



ICES
CIEM

International Council for
the Exploration of the Sea
Conseil International pour
l'Exploration de la Mer

Council Meeting 2018

October 2018

CM 2018 Del-3.1

Agenda item 3.1

Finance Committee

Council is invited to:

- *take note of the information on the financial situation of the organization;*
- *to approve the final accounts 2017, including Audit Book,*
- *vote on the proposed budget for 2019, noting that the national contributions have already been decided (CM 2017 Del-3.1),*
- *vote on an inflation regulation of 1.5% for the 2020 national contributions]*
- *agree to the use of equity, pending income from clients and projects:*
 - *to strengthen the ICES Secretariat finance department with immediate effect (details in this compilation – Finance Committee Doc 6.2), and*
 - *to uphold, in the long-term, the contribution of the ICES Secretariat to quality assure data and assessment products*

(This equals a Line Manger position for Finance and Administration, and a professional position for data and assessment products)

The Finance Committee met on 6 June. Bureau reviewed, commented, and requested for updating parts of the report at its meeting 19-20 June 2018. Revised and updated information is presented in this compilation.

It is noted that in addition to the uncertainties about the income, specifically from projects and special requests, there are other factors making it difficult to anticipate total income. This relates to the negotiations with EC on the 2019 and forthcoming budgets for the provision of advisory services, as well as new cooperation agreement with new clients, reference is made to document CM 2018 Del-3.2. An increase in income is anticipated from the agreement between ICES and EC, bringing the accounts closer to the 100% cost recovery principle.

At the Finance Committee meeting, there were still four outstanding national contributions for 2018. At the given moment there is only one outstanding national contribution.

Presented compilation includes:

- Minutes of the Finance Committee meeting
- Final accounts 2017, including:
 - Letter of representation
 - Statement on the Final Accounts for 2017
 - Final Accounts 2017
 - Audit Book Comments on the Final Accounts 2017
- Status report 30 April 2018
- Proposed Budget 2019 and Forecast Budget 2020
- Programme Budgets
- Projects (a further updated document is included in document CM 2018 Del-3.3)
- Capital Reserve Fund
- Development of Equity
- Finance Department
- Five Year projection of ICES budget

Finance Committee

Minutes

Chair: Piotr Margonski

Participants: Piotr Margonski (Chair), Ari Leskelä, Alain Vezina (by web conference), Anne Christine Brusendorff, Helle Falck, Kirsten Gudmandsen, Ellen Johannesen.

Regrets: Tomas Zolubas, Fritz Köster.

1 Approval of Agenda

Meeting participants approved the agenda (FC_2018-06 Doc 1).

2 Final Accounts 2017, Audit book comments on the Final Accounts 2017, and report

The Final Accounts 2017 have been audited by Deloitte. The members of the Finance Committee approved and the members present signed the Final Accounts 2017 and the Audit book comments on the Final Accounts 2017 (FC_2018-06 Doc 02). The other signatures will be collected by correspondence.

3 Status Report as of 30 April 2018

Meeting participants discussed the status report as of 30 April 2018 (FC_2018-06 Doc 03), noting that being less than halfway through the year this provides an incomplete overview. However, there are positive developments, including a 1.5 million DKK increase in the value of the Administrative Agreement with EU, a considerable amount of costed special requests, and a positive operating result is expected by the end of the year.

For clarity, the document should be editorially revised to exactly match the introductory text to the text in the table.

4 Proposed Budget for 2019 and Forecast Budget for 2020

Meeting participants discussed and commented on the budgets as outlined below:

4.1 Proposed Budget 2019 and Forecast budget 2020

The proposed budget for 2019 was not voted on by Council in October 2017. The vote on national contributions for 2019 was conducted by e-voting procedure December to February 2018. All countries voted, and the result was a raise of the national contribution with the inflation rate, 1.3% (FC_2018-06 Doc 4.1).

For the 2020 Forecast Budget an inflation regulation, i.e. 1.5% of the national contributions is recommended and a fall-back option with no (0%) increase is to be prepared for Council, but again stressing the financial implications of a stable budget, and that ICES has already had a substantial decrease in income, due to stable national contributions in 2010, 2012– 2015, 2017, and 2018.

The Forecast budget takes a conservative approach with estimating income. The results of negotiations with clients including with the EU (AA), and on-going

negotiations with other clients (OSPAR, Iceland, UK, the Russian Federation), as well as the projects in the pipeline were still not included but once they are successful it will positively influence the budget predictions. It was suggested to consider if a more realistic figure could be included especially regarding the expected income from projects based on information from the past 5 years.

The projection of expenses and how that matches with new (more) Steering Groups was also discussed. Given more Steering Groups are there also greater expenses? New Steering Groups are an investment and on the longer-term further income could be expected from special requests e.g. on aquaculture. SCICOM is dependent on national contributions, therefore the growth of SCICOM costs impacts the Secretariat budget. The negotiations for the new AA will also include considerations of the role of science groups and how they contribute to the development of advice and can be “direct cost” to clients.

4.2 Programme/departmental budgets

Meeting participants reviewed the programme and departmental budgets (FC_2018-06 Doc 4.2).

Table 1. *Overview of estimated income and costs for recurrent advice, in million DKK – for 2016, 2017, & 2018*, emphasizes recurrent advice and shows that better accounting is needed to document and improve cost recovery. This is the reason for the ongoing negotiations with clients as the Secretariat works towards closing the gap between costs and income.

It was noted that for the budget line *ADG travel costs*, the 2017 cost is higher than the projection in future years. It should be considered how to control costs, as currently all national nominations to ADGs (for which travel and per diem costs are paid) have to be financed.

Action: The chair of Finance Committee will highlight this in his report to the June Bureau meeting and will request ACOM to reflect on the need to adjust procedures to ensure this spending stays on budget.

4.3 Overview of on-going external projects and external projects in the pipeline.

Meeting participants reviewed current and planned ICES project participation (FC_2018-06 Doc 4.3).

The ~1 million projected decrease between 2018 and 2019 will need some explanation during reporting to Bureau and Council. The potential to consider a bigger project strategy was discussed. In the near-term there could also be some uncertainty for 2020 given the change in the EU Framework programme, with the new programme starting 1 January 2021.

For projects the link between income and costs is not 1:1. Projects have been in past used to fill gaps in the budget to help finance work of benefit to the ICES community (i.e. AtlantOS – acoustics database), and as a means to ensure the involvement of additional experts and networks to the ICES community. Thus, projects should not only be seen as a mean to fill income gaps, which could also have associated risks. Further reflection is needed on the risk associated with depending on projects.

In addition to the financial importance of projects, it was noted that a *post-hoc* evaluation of the impact of projects on the capacity of ICES would be beneficial (i.e. did we achieve the stated goals of the project participation?) The project portfolio document submitted to SCICOM, reporting on the substantial contribution of the projects could be used as a basis.

5 Development of the Capital Reserve Fund (CRF)

Finance Committee noted the development of the Capital Reserve Fund (FC_2018-06 Doc 5).

6 Strategic Financial Issues

At the 2015 Council meeting it was decided that Finance Committee should take ownership of the ICES Business Model (IBM)¹, follow the issues, and update as necessary.

6.1 Development of Equity

Finance Committee reviewed the development of equity (FC_2018-06 Doc 6.1). The equity has remained relatively stable. Finance Committee acknowledged that further investment in quality of assurance in the financial administration of the organization, as well as in the advisory process may be required, and indicated that there would be funding available from equity, due to its stabilization, and even a relative increase the past couple of years, based on an appropriate proposal.

6.2 Information on development of new agreement with EC on the costs of advice

The Secretariat provided an update of the status of the new agreement with EC, to enter into force in 2019, including the need to further breakdown the costs associated with the advisory services delivered to EC, towards improved compliance with the ICES 100% cost recovery principle. The secretariat noted this will have further implications for other external financed activities, within advice and science, as an equitable and transparent basis for charging clients.

