CATCH SERIES *SC Report (item 10.3.1.2)*

The outcome of the Workshop referred to in (17) above depends on having a final catch series available. The funds will allow a scientist travel to Cambridge to work with former Soviet scientists and others, to complete the historical catch data series and extract catches of humpback whales for the Comprehensive Assessment.

20. ANTARCTIC HUMPBACK WHALE CATALOGUE *SC Report (item 10.3.1.5)*

The project contributes to n-depth assessment of Southern Hemisphere humpback whales. The work is required to make the IWC/SOWER photographs more accessible. The funds are mainly required for database management.

21. SOUTHERN HEMISPHERE BLUE WHALES *SC Report (item 10.3.2)*

In 2004, the Scientific Committee recommended that an in-depth assessment of Southern Hemisphere blue whales begin in 2006. The funds are to allow Branch to carry out a number of analyses to allow discussion in 2006.

22. TOSSM WORKSHOP *SC Report (item 11.1)*

The first TOSSM workshop was funded given the importance of stock structure noted by the Scientific Committee. The first stage of the process i.e. developing simulated populations is in progress. The next stage, i.e. the incorporation of management related issues and the testing of methods to determine boundaries can be progressed by holding another workshop. The University of Potsdam has agreed to host the Workshop. The funds are required for invited participants.

23. CO-ORDINATION WITH FAO *SC Report (item 7.1.1)*

The Scientific Committee has recommended that cooperation with FAO be continued with respect to information on fisheries, fishing gear and effort, as part of its work to try and estimate bycatch levels in terms of assessment and RMP related work to determine total removals. The collaboration will allow the IWC to become a partner agency in FIRMS.

24. ESTIMATION OF BYCATCH. SIMULATION MODELLING *SC Report (item 7.2.1)***25. EST. OF BYCATCH . DATA COLLECTION & MARKET PATHWAYS *SC Report (item 7.2.1)***

The Scientific Committee agreed to determine whether market sampling based methods can be used to provide adequate estimates of the number of bycaught animals. To this end an initial workshop was held and before deciding on the timing of the final workshop, the Committee identified work that needed to be completed. The following work was identified: (item 24) initial work to develop a modelling framework for sensitivity analysis and for testing market sampling design; and (item 25) the collection of additional data on markets and market pathways. Item (24) will cost £1,000 and item (25) £5,000.

26. INVITED PARTICIPANTS FUND Costs of scientists invited to participate in the Annual Meeting of the Scientific Committee whose attendance is funded fully or in part by the Commission.

Table 5
Severance Pay Provision 2005 – 2006 (Note 1)

	Approved Budget		Projected Out-turn		Note
	£	£	£	£	
Opening Balance 1 September 2005		347,500		332,700	2
Provision for year		<u>-12,100</u>		<u>26,800</u>	3
Projected Closing Balance		<u>335,400</u>		<u>359,500</u>	4

Notes

1. In accordance with the practice of other intergovernmental organisations the Commission provides an indemnity to staff in the event of their appointments being terminated upon the abolition of their posts. The indemnity increases according to length of service and therefore an annual provision is made to bring the total provision to the level of the maximum contractual liability.

2. The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

3. The difference between budget and the projected out-turn has arisen due to a drafting error. The budget should have included +£12,100 (an addition to provision) and not -£12,100 (a reduction to provision). If the addition to provision had been correctly made to the budget the closing balance would have been £359,600, i.e. close to the projected out-turn.

4. The Projected Closing Balance is equal to the maximum projected liability.

Table 6
General Fund 2005 – 2006 (Note 1)

	Approved Budget	Projected Out-turn	Note
Opening Balance 1 September 2005	1,022,100	1,139,950	2
Surplus/Deficit (-) transferred from I&E Account	<u>-240</u>	<u>7,800</u>	
Projected Closing Balance	<u>1,021,860</u>	<u>1,147,750</u>	3

Notes

1. The Commission's Financial Regulation C.1 requires that the General Fund shall be credited or debited with the balance of the Income and Expenditure Account at the end of each financial year.

2. The Opening Balance in the Approved Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement. That in the Projected Out-turn column is the balance shown in the audited statements for the year taking account of transactions between the adoption of the Approved Budget and the end of the financial year.

3. The projected closing balance will be increased if any arrears of contributions are received, if there are other improvements in revenue or if actual expenditure to the year-end is less than that projected.

Table 7

Proposed Budget 2006 - 2007; Forecast 2007 - 2008**Income and Expenditure Account**

	Proposed Budget 2006-2007		Forecast Budget 2007-2008		Note
Income	£	£	£	£	
Contracting Government contributions		1,351,350		1,351,350	1
Recovery of Arrears		0		0	
Interest on late financial contributions		0		0	2
Voluntary contributions		5,500		2,000	3
Sales of publications		17,500		18,000	4
Sales of sponsored publications		1,000		1,050	
Observers' registration fees		44,950		46,000	5
UK taxes recoverable		29,800		27,900	6
Staff assessments		154,800		161,600	7
Interest receivable		50,150		47,000	8
Sundry income		<u>1,000</u>		<u>1,000</u>	
		1,656,050		1,655,900	
Expenditure					
Secretariat	1,023,480		1,049,650		Table 7A
Publications	43,350		34,200		9
Annual meetings	333,850		342,000		10-
Other meetings	20,500		21,000		11-
Research expenditure	279,000		285,700		Table 10A
Small cetaceans	4,550		1,050		Table 9
Sundry	<u>0</u>		<u>0</u>		
	1,704,730		1,733,600		
Provisions					
Unpaid interest on overdue contributions	0		0		
Severance Pay Provision	28,500		32,700		Table 11
Provn for other doubtful debts	<u>0</u>		<u>0</u>		
		1,733,230		1,766,300	
Excess of expenditure over income		-77,180		-110,400	
Net Transfers from or to (-):					
Sponsored Publications Fund		-2000		-2100	Table 8
Research Fund		-6,500		-6700	Table 10
Small Cetaceans Fund		<u>-50</u>		<u>-50</u>	Table 9
Surplus/Deficit (-) for the year after transfers		<u>-85,730</u>		<u>-119,250</u>	Table 12