The Secretariat Finance department is very busy working on the basis for the budget and the accounting system and further help may be needed to develop and implement a modern and responsive system. This is important for the entire organization.

Action: Finance committee supported the suggestion that a further proposal be developed for submission to Bureau requesting equity funds be allocated to respond to the urgent need for further investment in the development of the finance department, and potentially for quality assurance in the advisory programme. The proposal should include some consideration of the implication for a long-term financing of the investment through other income streams.

6.3 Five year projection of ICES budget

The Secretariat provided a five-year outlook of the ICES budget, 2019-2023, including the draft budget for 2017 and the forecast budget for 2018 (FC_2018-06 Doc 6.3)

Finance Committee acknowledged that it is very difficult to project 5 years in the future, however, this exercise does provide a good indication of where further work is needed, and shows that there is a serious implication for the budget with only a 1% or 2% difference in the national contributions.

Within the scenarios, only salaries increase (other expenses kept stable and not inflation regulated). This may overestimate the impact of the level of the national contributions on the operating result (e.g. if the office expenses increase significantly).

Action: Finance committee agreed to present this table to Bureau. For the Council, a bit more information is needed. The document should include a disclaimer that this is just one projection showing the importance of national contribution and with other expenses remaining stable.

6.4 Close of the meeting

Piotr Margonski, Finance Committee Chair thanked the members of Finance Committee, as well as the Secretariat for the meeting preparations. A new Chair and new members of Finance Committee will be appointed at the Council meeting.

Deloitte Statsautoriseret Revisionsaktieselskab
Attn.: Peter Zacho Skanborg
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C
Denmark

Letter of representation on the Final Accounts for 2017

We submit this letter of representation in connection with your audit of the Final Accounts 2017. The Final Accounts shows a profit of DKK -658k, total assets of DKK 50,323k, and equity of DKK 24,317k, and we confirm to the best of our knowledge:

1. That we are aware that Management is responsible for preparing the Final Accounts in accordance with Rule 18 of the Rules of Procedures, and for the Final Accounts giving a true and fair view of the organisation's financial position and the results of its activities, and for the General Secretary's review containing a fair review of the affairs and conditions referred to therein.
2. That the Organisation's capital resources, including its financial position, and its future prospects support the application of the principle of going concern.
3. That the management commentary contains all the required information, also for the purpose of evaluating the profit/loss for the year and the financial position.
4. That the General Secretary's review and the Final Accounts comprise the required disclosures about any unusual or uncertain circumstances.
5. That we are aware of Management's responsibility for the design and implementation of internal controls to prevent and detect fraud.
6. That we have disclosed the results of our assessment of the risk that the Final Accounts and the General Secretary's review may be materially misstated as a result of fraud.
7. That we have disclosed all information on known, alleged or suspected fraud that may have involved Management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the annual report.
8. That the Final Accounts does not contain material misstatements.
9. That we have made available all accounting records and supporting documentation up to this date.
10. That the disclosures provided to Deloitte on related parties are correct and complete.

11. That we have provided information about all existing or possible violations of law or other regulations of relevance to the Final Accounts.
12. That the Organisation has complied with all aspects of contractual agreements that could have a material effect on the Final Accounts in the event of non-compliance.
13. That all assets have been recognised in the balance sheet, that these assets exist and belong to the Organisation, and that they have been measured reliably, and also that any impairment losses, etc are adequate to match the risk associated with the assets.
14. That there are no liens or encumbrances etc on the Organisation's assets other than what is disclosed in the Final Accounts.
15. That all existing liabilities and contingent liabilities incumbent on the Organisation have been recognised or disclosed in the Final Accounts, and that these items have been measured reliably.
16. That there are no pending or threatening claims for damages, lawsuits, tax cases, etc or contingent liabilities such as pension, recourse and non-recourse guarantee commitments or financial obligations, including currency exposure and lease commitments, other than those disclosed in the Final Accounts which could have a material influence on the evaluation of the Organisation's financial position.
17. That we have no plans or intentions that may materially alter the carrying value or classification of the assets and liabilities reflected in the Final Accounts.
18. That such insurance policies have been taken out as are considered sufficient in the Organisation's circumstances to cover any situations of loss which the Organisation might experience.
19. That all transactions carried out in the financial year under review have been carried out on an arm's length basis.
20. That no events have occurred after the balance sheet date to this date which influence the evaluation of the Final Accounts, and which require adjustment of or disclosure in the General Secretary's review or notes to the Final Accounts.

Copenhagen, 29 May 2018

International Council for the Exploration of the Sea



Anne Christine Brusendorff, General Secretary



Kirsten Gudmandsen, Finance Officer

Deloitte Statsautoriseret Revisionspartnerselskab
Attn.: Peter Zacho Skanborg
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C
Denmark

Statement on the Final Accounts for 2017

This statement is given in connection with the audit of the Final Accounts for 2017. On behalf of the Finance Committee, I confirm the following to the best of my knowledge:

1. That the Finance Committee is aware of Management's responsibility for designing and implementing internal controls to mitigate and detect fraud.
2. That the Finance Committee does not consider a specific risk of fraud to exist and that the organisation has an efficient control environment mitigating the risk of material misstatement in the Final Accounts, including misstatements in the Final Accounts as a result of fraudulent financial reporting or misappropriation of the organisations assets.
3. That the Finance Committee has no knowledge of information about actual, presumed or alleged fraud which may have involved Management or staff and which may be material for the Final Accounts.

Copenhagen, 29 May 2018

International Council for the Exploration of the Sea (ICES)



Piotr Margonski
Chairman of Finance Committee



Deloitte
Statsautoriseret Revisionspartnerselskab
CVR no. 33 96 35 56
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C
Denmark
Phone +45 36102030
Fax +45 36102040
www.deloitte.dk

**International Council for the
Exploration of the Sea**

H.C. Andersens Boulevard 44 - 46
1553 København V
Central Business Registration No
12063814

Final Accounts 2017

Contents

	<u>Page</u>
Organisation details	1
General Secretary's and Finance Committee's statement	2
Independent auditor's report	3
General Secretary's review	6
Income statement for 2017	8
Balance sheet at 31 December 2017	9
Notes	11
Accounting policies	15

Organisation details

Organisation

International Council for the Exploration of the Sea

Central Business Registration No: 12063814

Registered in: H.C. Andersens Boulevard 44-46, 1553 Copenhagen V, DK

Phone: 0045 3338 6700

Fax: 0045 3393 4215

Internet: www.ices.dk

E-mail: info@ices.dk

General Secretary

Anne Christine Brusendorff

Finance Committee

Chair: Piotr Margonski, Poland

Members: Alain Vezina, Canada; Fritz Köster, Denmark; Ari Leskelä, Finland; Tomas Zolubas, Lithuania.

Organisation auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

General Secretary's and Finance Committee's statement

The General Secretary and the Finance Committee have today considered and approved the Final Accounts of International Council for the Exploration of the Sea (hereafter "the Council" or "ICES") for 2017.

The Final Accounts have been prepared in accordance with Rule 18 of the Rules of Procedures.

We consider the accounting policies applied appropriate and the accounting estimates made reasonable. Therefore, in our opinion, the Final Accounts give a true and fair view of the financial position at 31 December 2017 of the International Council for the Exploration of the Sea and of the result of its operations for the financial year 1 January to 31 December 2017.

We believe that the General Secretary's review contains a fair review of the affairs and conditions referred to therein.

We recommend that the Final Accounts be adopted.

Copenhagen, 29 May 2018

General Secretary



Anne Christine Brusendorff

Having examined the Final Accounts, we recommend that the Bureau submit the document to the Members of the Council for approval.

Finance Committee



Chair: Piotr Margonski, Poland

Members: Alain Vezina, Canada; Fritz Köster, Denmark; Ari Leskelä, Finland; Tomas Zolubas, Lithuania.