Notes To Table 7

(Notes refer primarily to the proposed budget for 2006-2007 although many apply equally to both years.
Any which have specific application to the Forecast for 2007-2008 are in italic type)

1. The total amount required from Contracting Governments to 'balance' the budget. 'Balance' does not necessarily mean a zero deficit or surplus for the year, rather that the resulting deficit or surplus is in line with the Commission's decisions.

The proposed budget for 2006-2007 has set the financial contributions at the same level as 2005-2006.

Concern was expressed at IWC57 that the level of General Fund Reserves should be brought more in line with the "target level" of 50% of operating expenditure in any year. The proposed budget as currently drafted produces an operating deficit reducing the reserves from a projected level of 137% of target level in 2005-2006 to 120%. At this point it may be useful to briefly re-state the relationship between annual operating surpluses or deficits and the level of reserves.

It is recognised that the most prudent method to keep the General Fund at or above the "target level" is for income to match expenditure in any year. However because expenditure can be delayed or deferred to a later period, a surplus may result in one year when a break-even was expected. Timing differences can be dealt with by ensuring that the General Fund is maintained at or above the "target level". This means that expenditure can exceed income in a given year but still maintain the General Fund at or above the "target level". Unforeseen expenditure can obviously reduce the General Fund below the "target level" in a given year, which would then require higher Financial Contributions in the following year to bring the General Fund back to the "target level".

The forecast budget shows no increase in Financial Contributions beyond the level of 2005-2006 to show the cumulative effect on reserves of moving towards the "target level".

Individual Contracting Government contributions are shown in Table 13. The contribution per share (before re-distribution which takes account of ability to pay) for the proposed budget *and the forecast budget* is approximately £5,833 (£ 1,359,200 divided by 233 shares). This is based on attendance at IWC57 which is assumed to apply to the proposed budget *and the forecast budget* for planning purposes.

2. No provision. The Commission has determined that the budget is developed on the basis that all Contracting Governments will pay their contributions in good time. However, it should be noted that the audited financial statements have had to include interest on late contributions and provide against non-payment of some of that interest in each of the last 20 years.

3. Voluntary contributions are currently expected. The budget shows £ 4.5k towards the Small Cetaceans Fund (a notional £1k for Small Cetacean Invited Participants, £ 3.5k towards the cost of the Bycatch Reduction programme from WWF). A notional £ 1k for the Research Fund has been included. (See Table 9).

4. Sales of the *Annual Report of the International Whaling Commission*, the *Journal of Cetacean Research and Management* and reports in its *Special Issue* series.

5. The Commission decided in 1992 that fees for Observers from non-member Governments and intergovernmental organisations should be held constant at £800 while the fee for NGO observers should increase annually. The proposed budget for NGO observers allows for an increase from £610 to **£625** (+ 2.4% - rounded) at the Annual Meeting in 2007. The nominal Press fee increases from £40 to **£45**.

6. Recoveries of Insurance Premium, Airport Departure and, primarily, Value-Added Taxes.

7. Recoveries of Staff Assessment are broadly proportionate to salary costs. See Table 7A

8. Bank interest depends upon the extent of balances brought forward, the level of income from financial contributions, the timing of major expenditures and the level of interest rates. The latter are expected to remain around current levels of 3.5% to 4.0 %. A conservative estimate of interest receivable has been included.

9. Costs of sponsored publications are given in Table 8. The balance covers publication of the Annual Report of the International Whaling Commission, the Journal of Cetacean Research and Management and reports in its *Special Issue* series.

10. The cost to the Commission of the 59th Annual Meeting in 2007. The budget provision represents a 2.4% increase over that for IWC/58. IWC/59 will be in Anchorage, Alaska, USA but in accordance with the Commission's usual practice, the budget is developed on the basis of a 'generic UK venue'. It should be noted however that the current budget level is inadequate to run a meeting at the Commission's expense in the UK, particularly in relation to the provisions for conference accommodation, security and audio-visual components.

The Commission's long-standing practice is that when a meeting is held other than in the UK, by invitation of a Contracting Government, that Government undertakes to meet any costs in excess of those provided in the IWC budget, unless the Commission has specifically agreed some other arrangement or the host government's invitation includes meeting all or a very substantial portion of the costs.

11. The proposed budget of £ 20.5k includes £ 17k for possible meetings related to the RMS and £3.5k for the attendance of Secretariat staff at meetings where the presence of the IWC is regarded as important (e.g. inter-governmental organisations like ACCOBAMS and ASCOBANS). The £ 17k for the RMS assumes the need for a further intersessional meeting of the RMS Working Group. It is assumed that if any small technical groups need to meet, these meetings will be held at the Secretariat at minimal cost. Should the Commission decide that the RMS Working Group does not need to meet, this provision can be deducted from the budget. If it is decided to have one or more meetings of the Contributions Task Force, it has been assumed that these will also be held at the Red House, again at minimal cost.