Independent auditor's report

To the members of International Council for the Exploration of the Sea Report on the Final Accounts

We have audited the financial statements of International Council for the Exploration of the Sea for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Rules of Procedures, 22 October 2008.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Rules of Procedures, 22 October 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

General Secretary's responsibility for the Final Accounts

The General Secretary (Management) is responsible for the preparation of final accounts that give a true and fair view in accordance with the Rules of Procedures, and for such internal control as Management determines is necessary to enable the preparation of final accounts that are free from material misstatement, whether due to fraud or error.

In preparing the final accounts, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the final accounts unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Rule 20 (VII) of the Rules of Procedures adopted by the Council on 22 October 2008, ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

Independent auditor's reports

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with the Rules of Procedures adopted by the Council on 22 October 2008, ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's reports

Statement on the General Secretary's review

Management is responsible for the General Secretary's review.

Our opinion on the financial statements does not cover the General Secretary's review, and we do not express any form of assurance conclusion thereon.

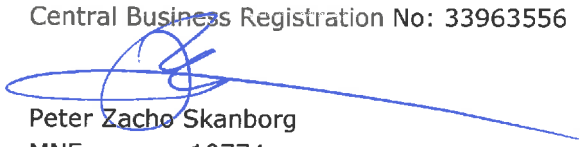
In connection with our audit of the financial statements, our responsibility is to read the General Secretary's review and, in doing so, consider whether the General Secretary's review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the General Secretary's review provides the information required under the Rules of Procedures adopted by the Council on 22 October 2008.

Copenhagen, 29 May 2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556



Peter Zacho Skanborg
MNE-nr. mne10774
State Authorised Public Accountant

General Secretary's review

General Operating Principles

The operations of the International Council for the Explorations of the Sea (hereafter ICES) are governed by the 1964 Convention agreed among the 20 Contracting Parties¹ and entered into force on 22 July 1968.

According to Article 2 of the Convention ICES shall be concerned with the Atlantic Ocean and its adjacent seas and primarily concerned with the North Atlantic, with the main goal:

- (a) to promote and encourage research and investigations for the study of the sea particularly those related to the living resources thereof;
- (b) to draw up programmes required for this purpose and to organize, in agreement with the Contracting Parties, such research and investigations as may appear necessary;
- (c) to publish or otherwise disseminate the results of research and investigations carried out under its auspices or to encourage the publication thereof.

In addition, the 2002 Copenhagen Declaration stresses the need for ICES to strengthen working relationships with users of scientific information on living marine resources and marine ecosystems, including fisheries management organizations, environmental commissions, as well as with stakeholders, thus requiring that ICES:

- apply a quality assurance scheme for its advisory function;
- adopt procedures to include the full consideration of data from a wide range of stakeholders;
- be flexible and timely in providing scientific advice to meet the needs of decision makers responsible for the stewardship of living marine resources and marine ecosystems without compromising the quality or reliability of the advice;
- ensure that ecosystem considerations, including the effects of human activities and climatic and oceanographic conditions are taken into account; and
- frame advice in relation to fisheries management, giving full consideration to the ecosystem context.

The ICES Secretariat is located in Copenhagen, Denmark. A Host Agreement between the Government of Denmark and ICES on the office and the privileges and immunities entered into force on 24 July 1968.

The Council is an international legal entity with the capacity to enter into contracts, to acquire and dispose of immovable and movable property, and institute legal proceedings. The Council and its property, income and expenditures are exempt from all national direct and other taxes or duties.

¹ Belgium, Canada, Denmark, Estonia, Finland, France, Germany, Iceland, Ireland, Latvia, Lithuania, the Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, United Kingdom, and the United States of America.

Primary activities

The Final Accounts for the year 2017 show total revenue for ICES of 45,291,168 DKK, of which 22,363,000 DKK was from national contributions. Another major component was income received from recipients of scientific advice amounting to 15,892,913 DKK.

General Secretary's review

The difference between revenue and expenditures for 2017 resulted in a deficit of -1,338,377 DKK that could be compared to the budgeted deficit of -1,983,000 after income from interest of 200,000 DKK. The budgeted deficit was planned in accordance with Council decisions to invest in developing specific components of the ICES work programme:

- 1) to develop and start implementing the Transparent Assessment Framework, for auditability and reproduction of stock assessments (Council, 2015)
- 2) to further develop the RDB in providing quality assured and documented data for the stock assessment work (Council, 2016)
- 3) specific tasks to ensure more comprehensive availability of data and data products including biodiversity related issues (e.g., Large Fish Indicator) in the DATRAS data portal (Council, 2016).

Completion and inventory of terminated projects reduced the deficit by 680,000 DKK, resulting in a deficit of -658,378 DKK, which will be transferred from equity.

National contributions to ICES are due in advance, or by the end of January of the budget year. As of April 2018, four national contributions were not paid (reminders have been sent). There are no outstanding contributions from previous years.

Development in activities and finances

In a ten-year period (2009–2018), increases in national contributions were agreed in 2011 (2%), 2016 (1.9%), and 2019 (1.3%, with reference to the need for inflation regulation) in the other years national contributions remained stable. The relative share of national contributions in 2017 was 49%.

On the expenditure side, salaries increased with the cost of living (based on the Danish inflation rate) and with the step increases. The secretariat salary cost in 2017 was 30,815,930 DKK, more or less equivalent to 2016, and including honorarium for ACOM Chair, ACOM Vice-Chairs, and SCICOM Chair amounted to 34,093,091. This total amount has increased compared to 2016 due to the establishment of a full-time SCICOM Chair position. Following the Council's directions to achieve full cost recovery for the advisory services, an increasing share of the salary costs are covered by MoUs, inter alia through financing of special request outside the ICES–EU Administrative Arrangement (AA). This works continues, with the aim in 2019 to have a system that better reflects a full cost recovery agreement with advisory clients.

Events after the balance sheet date

The ICES–EU Administrative Arrangement (AA) for 2018 was signed 8 March 2018.

Income statement for 2017

	Notes	2017 DKK	2016 DKK'000
Contributions from member countries	1	22.363.000	22.363
Contribution from Faeroe Island and Greenland		418.000	418
Recipients of Scientific Advice	2	15.892.913	15.815
Income from Projects		3.275.138	3.413
Other income	3	3.993.632	4.327
Sales of publications		28.485	9
Total revenue		45.971.168	46.345
Salaries	4	-34.093.091	-33.393
Office expenses		-2.321.882	-1.926
IT expenses		-3.143.589	-2.776
Expenses for Council and ASC		-1.016.539	-1.024
Travelling and meeting expenses		-5.803.362	-4.635
Publications		-427.533	-596
Total expenditure		-46.805.996	-44.350
Result of revenue and expenditure		-834.828	1.995
Financial income	5	410.321	269
Financial expenses	6	-233.871	-150
Income over expenditure		-658.378	2.114

The years income over expenditure is distributed as follows

Capital Reserve Fund (equity)	0	676
Use of fund Strategic Investment Fund (equity)	0	-95
Accumulated income over expenditure (equity)	-658.378	1.534
Total	-658.378	2.114

Balance sheet at 31 December 2017

	Notes	2017 DKK	2016 DKK'000
Capital Reserve Fund – Investment & cash at bank	10	9.042.877	8.578
Non-current assets		9.042.877	8.578
Receivable member contribution	7	10.450.000	10.032
Other receivables	8	5.877.231	7.202
Prepayments and accrued income	9	303.371	298
Receivables		16.630.602	17.532
Investments	10	24.595.211	22.180
Cash at bank and in hand		54.303	2.120
Current assets		41.280.116	41.832
Assets		50.322.993	50.410

Balance sheet at 31 December 2017

	Notes	2017 DKK	2016 DKK'000
Capital Reserve Fund (CRF)		9.186.146	9.269
Accumulated income over expenditure		<u>15.130.860</u>	<u>16.112</u>
Equity	11	<u>24.317.006</u>	<u>25.381</u>
Bank debt		835.470	0
Prepaid/pre-invoiced contributions		22.363.000	22.363
Prepaid projects funded by third parties		1.137.206	819
Other payables	12	<u>1.670.311</u>	<u>1.846.789</u>
Total short-term liabilities		<u>26.005.987</u>	<u>25.029</u>
Equity and liabilities		<u>50.322.993</u>	<u>50.410</u>
Additional information			
Lease of IT equipment	13		

Notes

	2017 DKK	2016 DKK'000
1. Contributions from member countries (shares)		
Belgium (2)	836.000	836
Canada (3)	1.254.000	1.254
Denmark (3)	1.254.000	1.254
Estonia (1)	418.000	418
Finland (1,5)	627.000	627
France (4)	1.672.000	1.672
Germany (4)	1.672.000	1.672
Iceland (3)	1.254.000	1.254
Ireland (2)	836.000	836
Latvia (1)	418.000	418
Lithuania (1)	418.000	418
The Netherlands (3)	1.254.000	1.254
Norway (4)	1.672.000	1.672
Poland (3)	1.254.000	1.254
Portugal (2)	836.000	836
Russia (3)	1.254.000	1.254
Spain (3)	1.254.000	1.254
Sweden (3)	1.254.000	1.254
United Kingdom (4)	1.672.000	1.672
The USA (3)	1.254.000	1.254
	22.363.000	22.363
2. Recipients of Scientific Advice		
European Commission	10.446.660	10.447
NEAFC	2.373.937	2.352
OSPAR	1.169.315	1.169
HELCOM	518.602	478
NASCO	543.427	538
Norway	840.972	831
	15.892.913	15.815

Notes

	2017 DKK	2016 DKK'000
3. Other income		
Income from ICES Journal	1.658.720	1.492
Income from Training courses	713.422	664
ASC Fees	573.700	653
Miscellaneous	266.656	237
Special request	781.134	1.281
	3.993.632	4.327
4. Salaries		
Salaries are divided as follows:		
Salaries Secretariat	-29.885.566	-29.847
Other salaries relating costs	-930.364	-779
	30.815.930	-30.626
 Honorarium to external Chairs	 -3.277.161	 -2.767
	34.093.091	-33.393
5. Financial income		
Interest	410.128	269
Exchange gains	193	0
	410.321	269
6. Financial expenses		
Exchange losses	-158.044	-45
Bank charges	-75.827	-104
	-233.871	-149

Notes

	2017 DKK	2016 DKK'000
7. Receivable member contributions		
Belgium	836.000	836
Denmark	1.254.000	1.254
France	0	0
Estonia	418.000	418
Germany	1.672.000	0
Ireland	836.000	836
Latvia	0	418
Portugal	0	836
Russia	1.254.000	1.254
Sweden	1.254.000	1.254
Spain	1.254.000	1.254
United Kingdom	1.672.000	1.672
Related to the following year	10.450.000	10.032
8. Other Receivables		
European Commission	4.042.670	4.583
VAT due from the Ministry of Foreign Affairs	1.036.552	646
Deposits due from parking spaces	4.806	6
Miscellaneous receivables	793.203	1.967
	5.877.231	7.202
9. Prepayments and accrued income		
Prepaid pensions	303.371	298
	303.371	298
10. Investments		

General investment and Capital Reserve Funds are invested in Danish short-term bonds listed on the Copenhagen Stock Exchange.

Notes

11. Equity

	Capital Reserve Fund DKK	Accumulated income over Expenditure etc. DKK	Total equity DKK
Equity at 1 January 2017	9.269.059	16.112.111	25.381.170
Unrealised fair value of bonds	-82.913	-322.873	-405.786
Profit/loss for the year	0	-658.378	-658.378
Equity at 31 December 2017	9.186.146	15.130.860	24.317.006

	2017 DKK	2016 DKK'000
12. Other Payables		
Accounts payable	1.618.339	1.749
Danish State Pension (ATP)	51.972	98
	1.670.311	1.847

13. Lease commitments

Lease obligations falling due within:

0-1 years	870.231	1.113
1-5 years	734.602	1.336
> 5 years	0	0
	1.604.833	2.449

14. Morgages and securities

Investments have been provided as security for bank debt.

Accounting policies

The Final Accounts have been prepared in accordance with Rule 18 of the Rules of Procedures.

The Final Accounts have been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognised in the balance sheet when future economic benefits are probable and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that economic benefits will flow out of the Organisation and when the value of the liability can be measured reliably.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the Final Accounts that evidence conditions existing at balance sheet date are taken into account.

Income statement

Contributions and Costs

Contributions are booked as revenue in the financial year to which they relate. Equally, costs incurred to generate the earnings of the year are recognised in the income statement.

Financial income and expenses

Financial income and expenses comprise interest income and expenses. Realised gains and losses on bonds classified as investments are recognised in the financial year to which they relate. Unrealised gains and losses on bonds classified as investments are recognised directly on equity.

Projects funded by third parties

Revenue from projects funded by third parties is recognised as income at the same time as costs related to the project are incurred as expenses.

Profit or loss on projects funded by third parties is recognised in the income statement when the project is finalised.

Accounting policies

Balance sheet

Non-current assets

Non-current assets comprise investments and cash at bank dedicated to Capital Reserve Fund.

Investments

Investments comprising listed bonds are measured at fair value at the balance sheet date, however, at a maximum price of 100, corresponding to the redemption price. Gains and losses on investments from the Capital Reserve Fund and General Fund are recorded in the associated equity accounts. All other gains and losses are recorded in the income statement, except for unrealised fair value adjustments of investments, which are recognised directly on equity.

Receivables

Receivables are measured at cost. Provisions are made for bad debts.

Unpaid contributions from projects funded by third parties (assets)

Unpaid contributions from ongoing projects comprise costs related to work performed on projects during which funding is not yet received from third party.

Unpaid contributions are measured at cost.

Prepayments from projects funded by third parties (liabilities)

Prepayments from projects funded by third parties comprise funds received from third parties regarding projects, which are not finished at the end of the year.

Prepayments from projects funded by third parties are recognised as funds received from third parties.

International Council for the Exploration of the Sea

Audit book comments on the Final Accounts 2017

Contents

	<u>Page</u>
1. Our audit of the Final Accounts	55
1.1 Final Accounts	55
1.2 Affairs and conditions materially influencing the evaluation of the Final Accounts	55
1.2.1 Segregation of duties	55
1.2.2. Inquiries of the Executive Board and the Board of Directors about the risk of fraud	55
2. Audit of business processes and internal controls	56
3. Comments on the Final Accounts	57
3.1 Income statement	57
3.2 Balance sheet	58
4. Other comments	58
4.1 Letter of representation and unadjusted misstatements in the Final Accounts	58
4.2 Insurance	59
3.3 General IT controls	59
5. Conclusion	59
6. Objective and scope of the audit, including definition of responsibilities	59
7. Auditor's declaration	60

Audit book comments on the Final Accounts for 2017

1. Our audit of the Final Accounts

1.1 Final Accounts

We have finalised our audit of the Final Accounts of International Council for the Exploration of the Sea (ICES/the organisation) for 2017 presented by the General Secretary and the Finance Committee. The Final Accounts show the following:

	2017 TDKK	2016 TDKK
Income over expenditure (minus is deficit)	-658	2.114
Assets	50.323	50.410
Equity	24.317	25.381

1.2 Affairs and conditions materially influencing the evaluation of the Final Accounts

Based on our audit, we point out the following particular affairs and conditions of relevance for Finance Committee's evaluation of the Final Accounts:

1.2.1 Segregation of duties

As mentioned in our audit book comments of 19 May 2011 issued upon acceptance of the audit, the possibility of preventing material misstatements in the Final Accounts, including misstatements caused by fraud, primarily depends on the extent to which sound internal control is ensured in the organisation of the recording systems and business processes.

We draw attention to the size of ICES's administration and limited resources. Smaller administrations increase the risk of misstatements in the Final Accounts as a result of intentional or unintentional actions or omissions. Any misstatements in the Final Accounts that result from fraud may not necessarily be detected during our audit since misstatement of this nature are usually concealed or hidden.