Table 7A

Proposed Budget 2006 - 2007; Forecast 2007 - 2008
Analysis of Secretariat Costs

	Proposed Budget 2006-2007	Forecast Budget 2007-2008	Note
Salaries and allowances	655,900	682,250	1
Retirement and other benefit schemes	134,450	137,800	2
Travelling expenses	5,700	5,850	3
Office rent, heating and maintenance	117,750	111,000	4
Insurance	5,600	5,750	5
Postage and telecommunications	20,000	20,500	6
Office equipment and consumables	57,980	59,450	7
Professional fees	12,450	12,900	8
Training and Recruitment	4,050	4,200	9
Photocopying	4,550	4,700	10
Sundry	5,050	5,250	11
Total	<u>1,023,480</u>	<u>1,049,650</u>	

Notes

1. These figures represent gross pay and related costs. IWC pay scales are derived from those of IMO and reflect incremental progression and cost-of-living adjustments.

2. These costs are largely but not exclusively salary-related. Costs have shown more stability of late and so an increase of 2.4% has been applied in line with inflation.

3. Provision for unspecified travel.

4. This shows an increase on the 2005-2006 out-turn projection which was £ 106.5k. The 2006-2007 figure includes the periodic cost of redecorating the inside and outside of the Red House (a condition of the lease). Other items have been increased in line with inflation. *The forecast budget excludes redecoration costs.*

5. Essential insurance cover maintained but no provision allowed to meet any insurance excesses in the event of a claim.

6. The out-turn projection for 2005-2006 has been increased in line with inflation for the proposed budget.

7. The 2006-2007 provision for equipment and supplies is £57.9k. Approximately £30k relates to the rental / running costs scanning / photocopying equipment. The balance relates to the replacement/upgrading of hardware and software. The out-turn projection for 2005-2006 has been increased in line with inflation for the proposed budget.

8. Mainly audit fees (£4.8k) with a general provision of £ 7.6k for legal advice (for pensions), property advice (whether to rent or buy the Secretariat Office), I.T. consultancy and H.R. (Human Resources) consultancy.

9. Minimal provision for training in 2006-2007 of £ 3k (£1k for recruitment). This represents £ 176 per person per annum. In previous years training has been based on 1.5 days training per year for each staff member (daily rate £400) which would give a budget of £ 10,200. Two days per year is regarded as a more realistic allowance which would give a budget of £13,600.

10. Result entirely dependent upon volume of copying required.

11. Covers bank charges, loss on exchange etc.

Table 8
Sponsored Publications Funds (Note 1)
Income and Expenditure Account

	Proposed budget 2006-2007		<i>Forecast Budget</i> 2007-2008		Note
	£	£	£	£	
Income					
Voluntary contributions		0		0	
Sales		1,000		1,050	2
UK tax recoverable		0		0	
Bank Interest		1,000		1,050	3
Sundry income		0		0	
		<u>2,000</u>		<u>2,100</u>	
Expenditure					
Special Issues: (None planned in year)	0		0		
Other (re-prints etc.)	<u>0</u>		<u>0</u>		
		<u>0</u>		<u>0</u>	
Net transfer from or to (-) I&E Account		2,000		2,100	
Opening Balance brought forward		<u>34,950</u>		<u>36,950</u>	4
Projected Closing balance		<u>36,950</u>		<u>39,050</u>	

Notes

1. The Sponsored Publications Fund exists primarily to receive voluntary contributions towards publication of IWC Special Issues, contributors often specifying that the revenue from sales of publications funded by their donations should be used towards future publications and not for general expenditure. The Commission has also made allocations of money towards publication of some Special Issues. Proceeds of volumes for which the IWC has provided funds wholly or in part are allocated to the General Fund and the Sponsored Publications Fund in due proportion. No IWC funds are expended in the production of volumes relating to small cetaceans. These are funded solely from contributed funds and interest accrued thereon.

2. Conservative estimate of sales.

3. A realistic amount of interest has been included.

4. The Opening Balance in the Proposed Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement.

Table 9

Small Cetaceans Fund (Note 1)
Income and Expenditure Account

	Proposed budget 2006-2007		Forecast Budget 2007-2008		Note
	£	£	£	£	
Income					
Voluntary contributions		4,500		1,000	2
UK tax recoverable		0		0	
Bank Interest		100		100	3
Sundry income		<u>0</u>		<u>0</u>	
		4,600		1,100	
Expenditure					
Invited participants	1,000		1,000		4
Expenditure of designated funds:					
By-catch reduction	3,500		0		5 & 2
Cooperative Research – Recovery of the Vaquita	0		0		5
Sundry expenditure	<u>50</u>		<u>50</u>		6
		<u>4,550</u>		<u>1,050</u>	
Net transfer from or to (-) I&E Account		50		50	
Opening Balance brought forward		<u>6,800</u>		<u>6,850</u>	7
Projected Closing Balance		<u>6,850</u>		<u>6,900</u>	

Notes

1. The Commission established the IWC Voluntary Fund for Small Cetaceans in 1994 'to allow for the participation from developing countries in future small cetaceans work ...' and called upon 'Contracting Governments and non-Contracting Governments, intergovernmental organisations and other entities as appropriate, in particular those most interested in scientific research on small cetaceans to contribute ...'. (IWC Resolution 1994 - 2 *Rep. int. Whal. Commn 45:41*).

2. Voluntary contributions are currently expected. The budget shows £ 4.5k towards the Small Cetaceans Fund (a notional £1k for Small Cetacean Invited Participants, £ 3.5k towards the cost of the Bycatch Reduction programme from WWF).

3. A notional amount of interest has been included. If the fund remains static, a figure of £ 100 is realistic.

4. In 2006-2007, unless the Fund receives further contributions, support for this activity will be minimal. (*The same applies for 2007/08*).

5. The Fund previously held voluntary contributions specifically designated to support these projects.

6. Includes bank charges, loss on exchange etc.

7. The Opening Balance in the Proposed Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement.

Table 10
Research Fund (Note 1)

	Proposed Budget 2006-2007		<i>Forecast budget 2007-2008</i>		Note
	£	£	£	£	
Income					
Allocation		279,000		285,700	2
Voluntary contributions		1,000		1,000	
UK tax recoverable		0		0	3
Bank Interest		5,500		5,700	4
Sundry income		<u>0</u>		<u>0</u>	
		285,500		292,400	
Expenditure					
		<u>279,000</u>		<u>285,700</u>	
Net transfer from or to (-) I&E Account		6,500		6,700	
Opening Balance brought forward		<u>145,000</u>		<u>151,500</u>	5
Projected Closing Balance		<u><u>151,500</u></u>		<u><u>158,200</u></u>	

Notes to Table 10

1. The Research Fund exists to receive voluntary contributions and any such monies as the Commission may allocate for research and scientific investigation and is charged with expenditure of this nature. Although expenditure may be authorised to be spent within a specific period, problems in the field may cause current programs to be delayed or projects yet to be started to be deferred until a later period. The result of this deferred expenditure is for balances to be carried forward on the Research Fund until such time as the money can be spent as authorised on the appropriate projects.

During the period that budget proposals are being considered, the funds requested for the next financial year cannot be allocated. An initial simplifying assumption has been made that all funds requested for 2006-2007 will be spent during 2006-2007 and that any funds brought forward at 01 September 2006 will be carried forward at 31 August 2007. In reality some of the funds brought forward at 01 September 2006 will be spent during 2006-2007 and some of the new expenditure authorised to be spent in 2006-2007 will be deferred and carried forward to 2007-08. In each of the years since 2000 substantial balances have been held on the Research Fund as follows:

1999/2000 £ 123,864 , **2000/2001** £ 153,044 , **2001/2002** £ 146,516 **2002/2003** £ 102,013, **2003/2004** £ 148,847, **2004/2005** £ 138,812

Therefore the above simplifying assumption is realistic for planning purposes as the projected closing balances of £ 151,500 for 2006-2007 and £ 158,200 for 2007-2008 are within the range recorded for the financial years since 1999-2000.

2. The 'Allocation' comprises the allocation of new money for new or existing programs. In view of the reasonable level of reserves and no increase in Financial Contributions, the proposed funding for research has been set at £ 279k (£ 266k in 2005-06 approved budget). This amount is usually increased by the current UK rate of inflation, but in this instance the increase is 4.8%. This represents a modest contribution to fill the funding gap that is always apparent when the Scientific Committee presents their annual proposals to the Commission and may help offset anticipated additional costs of bringing Invited Participants to Anchorage.

3. Recovery of VAT and Airport Departure Tax.

4. Interest rates are expected to remain at current levels. A conservative estimate of interest receivable has been included.

5. The Opening Balance in the Proposed Budget column represents the anticipated result based on the projections in last year's Provisional Financial Statement.

A full analysis of research expenditure is given in Table 10A.

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the table and explanatory notes on facing pages

Table 10A. Research Fund – Preliminary Movement of Funds 2006-2007

Note	Program Description	Balance B/Fwd (A)	Proposed Budget 2006-2007 Pre-Allo'n (B)	Total Funds Available (C)	Receipts (D)	Expenditure (E)	Balance C/Fwd (F)
-	Continuing Projects and Contracts	-	-	-	-	-	-
1	Invited participants	6,786	0	6,786	0	0	6,786
2	Pollution 2000+	38,533	0	38,533	0	0	38,533
3	FAO fisheries statistics	1,694	0	1,694	0	0	1,694
4	Workshop on the use of mkt sampling to estimate bycatch	9,973	0	9,973	0	0	9,973
5	Habitat Degradation Workshop	9,312	0	9,312	0	0	9,312
6	AS - Developer's Fund (AWMP fund for developers)	7,903	0	7,903	0	0	7,903
7	SO-GLOBEC - Deakin Univ. SOC database completion.	8,552	0	8,552	0	0	8,552
8	AWMP Intersessional Workshop	2,777	0	2,777	0	0	2,777
9	Greenland Research programme	20,495	0	20,495	0	0	20,495
10	SOS review	254	0	254	0	0	254
11	Sea Ice and Whale Habitat (E/IA/BRG)	639	0	639	0	0	639
12	SOWER cruise 05/06	16,730	0	16,730	0	0	16,730
13	Catch data	2,300	0	2,300	0	0	2,300
14	RMP Inter-sessionnal (Brydes Whales)	849	0	849	0	0	849
	New Work						
	New Work commencing 01/09/2006 - unallocated	0	279,000	279,000	0	279,000	0
	Sundry Expenditure						
	Sundry expenditure	0	0	0	0	0	0
	Bank Charges		0	0	0	0	0
	Sundry Income						
	Voluntary Contribution				1,000		1,000
	VAT recoverable		0	0	0	0	0
	ADT recoverable		0	0	0	0	0
	Bank Interest Receivable	0	0	0	5,500	0	5,500
	Provision						
	Provision against overruns	18,205	0	18,205	0	0	18,205
	Total	145,000	279,000	424,000	6,500	279,000	151,500