We point out that these comments should not be taken to mean that our audit revealed specific matters that could indicate irregularities or fraud, but they are intended to emphasise that segregation of duties is usually a material element in the internal control. We also point out that during our audit we did not find any misstatements caused by fraud.

1.2.2. Inquiries of the Executive Board and the Board of Directors about the risk of fraud

We have made inquiries of the General Secretary and the Chairman of the Finance Committee about the Organisation's risk of fraud as well as the internal controls implemented by the Finance

e Committee to mitigate such risk. They have informed us that the Finance Committee and the General Secretary do not have any knowledge of actual, presumed or alleged fraud and that no particular risk of material misstatement is estimated to exist in the Organisation's Final Accounts as a result of fraudulent financial reporting or misappropriation of organisation assets. We should point out that, during our audit, we did not identify any misstatements in the Final Accounts caused by fraud.

2. Audit of business processes and internal controls

Our audit included determining whether the organisations financial reporting systems, business processes and internal controls function properly in the areas covered by our audit. The purpose of the audit was to determine whether the internal controls are satisfactory, meaning

- if the controls have been designed appropriately in relation to the control objectives they are intended to ensure
- if they have actually been implemented in the enterprise, and
- possibly if they have functioned throughout the period covered by the audit

The focus of our audit efforts has been on the internal controls relevant for the financial reporting areas and the financial statement items which we consider material and risky in terms of auditing. Accordingly, our review will not necessarily disclose all weaknesses or inadequacies of the business processes and internal controls reviewed.

As mentioned in the audit book comments issued upon acceptance of our appointment, it is the responsibility of the Management to plan business processes as well as recording and control systems that are appropriate for bookkeeping and asset management to be handled in a way that is satisfactory in the Organisation's circumstances, and the auditor is responsible for reviewing these business processes and internal controls as part of the audit of the financial statements.

Internal controls are those established in and around the enterprise's business processes to ensure achievement of Management's directions (control objectives) in relation to financial reporting.

Our review included an assessment as to whether

- the internal controls ensure complete, accurate and timely processing of authorised transactions
- the internal controls prevent errors from occurring or ensure detection and adjustment of errors occurred
- documentation exist of the data processing and controls performed

We have reviewed the following financial reporting areas:

Financial reporting area	Financial statement items
Revenue	Income from Projects
Expenses	Expenses in the income statement
Salaries	Salaries
Cash and payment systems	Cash at bank and in hand

For the financial reporting area Revenue and Cash and payment systems, we have only tested if controls have been designed appropriately and if they have actually been implemented in the enterprise. We have not for this area tested if controls have functioned throughout the period covered by the audit.

We consider the administrative processes and internal controls, generally to function satisfactorily and to form an adequate basis for ensuring complete, valid, accurate and timely registration and recording of the enterprise's transactions in the above areas that have been covered by our audit.

However, we should point out that our audit revealed certain internal control weaknesses – primarily in relation to the payment of salary and controlling of the project accounts, including the amount in the balance sheet for prepaid projects funded by third parties. We have reported our detailed comments and recommendations to Management.

3. Comments on the Final Accounts

3.1 Income statement

The individual items of the income statement have been reviewed and analysed based on specifications, vouchers and other reconciliation records prepared by ICES. We have taken a number of test samples, made analyses and reconciliations to verify the reliability of the registrations.

We have checked that contributions from member countries are recognized in accordance with agreed amounts at ICES Council. A total of 22,363 TDKK have been recognized as income, according to agreement, and has not given rise to any comments.

Recipients of Scientific Advice are recognized in accordance with memorandum of understanding and other agreements between ICES and the donor. A sample of contracts have been reviewed which have not given rise to comments.

The audit of the revenue did not give rise to any comments.

We have examined costs, and checked against invoices, contracts or other basis. We have compared salary costs to contracts and to Salary Table..

The audit of expenses did not give rise to any comments.

3.2 Balance sheet

On 31 December 2017 the Capital Reserve Fund in the equity amounts to 9,186 TDKK, corresponding to app. 20% of total income.

We have compared ICES' investments to confirmation letters from the bank, which have not given rise to comments.

We have made unannounced cash count on 21th of December 2017. The unannounced cash count did not give rise to any comments.

When auditing cash and cash equivalents we obtained lists of accounts from the organisation's bankers, and we checked the cash at bank as of 31 December.

We have analyzed or reconciled receivables with supporting documentation for 16,631 TDKK recognized in the Final Accounts. The receivables consist primarily of member contribution (10.450 TDKK) and other receivables (5.877 TDKK)

The individual items of the income statement have been reviewed and analysed based on specifications and decisions from the Council, regarding contributions from member countries.

Liabilities have been reconciled to contracts; agreements etc. and consist primarily of pre-invoiced member contributions for the following year.

The audit of the balance sheet did not give rise to any comments.

4. Other comments

4.1 Letter of representation and unadjusted misstatements in the Final Accounts

As part of our audit of complex areas, the General Secretary has issued a letter of representation to us on the Final Accounts for 2017.

The audit did not give rise to any comments, and no misstatements were found during the audit.

4.2 Insurance

Our audit did not include insurance taken out by the Organisation. We recommend that the Organisation's insurance cover be reviewed with the insurance organisation or insurance broker at least once a year in order to assess the cover taken out etc., including whether the cover provided by the insurance taken out is adequate, and whether the Organisation may need to take out insurance in special areas.

In connection with the closing of accounts, we asked the General Secretary to confirm that the insurance taken out is considered adequate in view of the Organisation's circumstances to cover potential loss or damage arising in the Organisation.

3.3 General IT controls

We have not reviewed the Organisation's general IT controls as any weaknesses or inadequacies therein will not in our view cause the Final Accounts to be materially misstated. We recommend that the Organisation assess whether its back-up procedures are appropriate to ensure restoration of the books of account, if lost.

5. Conclusion

If the Finance Committee approves the Final Accounts 2017 in its present form, we will provide the Final Accounts with an unqualified auditor's report without emphasis of matter.

6. Objective and scope of the audit, including definition of responsibilities

Our audit book comments of 19 May 2011 issued upon acceptance of our appointment as auditors contain a description of the objective, scope and performance of our audit, our reporting as well as a definition of the responsibilities of Management and auditors. Please refer to those audit book comments. We recommend that a copy thereof be handed out to any new members of the Finance Committee.

Our audit did not include the General Secretary's review. However, we read the General Secretary's review to ensure that the disclosures in this report are consistent with the financial statements and with the information that came to our knowledge during our audit. Having read the General Secretary's review, we are to issue a statement on whether or not the General Secretary's review is consistent with the Final Accounts. Our statement on the General Secretary's review has to be placed immediately after our auditor's opinion on the Final Accounts.

7. Auditor's declaration

We declare that we comply with the legal requirements of independence and that we have received all the information requested during our audit.

Copenhagen, 29 May 2018

Deloitte
Statautoriseret Revisionspartnerselskab



Peter Jacob Skanborg
State Authorised Public Accountant

Presented at the Finance Committee' meeting on 6 June 2018

Finance Committee



Piotr Margonski
Chair



Alain Vezina



Tomas Zolubas



Fritz Köster



Ari Leskelä

Status Report as of 30 April 2018 (FC 2017-06 Doc 3)

Council approved the final Budget for 2018 by e-voting in 2017. It is the working budget for the Secretariat in 2018. Important activities that result in income and expenditures such as the Annual Science Conference (ASC), Training Programme, travel and meetings, and project hours are still to come; therefore, full accounting is only possible at the end of the financial year.