Notes to Table 10A

Abbreviations

AWMP	Sub-committees of the Scientific Committee	Aboriginal Subsistence Whaling Management Procedure
BRG		Bowhead, Right and Gray whales
E		Environmental Concerns
IA		In-depth Assessment
CCAMLR	Commission for the Conservation of Antarctic Marine Living Resources	
FAO	Fishing and Agriculture Organisation	
GLOBEC	Global Ocean Ecosystem Dynamics	
RMP	Revised Management Procedure	
SO	Southern Ocean	
SOC	Southern Ocean Cruise	
SOWER	Southern Ocean Whale & Ecological Research	

Table Headings

- A) "Balance brought forward" - represents funds received for project expenditure authorised in previous periods. Where expenditure is deferred until a future period, the money is carried forward as part of the Research Fund balance.
- B) "Proposed Budget 2006-2007 Pre-Allocation" – represents the funding requested by the Scientific Committee for 2006-2007 before any allocation has been made to specific projects.
- C) "Total Funds Available" - for 2006-2007 when funds brought forward from previous periods are added to funds authorised and then allocated to specific projects for 2006-2007.
- D) "Receipts" – additional income from voluntary contributions, interest receivable or taxes recoverable.
- E) "Expenditure" amounts expended within 2006-2007 on specific projects.
- F) "Balance carried forward" – represents unspent money within 2006-2007 (due to delay or deferral of project work) to be carried forward to 2007-2008.

Table Contents

- Funds brought forward from previous periods to meet the costs of scientists invited to participate in the Annual Meeting of the Scientific Committee whose attendance is funded fully or in part by the Commission.
- Residual funds from previous years to allow continuation of highest priority projects under Phase I of POLLUTION 2000+. SCRep 2004 12.3.1, 21 and Annex K Appendix 8.1.
- Residual funds from previous years to meet the cost of travel / support for visits to FAO office in Rome.
- Residual funds from 2004 –2005 budget to meet the costs of a workshop on use of market sampling to estimate bycatch. Hold methodological workshop with the following objectives: (1) review available methods that have been used to provide estimates of large cetacean bycatches via market samples, including a consideration of their associated confidence intervals in the context of the RMP; (2) provide advice as to whether market-sampling-based methods can be used to reliably estimate bycatch for use in addressing the Commission's objectives regarding total removals over time and, if so, the requirements for such methods. SCRep 2004 items 7.2.1, 21 and Annex J item 6.1.
- Habitat Degradation Workshop - Residue of funds originally received in 2003-2004, to be allocated after consultation with the providers of Voluntary Contributions used to fund the workshop in 2004-2005.
- Residual funds from previous years .The Developer's Fund was established to provide scientists developing the Aboriginal subsistence Whaling Management Procedure (AWMP) with appropriate facilities (hardware, software, communications, travel support etc) to promote the most effective and expeditious progress. SCRep 2004 8.6 and 21.
- Residual funds from previous years to support various SO-GLOBEC programs including the SOC database. This comprises data for all IWC/ SO-GLOBEC/CCAMLR and other multidisciplinary survey data and sea-ice data under international collaborative programmes. This work will contribute to high priority analyses outlined in SC/57/Rep5.
- Residual funds from 2004 –2005 budget to support invited participants in conjunction with AWMP meetings . SCRep 2004 8.6 and 21.
- Funds brought forward from previous periods to allow continuation of support for Greenland Research Programme including satellite tagging to address issues of stock structure.. SCRep 2004 8.3 and 21.
- Residual funds from 2003-2004 budget to support invited participants to attend Southern Ocean Sanctuary review meeting in Sorrento (June). SCRep 2004 17.2.2 and 21.
- Residual funds from 2004 –2005 budget to develop plans for a mini-symposium between IA, BRG and E sub-committees. SCRep 2005 item 21 and Annex K item 9, App 8.
- Residual funds from previous years to allow continued support of SOWER cruises.
- Funds from 2003-2004 budget to support a small technical workshop to discuss methods of completing the Southern Hemisphere catch data series for assessment purposes SCRep 2004 item 21.
- Residual funds from 2004 –2005 budget to prepare for Implementation Western North Pacific Bryde's whales by way of an intersessional workshop to complete the pre-implementation assessment stage. (SCRep 2005 items 6.1, 21 and Annex D item 6.1, App 5.

Table 11 (Note 1)
Severance Pay Provision (Note 1)

	Proposed Budget 2006-2007		<i>Forecast Budget</i> 2007-2008		<i>Note</i>
	£	£	£	£	
Opening Balance 1 September 2006 / 2007		359,500		388,000	2
Provision for year		<u>28,500</u>		<u>32,700</u>	
Projected Closing Balance		<u>388,000</u>		<u>420,700</u>	3

Notes

1 In accordance with the practice of other intergovernmental organisations the Commission provides an indemnity to staff in the event of their appointments being terminated upon the abolition of their posts. The indemnity increases according to length of service and therefore an annual provision is made to bring the total provision to the level of the maximum contractual liability. The provision is effectively reduced by bank interest received on the invested funds.

2 The Opening Balance in the Proposed Budget column represents the anticipated result based on the projected out-turn as at 31 August 2006. That in the Forecast Budget takes account of movements in the 2006-2007 proposed budget.

3 The Projected Closing Balance is equal to the maximum projected liability.

Table 12
General Fund (Note 1)

	Proposed Budget 2006-2007	<i>Forecast Budget</i> 2007-2008	<i>Note</i>
	£	£	
Opening Balance 1 September 2006 (2007)	1,147,750	1,062,020	2
Surplus/Deficit (-) transferred from Income & Expenditure Account	<u>-85,730</u>	<u>-119,250</u>	3
Projected Closing Balance 31 August 2007 (2008)	<u>1,062,020</u>	<u>942,750</u>	4

Notes

1. The Commission's Financial Regulation C.1 requires that the General Fund shall be credited or debited with the balance of the Income and Expenditure Account at the end of each financial year.

2. The Opening Balance in the Proposed Budget column represents the anticipated result based on the projections in the previous year's Provisional Financial Statement. That in the Forecast Budget column is the balance brought forward from the proposed budget shown above.

3. The proposed (*and forecast*) budget as currently drafted shows a deficit. A proposed deficit budget (before transfer from/to reserves) that still allows the General Fund to be maintained at target levels (50% of operating expenditure in any year) is sustainable. A deficit budget that allows the reserves to fall substantially below target levels is unsustainable. The latter would require larger increases in Financial Contributions in subsequent years to restore reserve levels. Reserves can be lowered if expenditure is lowered, but this must be judged in the context of the continued unimpaired running of the Commission.

4. The projected closing balance will be increased if any arrears of contributions are received, if there are other improvements in revenue or if actual expenditure to the year-end is less than that projected.

Table 13

Provisional Estimate of Financial Contributions, year beginning 1 September 2006.

(* please refer to the Introduction – Financial Contributions pg 3)

		Current' scheme	Capacity to pay Group	Red'n	Red'n	Red'n	Add-on	Add-on	Add-on	Total	
				Stage 1*	Stage 2*	£	Whaling	£	£		
				Group 3 Group 4							
1	Antigua and Barbuda	23,334	1	-11,667	-2,917	-14,584	0	0	0	8,750	
2	Argentina	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
3	Australia	23,334	3	0	0	0	0	6,784	0	30,118	
4	Austria	17,500	3	0	0	0	0	6,784	0	24,285	
5	Belgium	17,500	3	0	0	0	0	6,784	0	24,285	
6	Belize	11,667	1	-5,833	-1,458	-7,292	0	0	0	4,375	
7	Benin	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
8	Brazil	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
9	Cameroon	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
10	Chile	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
11	China, P.R of	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
12	Costa Rica	11,667	2	-2,917	-875	-3,792	0	0	0	7,875	
13	Cote d'Ivoire	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
14	Czech Republic	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
15	Denmark	40,834	3	0	0	0	6,030	6,784	0	53,649	
16	Dominica	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
17	Finland	17,500	3	0	0	0	0	6,784	0	24,285	
18	France	17,500	4	0	0	0	0	0	36,182	53,683	
19	Gabon	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
20	Gambia, The	11,667	1	-5,833	-1,458	-7,292	0	0	0	4,375	
21	Germany	23,334	4	0	0	0	0	0	36,182	59,516	
22	Grenada	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
23	Guinea	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
24	Hungary	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
25	Iceland	40,834	3	0	0	0	6,030	6,784	0	53,649	
26	India	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
27	Ireland	17,500	3	0	0	0	0	6,784	0	24,285	
28	Italy	23,334	4	0	0	0	0	0	36,182	59,516	
29	Japan	81,669	4	0	0	0	6,030	0	36,182	123,881	
30	Kenya	11,667	2	-2,917	-875	-3,792	0	0	0	7,875	
31	Kiribati	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
32	Korea, Rep of	29,167	3	0	0	0	0	6,784	0	35,952	
33	Luxembourg	17,500	3	0	0	0	0	6,784	0	24,285	
34	Mali	11,667	1	-5,833	-1,458	-7,292	0	0	0	4,375	
35	Mauritania	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
36	Mexico	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
37	Monaco	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
38	Mongolia	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
39	Morocco	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
40	Nauru	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
41	Netherlands	23,334	3	0	0	0	0	6,784	0	30,118	
42	New Zealand	29,167	3	0	0	0	0	6,784	0	35,952	
43	Nicaragua	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
44	Norway	40,834	3	0	0	0	6,030	6,784	0	53,649	
45	Oman	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
46	Palau	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563	
47	Panama	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	
48	Peru	11,667	2	-2,917	-875	-3,792	0	0	0	7,875	
49	Portugal	17,500	3	0	0	0	0	6,784	0	24,285	
50	Russian Federation	29,167	2	-7,292	-2,188	-9,479	6,030	0	0	25,718	
51	San Marino	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813	

		Current' scheme	Capacity to pay	Red'n	Red'n	Red'n	Add-on	Add-on	Add- on	
			Group	Stage 1*	Stage 2*	£	Whaling	Group 3	£ 4	Total £
52	Senegal	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
53	Slovak Republic	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
54	Solomon Islands	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
55	South Africa	17,500	2	-4,375	-1,313	-5,688	0	0	0	11,813
56	Spain	17,500	3	0	0	0	0	6,784	0	24,285
57	St Kitts and Nevis	23,334	1	-11,667	-2,917	-14,584	0	0	0	8,750
58	St Vincent & The G.	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
59	St. Lucia	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
60	Suriname	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
61	Sweden	23,334	3	0	0	0	0	6,784	0	30,118
62	Switzerland	17,500	3	0	0	0	0	6,784	0	24,285
63	Togo	11,667	1	-5,833	-1,458	-7,292	0	0	0	4,375
64	Tuvalu	17,500	1	-8,750	-2,188	-10,938	0	0	0	6,563
65	United Kingdom	29,167	4	0	0	0	0	0	36,182	65,350
66	USA	40,834	4	0	0	0	6,030	0	36,182	83,047