Comments to the Status of Accounts:

- 1) Income from the European Union is expected to be 11,900,000 DKK in accordance with the signed AA. The invoice for the first semester will be issued in July.
- 2) Project income for the period January–April is approximately DKK 987,000 based on time recording for ongoing projects. The revised project budget income for the whole year 2,978,983 DKK is considered realistic. This figure includes overhead. Doc 4.3 Info on External Projects contains the same project income. Several of the projects payments to ICES are lump sums covering salary and other costs (e.g. travel). The status of the project income will be monitored throughout the year. The Project income, in the column “revised Budget 2018 with 0% increase”, has been adjusted with DKK 103,209 after the Finance Committee meeting from DKK 2,875,774 to DKK 2,978,983.
- 3) Income from Eurofish represents 10% of certain office expenses.
- 4) Use of equity is in accordance with decisions taken by Council in 2014-2016, and to support:
 - investments in the development of the Regional Fisheries Database;
 - SCICOM strategic initiatives
 - DATRAS
 - Assessments workload issue (Data and Advice)
 - And includes a proposed investment from equity in quality assurance of the financial administration of the organization

	Realised Jan - Apr 2018	Forecast Budget 2018 with 2% increase	Estimate 2018 with 0% increase	Revised Budget 2018 with 0% increase
National Contribution	22.363.000	23.272.500	22.363.000	22.363.000
Faroe Islands & Greenland	418.000	435.000	418.000	418.000
National Contribution	22.781.000	23.707.500	22.781.000	22.781.000
NEAFC Contribution (Advice)	2.403.611	2.424.000	2.403.611	2.400.525
OSPAR Contribution (Advice and Data)	208.594	1.200.000	869.435	800.000
HELCOM Contribution (Data)	240.646	470.000	480.000	480.000
NASCO Contribution (Advice)	550.220	555.000	550.220	549.514
Special requests 1)	212.370	250.000	1.652.442	2.200.000
EC Contribution (Advice) 2)		10.400.000	11.900.000	11.900.000
MoU Norway		844.500	844.500	844.500
Income from Commissions	3.615.441	16.143.500	18.700.208	19.174.539
Project income - hours incl. overhead	987.285	2.697.000	2.928.983	2.978.983
Project income - Projects in Pipeline	0	0	0	
ASC income	6.976	490.000	490.000	490.000
Income from ICES Journal	575.474	1.600.000	1.450.000	1.600.000
Sale of Publications	2.625	5.000	5.000	5.000
Income Eurofish	95.071	200.000	200.000	200.000
Income Training courses	87.049	700.000	700.000	700.000
Miscellaneous income	600	20.000	20.000	20.000
Other Income	1.755.080	5.712.000	5.793.983	5.993.983
TOTAL INCOME	28.151.521	45.563.000	47.275.191	47.949.522
Salaries - Management and Adm. 3)	1.549.745	5.211.877	4.358.095	5.212.529
Salaries - Communications 4)	420.050	582.986	1.260.180	555.806
Salaries - Advisory Programme 5)	2.961.342	7.850.319	8.365.752	7.634.423
Salaries - Science Programme	1.411.924	4.225.007	4.368.628	4.310.308
Salaries - Publications 4)	333.772	1.793.136	995.345	1.765.158
Salaries - IT	609.408	1.931.133	1.828.273	1.842.005
Salaries - Data Centre 5)	3.486.014	9.454.871	10.478.382	10.790.982
Salaries - Total	10.772.255	31.049.329	31.654.655	32.111.211
Fees for External Consultants	6.736	250.000	160.000	250.000
Overtime for Gen. Staff		15.000	15.000	15.000
Social activities Cond. /Cond.	16.393	65.000	65.000	65.000
Education, Training, Team building	66.805	200.000	200.000	200.000
Honorarium ACOM Chair and Vice Chairs	709.611	2.279.368	2.217.911	2.234.570
Honorarium SCICOM Chair	358.873	1.106.451	1.076.618	1.084.705
ATP Pensions ICES 2/3 share	44.875	115.000	130.000	130.000
Salaries	11.975.548	35.080.147	35.519.183	36.090.486
Electricity	31.017,69	165.000	150.000	200.000
Heating	4.808,77	236.000	236.000	236.000
Safety and Security	115.591,13	191.000	210.000	191.000
Cleaning	44.059,59	167.000	175.000	167.000
Stationery	5.188,32	31.000	31.000	31.000
Photocopy and Printer paper	5.670,45	5.000	10.000	5.000
Paper (Letterhead, envelopes etc.)		2.000	2.000	2.000
Postage	2.701	100.000	32.000	50.000
Telephone, Fax, Etc.	14.810,65	0	65.000	0
Office Equipment (Workplace furniture)	3.633,75	112.000	112.000	112.000

	Realised Jan - Apr 2018	Forecast Budget 2018 with 2% increase	Estimate 2018 with 0% increase	Revised Budget 2018 with 0% increase
Insurance incl. Social health care in Denmark	292.213,48	288.000	305.000	288.000
Miscellaneous Expenses	37.942,87	121.000	110.000	121.000
Office Maintenance	13.552,20	101.259	221.885	221.885
Facility improvements	8.990,00	10.400	223.000	223.000
Library: Books, Subscriptions	3.611,56	30.000	35.000	30.000
Public Relations (Including souvenir shop)	3.304,00	47.000	30.000	47.000
Agresso update			120.000	
Accounting and Auditing	50.000	91.000	91.000	91.000
Legal Assistance		20.000	20.000	20.000
Office Expenses	637.095	1.717.659	2.178.885	2.035.885
Leasing Contracts	525.102,90	1.095.000	1.139.041	1.139.041
Hardware Support Contracts	145.856,41	342.600	451.200	451.200
Software Support Contracts	234.745,62	333.000	280.000	280.000
Software License Contracts	12.353,24	412.000	352.000	352.000
Hardware non-contract	23.911,50	185.000	140.000	140.000
Software non-contract	1.719,76	52.000	45.000	45.000
Outsourcing		0		
Remote/cloud services	104.997,00	112.600	292.000	292.000
Communication	97.283,88	239.000	265.180	265.180
Domains/certificates	45,00	8.000	8.000	8.000
IT-investments		0		
Consultancies	112.994,03	50.000	40.000	40.000
Other costs	15.938,13	72.600	66.300	66.300
IT Expenses	1.274.947	2.901.800	3.078.721	3.078.721
General Expenses: Transport, Handbooks, Gifts	8.157,58	300.000	300.000	300.000
Travel: Secretariat Staff and Chairs	16.520,00	450.000	450.000	450.000
Host Country Share	0	160.000	260.000	160.000
Enhance Science/Keynote Speakers	0	60.000	60.000	60.000
Promotion for Young Scientists	0	110.000	110.000	110.000
Expenses for ASC	24.678	1.080.000	1.180.000	1.080.000
Statutory meeting	0	15.000	15.000	15.000
President, Bureau + sub Groups	80.840	320.000	320.000	320.000
Secretariat travel per Cost Center	129.182,61	685.000	690.000	685.000
External reviewing of assessments/benchmarking	303.506,00	500.000	700.000	500.000
Travel costs for RAC		60.000	60.000	60.000
ACOM travel and meeting costs	6.845,40	300.000	300.000	300.000
ACOM Chairs and vice chairs travel	93.662,00	480.000	550.000	480.000
Advice Drafting Groups travel	16.677,00	1.100.000	1.600.000	1.100.000
SCICOM travel and meeting costs	261.861	400.000	400.000	400.000
Strengthening the Science Leadership (travel)		550.000	550.000	550.000
ICES co-sponsored Symposia (per Symposia)	28.665	75.000	150.000	150.000
Young scientist conference		0		
SCICOM strategic activities	79.759	0	115.000	115.000
Recruitment Travel & Moving		0	200.000	
Training support for DG MAREs officials	0	100.000	100.000	100.000
Course income/expenses	10.423	620.000	620.000	620.000
Travel and meetings	1.011.421	5.205.000	6.370.000	5.395.000
ICES Marine science Symposia		160.000	160.000	160.000
Publications general		130.000	70.000	80.000