1,359,200	-285,840	-75,981	-361,821	36,182	108,546	217,093	1,359,200
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Shortfall for re-distribution	-361,821
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Group 1	23	Whaling	10%	36,182
Group 2	21	Group 3	30%	108,546
Group 3	16	Group 4	60%	217,093
Group 4	6			361,821
	66			

Table 13A Comparison of Financial Contributions per Country 2002/03 to 2007/08

	Country	Actual	Actual	Actual	Actual	Prop Bu	Fcst Bu
		2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
1	Antigua and Barbuda	10,500	9,960	7,126	8,750	8,750	8,750
2	Argentina	15,750	14,940	12,827	11,813	11,813	11,813
3	Australia	33,063	31,407	32,735	30,118	30,118	30,118
4	Austria	26,063	24,767	26,401	24,285	24,285	24,285
5	Belgium	0	0	26,401	24,285	24,285	24,285
6	Belize	10,500	9,960	7,126	4,375	4,375	4,375
7	Benin	10,500	9,960	7,126	6,563	6,563	6,563
8	Brazil	21,000	19,920	17,103	11,813	11,813	11,813
9	Cameroon	0	0	0	11,813	11,813	11,813
10	Chile	15,750	14,940	12,827	11,813	11,813	11,813
11	China, P.R of	15,750	14,940	12,827	11,813	11,813	11,813
12	Costa Rica	10,500	9,960	8,551	7,875	7,875	7,875
13	Cote d'Ivoire	0	0	12,827	11,813	11,813	11,813
14	Czech Republic	0	0	0	11,813	11,813	11,813
15	Denmark	58,001	48,726	56,671	53,649	53,649	53,649
16	Dominica	10,500	9,960	7,126	6,563	6,563	6,563
17	Finland	26,063	24,767	26,401	24,285	24,285	24,285
18	France	44,625	44,156	53,526	53,683	53,683	53,683
19	Gabon	14,000	9,960	7,126	6,563	6,563	6,563
20	Gambia, The	0	0	0	4,375	4,375	4,375
21	Germany	51,625	50,796	59,860	59,516	59,516	59,516
22	Grenada	10,500	9,960	7,126	6,563	6,563	6,563
23	Guinea	10,500	9,960	7,126	6,563	6,563	6,563
24	Hungary	0	0	12,827	11,813	11,813	11,813
25	Iceland	33,063	38,047	56,671	53,649	53,649	53,649
26	India	15,750	14,940	12,827	11,813	11,813	11,813
27	Ireland	26,063	24,767	26,401	24,285	24,285	24,285
28	Italy	51,625	50,796	59,860	59,516	59,516	59,516
29	Japan	104,563	121,235	128,137	123,881	123,881	123,881
30	Kenya	15,750	9,960	12,827	7,875	7,875	7,875
31	Kiribati	0	0	0	6,563	6,563	6,563
32	Korea, Rep of	21,000	29,880	17,103	35,952	35,952	35,952
33	Luxembourg	0	0	0	24,285	24,285	24,285
34	Mali	0	0	0	4,375	4,375	4,375
35	Mauritania	0	0	7,126	6,563	6,563	6,563
36	Mexico	15,750	14,940	12,827	11,813	11,813	11,813
37	Monaco	26,063	24,767	12,827	11,813	11,813	11,813
38	Mongolia	10,500	9,960	7,126	6,563	6,563	6,563
39	Morocco	15,750	14,940	12,827	11,813	11,813	11,813
40	Nauru	0	0		6,563	6,563	6,563
41	Netherlands	26,063	31,407	32,735	30,118	30,118	30,118
42	New Zealand	40,063	38,047	39,070	35,952	35,952	35,952
43	Nicaragua	3,500	9,960	7,126	6,563	6,563	6,563
44	Norway	65,001	62,006	56,671	53,649	53,649	53,649
45	Oman	15,750	14,940	12,827	11,813	11,813	11,813
46	Palau	10,499	9,960	7,126	6,563	6,563	6,563
47	Panama	10,500	9,960	12,827	11,813	11,813	11,813
48	Peru	15,750	14,940	12,827	7,875	7,875	7,875
49	Portugal	26,063	24,767	26,401	24,285	24,285	24,285

	Country	Actual	Actual	Actual	Actual	Prop bu	<i>Fcst Bu</i>
		2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
50	Russian Federation	30,188	28,939	26,311	25,718	25,718	25,718
51	San Marino	26,063	24,767	12,827	11,813	11,813	11,813
52	Senegal	10,500	9,960	7,126	6,563	6,563	6,563
53	Slovak Republic	0	0	0	11,813	11,813	11,813
54	Solomon Islands	10,500	9,960	7,126	6,563	6,563	6,563
55	South Africa	15,750	14,940	12,827	11,813	11,813	11,813
56	Spain	26,063	24,767	26,401	24,285	24,285	24,285
57	St Kitts and Nevis	10,500	9,960	7,126	8,750	8,750	8,750
58	St Vincent & The G.	21,438	20,639	16,809	6,563	6,563	6,563
59	St. Lucia	10,500	9,960	7,126	6,563	6,563	6,563
60	Suriname	0	0	7,126	6,563	6,563	6,563
61	Sweden	26,063	31,407	32,735	30,118	30,118	30,118
62	Switzerland	26,063	24,767	26,401	24,285	24,285	24,285
63	Togo	0	0	0	4,375	4,375	4,375
64	Tuvalu	0	0	7,126	6,563	6,563	6,563
65	United Kingdom	58,625	50,796	66,195	65,350	65,350	65,350
66	USA	76,563	74,755	83,796	83,047	83,047	83,047

1,293,072	1,274,875	1,342,891	1,359,200	1,359,200	1,359,200
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Table 14: Summary and Comparisons 2003-2004 to 2007-2008

	A	B	C	D	E	F	G	H	I	J
	2003/04	2004/05	2005/06	2005/06	2006/07	2007/08	Percentage changes			
	Actual	Actual	Budget	Projected	Proposed	Forecast				
					Bu	Bu	D/C	E/C	E/D	F/E
Income										
Members' Contributions	1,298,789	1,376,204	1,359,200	1,351,350	1,351,350	1,351,350	-0.58%	-0.58%	0.00%	0.00%
Recovery of arrears	0	0	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Interest on late contributions	45,045	30,591	0	23,900	0	0	0.00%	0.00%	-100.00%	0.00%
Voluntary contributions	64,359	6,539	1,000	22,150	5,500	2,000	2115%	450%	-75%	-64%
Sales of Publications	17,852	14,483	5,600	9,000	17,500	18,000	61%	213%	94%	3%
Sales of sponsored publications	1,737	1,730	1,000	1,000	1,000	1,050	0.00%	0.00%	0.00%	5.00%
Annual Meeting fees	55,240	48,018	51,700	43,900	44,950	46,000	15.09%	-13.06%	2.39%	2.34%
UK tax recoverable	23,105	20,957	28,930	26,100	29,800	27,900	-9.78%	3.01%	14.18%	-6.38%
Staff Assessments	132,632	140,183	148,200	141,000	154,800	161,600	-4.86%	4.45%	9.79%	4.39%
Bank interest	48,811	66,842	50,100	61,600	50,150	47,000	22.95%	0.10%	-18.59%	-6.29%
Sundry income	1,230	433	0	1,000	1,000	1,000	0.00%	0.00%	0.00%	0.00%
Total income	1,688,799	1,705,981	1,645,730	1,681,000	1,656,050	1,655,900	2.14%	0.63%	-1.48%	-0.01%
Expenditure										
Salaries, N.I., allowances	586,146	609,339	641,700	621,500	655,900	682,250	-3.15%	2.21%	5.53%	4.02%
Pensions and other benefits	108,963	123,178	132,700	128,300	134,450	137,800	-3.32%	1.32%	4.79%	2.49%
Travel	2,749	3,699	4,570	5,550	5,700	5,850	21.44%	24.73%	2.70%	2.63%
Office rent and maintenance	96,479	113,483	105,300	106,550	117,750	111,000	1.19%	11.82%	10.51%	-5.73%
General Insurances	3,702	5,443	5,680	5,450	5,600	5,750	-4.05%	-1.41%	2.75%	2.68%
Postage & telecomms	21,829	18,926	24,530	19,500	20,000	20,500	20.51%	-18.47%	2.56%	2.50%
Office equipment & supplies	52,594	54,272	57,860	56,500	57,980	59,450	-2.35%	0.21%	2.62%	2.54%
Professional fees	7,688	7,797	9,010	9,650	12,450	12,900	7.10%	38.18%	29.02%	3.61%
Training and Recruitment	765	2,405	4,000	3,000	4,050	4,200	25.00%	1.25%	35.00%	3.70%
Photocopying etc.	1,275	3,058	5,110	4,400	4,550	4,700	13.89%	-10.96%	3.41%	3.30%
Sundry expenditure	2,033	0	2,500	13,450	5,050	5,250	438%	102%	-62%	4%
Total Secretariat	884,222	941,600	992,960	973,850	1,023,480	1,049,650	-1.92%	3.07%	5.10%	2.56%
Publications costs	47,165	29,486	50,070	32,500	43,350	34,200	35.09%	-13.42%	33.38%	21.11%
Annual Meetings	300,800	315,100	326,000	326,000	333,850	342,000	0.00%	2.41%	2.41%	2.44%
Other Meetings	1,556	13,268	20,000	20,000	20,500	21,000	0.00%	2.50%	2.50%	2.44%
Research	251,062	256,895	266,000	266,000	279,000	285,700	0.00%	4.89%	4.89%	2.40%
Small cetaceans	2,721	25,672	1,000	18,950	4,550	1,050	1795%	355%	-76%	-77%
Sundry	0	2,445	0	0	0	0				
Total expenditure	1,487,527	1,584,466	1,656,030	1,637,300	1,704,730	1,733,600	-1.13%	2.94%	4.12%	1.69%
Provisions:										
Unpaid contributions	-43,865	23,885	0	0	0	0				
Unpaid interest	-12,457	-55,464	0	9,400	0	0				
Severance Pay	28,600	1,200	-12,100	26,800	28,500	32,700	-321%	-336%	6%	15%
Other doubtful debts	-964	-1,796	0	0	0	0				
	-28,686	-32175	-12100	36200	28500	32700	-399%	-336%	-21%	15%
Excess/deficit (-) of income over expenditure	229,958	153,688	1,800	7,500	-77,180	-110,400	317%	-4388%	-1129%	43%
Net Transfers from or to (-):										
Publications Fund	-1,958	-2,152	2,010	-1,600	-2000	-2100				
Small Cetaceans Fund	-467	18,762	-50	8,100	-50	-50				
Research Fund	-46,833	10,035	-4,000	-6,200	-6,500	-6700				
Surplus/Deficit (-) for the year after transfers	180,699	180,333	-240	7,800	-85,730	-119,250				