	Realised Jan - Apr 2018	Forecast Budget 2018 with 2% increase	Estimate 2018 with 0% increase	Revised Budget 2018 with 0% increase
ICES Annual Report	3.396	80.000	15.000	80.000
ICES Cooperative Research Reports		82.000	15.000	82.000
ICES Leaflets for Plankton and Diseases		11.000	11.000	21.000
ICES Times		12.000	10.000	12.000
ICES Newsletters		0	0	0
ICES Advice Publications			0	0
Editor in Chief ICES JMS reimbursement of expenses		0	50.000	50.000
ICES Communications	20.533	200.000	200.000	200.000
Publications	23.929	675.000	531.000	685.000
TOTAL EXPENSES	14.947.619	46.659.606	48.857.789	48.365.092
Operating Result	13.203.902	-1.096.606	-1.582.598	-415.570
Interest	-692.518	-200.000	-195.000	-200.000
Transfer from Equity	-1.736.030	-1.275.000	-2.151.030	-2.387.030
Result	13.513.450	378.394	763.432	2.171.460
Transferred from Equity:				
SCICOM strategic activities 6)			-115.000	-115.000
Regional database 7)	-461.030		-461.030	-461.030
Proposed Investment in quality assurance in the financial administration – suggested by Finance Committee and Bureau				-236.000
Datras 8)			-300.000	-300.000
Assessments workload issue - data and advice (1.275.000 - salary and relocation/two P2_I's in Secretariat) Allocated 5.100.622	-1.275.000	-1.275.000	-1.275.000	-1.275.000

- 1) Based on estimated budget for received requests from primarily DGMARE and DGENV. The main bulk of the work is to be carried out in Q4 2018
- 2) EC Contribution increased amount under the AA between ICES and EC
- 3) Payments for dependency and child allowances and health insurance, including reimbursement DKK 800,000 for sick leave and maternity leave
- 4) Corrected split of staff in Communication and Publication
- 5) Including 1 person covered by equity
- 6) 2016 Council meeting - Equity funding 2017-2019 total of DKK 350,000
- 7) 2016 Council meeting - Equity funding of DKK 1,000,000
- 8) 2016 Council meeting - Equity funding of DKK 300,000

Proposed Budget 2019 and Forecast Budget 2020

Proposed budget 2019

The proposed budget for 2019 has been prepared in accordance with the February 2018 e-voting which increased national contributions by 1.3% in 2019.

The following is worth noting:

INCOME:

- The income from special requests have been estimated at 1,200,000 DKK, the majority of which stems from DGMARE payment for special requests (outside the AA).

EXPENSES:

- The overall expenses have remained level, apart from a decrease in ASC and Publications expenses as well as a small increase in IT expenses.
- The increase in the salaries "Management and Administration" reflects the proposal to invest from equity, in a four year position, in quality assurance of the financial administration of the organization.

OPERATING RESULT:

- The two unknowns, the size of income from projects and special requests, create difficulty in ensuring a neutral operating result (balanced budget). The project income includes projects in the pipeline, considering our best knowledge on expected income.
- While it could be possible to revise the proposed budget to reflect a neutral operating result, the actual budget result will depend on how much of the estimated project and special requests income will be realized.

Draft forecast budget 2020

In the draft forecast budget for 2020, a 1.5% increase in the national contributions has been assumed.

Comments, similar to the proposed budget 2019, apply to the draft forecast budget 2020. Specifically, for the income, it is worth noting:

INCOME:

- The same preconditions apply for special requests and projects, although for projects we only have knowledge about income of around 1,596,220 DKK, including projects in the pipeline, considering our best knowledge on expected income.

- Leaving aside the uncertainties regarding project and special request income, it becomes harder to balance the budget, especially if a 1.5% increase in the national contributions is not secured.

	Proposed Budget 2019 incl. 1.3% (based on 2018 inflation rate)	Revised Proposed Budget 2019 incl. 1.3% (based on 2018 inflation rate)	Forecast Budget 2020 incl. 1.5% (based on 2019 inflation rate)	Forecast Budget 2020 incl. 0% (based on 2019 inflation rate)
National Contribution	22.657.250	22.657.250	23.005.000	22.657.250
Faroe Islands & Greenland	423.500	423.500	430.000	423.500
National Contribution	23.080.750	23.080.750	23.435.000	23.080.750
NEAFC Contribution (Advice)	2.400.525	2.400.525	2.400.525	2.400.525
OSPAR Contribution (Advice and Data) 3)	1.200.000	1.400.000	800.000	800.000
HELCOM Contribution (Data)	480.000	480.000	480.000	480.000
NASCO Contribution (Advice)	549.514	549.514	549.514	549.514
Special requests	1.200.000	1.200.000	1.267.000	1.267.000
EC Contribution (Advice)	10.400.000	11.900.000	11.900.000	11.900.000
Norway MoU	844.500	844.500	859.000	859.000
Income from Commissions 1)	17.074.539	18.774.539	18.256.039	18.256.039
Project income - hours incl. overhead 4)	2.800.000	2.631.915	1.596.220	1.596.220
ASC income	490.000	490.000	490.000	490.000
Income from ICES Journal	1.600.000	1.600.000	1.600.000	1.600.000
Sale of Publications	5.000	5.000	5.000	5.000
Income Eurofish	200.000	200.000	200.000	200.000
Income Training courses	700.000	700.000	550.000	550.000
Miscellaneous income	20.000	20.000	20.000	20.000
Other Income	5.815.000	5.646.915	4.461.220	4.461.220
TOTAL INCOME	45.970.289	47.502.204	46.152.259	45.798.009
Salaries - Management and Administration	5.117.497	5.957.877	6.192.318	6.192.318
Salaries - Communications	582.986	582.986	1.406.834	1.406.834
Salaries - Advisory Programme	7.993.000	7.850.319	7.595.350	7.595.350
Salaries - Science Programme	4.521.697	4.225.007	4.423.511	4.423.511
Salaries - Publications	1.839.343	1.839.343	1.076.124	1.076.124
Salaries - IT	1.931.133	1.931.133	2.006.806	2.006.806
Salaries - Data Centre	10.174.579	10.467.149	9.574.203	9.574.203
Salaries - Total	32.160.235	32.853.814	32.275.146	32.275.146
Fees for External Consultants	250.000	250.000	250.000	250.000
Overtime for Gen. Staff	15.000	15.000	15.000	15.000
Social activities Cond. /Cond.	65.000	65.000	65.000	65.000
Education, Training, Team building	200.000	200.000	200.000	200.000
Honorarium ACOM Chair and Vice Chairs 2)	2.279.368	2.425.902	2.493.609	2.493.609
Honorarium SCICOM Chair	1.106.451	1.106.451	1.207.772	1.207.772
ATP Pensions ICES 2/3 share	130.000	130.000	210.000	210.000
Salaries	36.206.053	37.046.167	36.716.526	36.716.526
Electricity	200.000	150.000	150.000	150.000
Heating	236.000	225.000	225.000	225.000
Safety and Security	191.000	191.000	191.000	191.000
Cleaning	167.000	167.000	167.000	167.000
Stationery	31.000	31.000	31.000	31.000

	Proposed Budget 2019 incl. 1.3% (based on 2018 inflation rate)	Revised Proposed Budget 2019 incl. 1.3% (based on 2018 inflation rate)	Forecast Budget 2020 incl. 1.5% (based on 2019 inflation rate)	Forecast Budget 2020 incl. 0% (based on 2019 inflation rate)
Photocopy and Printer paper	5.000	5.000	5.000	5.000
Paper (Letterhead, envelopes etc.)	2.000	2.000	2.000	2.000
Postage	50.000	35.000	35.000	35.000
Telephone, Fax, Etc.	0	65.000	65.000	65.000
Office Equipment (Workplace furniture)	112.000	112.000	112.000	112.000
Insurance	288.000	288.000	288.000	288.000
Miscellaneous Expenses	121.000	100.000	100.000	100.000
Office Maintenance	221.885	21.885	21.885	21.885
Facility improvements	223.000	23.000	23.000	23.000
Library: Books, Subscriptions	30.000	30.000	30.000	30.000
Public Relations (Including souvenir shop)	47.000	20.000	20.000	20.000
Accounting and Auditing	91.000	91.000	91.000	91.000
Legal Assistance	20.000	10.000	10.000	10.000
Office Expenses	2.035.885	1.566.885	1.566.885	1.566.885
Leasing Contracts	1.140.183	1.140.183	1.261.913	1.261.913
Hardware Support Contracts	451.200	451.200	407.000	407.000
Software Support Contracts	280.000	280.000	360.000	360.000
Software License Contracts	363.000	363.000	265.000	265.000
Hardware non-contract	140.000	140.000	140.000	140.000
Software non-contract	45.000	45.000	23.000	23.000
Outsourcing	0	0	0	0
Remote/cloud services	296.000	296.000	312.000	312.000
Communication	266.180	266.180	287.000	287.000
Domains/certificates	8.000	8.000	4.000	4.000
IT-investments	0	0	0	0
Consultancies	40.000	40.000	25.000	25.000
Other costs	67.700	67.700	61.300	61.300
IT Expenses	3.097.263	3.097.263	3.146.213	3.146.213
General Expenses: Transport, Handbooks, Gifts	300.000	250.000	250.000	250.000
Travel: Secretariat Staff and Chairs	450.000	350.000	350.000	350.000
Host Country Share	160.000	160.000	160.000	160.000
Enhance Science/Keynote Speakers	60.000	60.000	60.000	60.000
Promotion for Young Scientists	110.000	110.000	110.000	110.000
Expenses for ASC	1.080.000	930.000	930.000	930.000
Statutory meeting	15.000	15.000	15.000	15.000
President, Bureau + sub Groups	320.000	320.000	320.000	320.000
Secretariat travel per Cost Center	685.000	685.000	685.000	685.000
External reviewing of assessments/benchmarking	500.000	500.000	500.000	500.000
Travel costs for RAC	60.000	60.000	60.000	60.000
ACOM travel and meeting costs	311.000	311.000	311.000	311.000
ACOM Chairs and vice chairs travel	480.000	480.000	480.000	480.000
Advice Drafting Groups travel	1.200.000	1.200.000	1.200.000	1.200.000
SCICOM travel and meeting costs	400.000	400.000	400.000	400.000

	Proposed Budget 2019 incl. 1.3% (based on 2018 inflation rate)	Revised Proposed Budget 2019 incl. 1.3% (based on 2018 inflation rate)	Forecast Budget 2020 incl. 1.5% (based on 2019 inflation rate)	Forecast Budget 2020 incl. 0% (based on 2019 inflation rate)
ICES co-sponsored Symposia	150.000	150.000	75.000	75.000
Young scientist conference	0	0	0	0
SCICOM strategic activities	0	115.000	115.000	115.000
Leadership/structural changes of Science Travel	550.000	550.000	550.000	550.000
Training support for DG MAREs officials	100.000	100.000	100.000	100.000
Course income/expenses	620.000	620.000	400.000	400.000
Travel and meetings	5.391.000	5.506.000	5.211.000	5.211.000
ICES Marine science Symposia	150.000	150.000	150.000	150.000
Publications general	97.000	45.000	45.000	45.000
ICES Annual Report	90.000	45.000	45.000	45.000
ICES Cooperative Research Reports	97.000	97.000	97.000	97.000
ICES Leaflets for Plankton and Diseases	12.000	12.000	12.000	12.000
ICES Times	11.000	11.000	11.000	11.000
ICES Newsletters	0	0	0	0
ICES Advice Publications	0	0	10.000	10.000
Editor in Chief ICES JMS reimbursement of expenses	50.000	50.000	50.000	50.000
ICES Communications	200.000	100.000	100.000	100.000
Publications	707.000	510.000	520.000	520.000
TOTAL EXPENSES	48.517.201	48.656.315	48.090.624	48.090.624
Operating Result	-2.546.912	-408.111	-1.157.365	-1.511.615
Interest	-200.000	-200.000	-200.000	-200.000
Transfer from Equity	-1.275.000	-2.136.000	-1.215.372	-1.215.372
Result	-1.071.912	1.181.889	-522.993	-877.243
Transferred from Equity:				
RDB	0	0	0	0
SCICOM strategic initiatives	0	-115.000	-115.000	-115.000
Proposed Investment in quality assurance in the financial administration – supported by Finance Committee and Bureau		-746.000	-781.000	-781.000
ACOM assessments workload issue (1.275.000)	-1.275.000	-1.275.000	-319.372	-319.372

1) Negotiations with EC on the cost under the AA for 2019 and onwards, negotiations with Iceland on a MoU and discussions with UK on a MoU

2) Decided by Finance Committee to align working conditions for chairs with secretariat, will apply to incoming ACOM chair.

Expenses have been decreased pending on other income.

Income from special requests and projects is based on current knowledge

3) It seems likely that the contribution from OSPAR will be DKK 1,400,000. Final decision will be during June 2018

4) This revised version includes projects in the pipeline, considering our best knowledge on expected income



Programme/Departmental Budgets

Overall costs and realized income for the ICES Advisory system

The tables below shows the realized income and the actual cost for the delivery of recurrent advisory products (2016 and 2017 figures), including data services, as well as the estimated figures for 2018.

Table 1. Overview of estimated income and costs for recurrent advice, in million DKK – for 2016, 2017, & 2018

Client	EU			NEAFC, NASCO & Norway			Total		
Year	2016	2017	2018	2016	2017	2018	2016	2017	2018
Income	10,4	10,4	11,9	3,7	3,8	3,8	14,1	14,2	15,7
Direct Costs	12,3	11,0	12,4	2,9	2,9	3,6	15,2	13,9	16,0
Indirect Costs	2,2	2,4	2,2	0,7	0,7	0,7	2,9	3,1	2,9
Total Costs	14,5	13,4	14,6	3,6	3,6	4,3	18,1	17,0	18,9
Balance	-4,1	-3,0	-2,7	+0,1	+0,2	-0,5	-4,0	-2,8	-3,2

The overview below was updated following Bureau, showing project income including projects in the pipeline, considering our best knowledge, and making use of the project affiliation outlined in document 4.3.

	INCOME 2017	COST 2017	INCOME 2018	COST 2018	INCOME 2019	COST 2019	INCOME 2020	COST 2020
ADVISORY PROGRAMME								
Contribution from NEAFC	2,373.937		2,400.525		2,400.525		2,400.525	
*)Contribution from OSPAR	608.044		416.000		728.000		416.000	
Contribution from HELCOM			0		0		0	
Contribution from NASCO	543.427		549.514		549.514		549.514	
*)Contribution from EC	10,446.660		11,900.000		11,900.000		11,900.000	
Income from Projects	97.519		101.382		104.423			
Special requests	781.134		2,200.000		1,200.000		1,267.000	
Norway MoU	840.972		844.500		844.500		859.000	
Direct Advisory income	15,691.693		18,411.921		17,726.962		17,392.039	
Secretariat travel for advice		362.997		390.000		390.000		390.000
External reviewing of Assessment		528.126		500.000		500.000		500.000
Travel cost for RAC		0		60.000		60.000		60.000
ACOM TRAVEL		290.134		300.000		311.000		311.000
ACOM Chairs and vice chairs Travel		639.553		480.000		480.000		480.000
Advice drafting Groups Travel		1,631.162		1,100.000		1,200.000		1,200.000
ICES Advice Publications				0		0		10.000
Training support to DG MARE's officials		66.501		100.000		100.000		100.000
Budgeted salaries		8,217.352		7,634.423		7,850.319		7,595.350
ACOM Chair and vice-chairs honorarium		2,195.631		2,234.570		2,425.902		2,493.609
Demonstration advice								
External Contracts		33.933		250.000		250.000		250.000
Direct advisory cost		13,965.390		13,048.993		13,567.221		13,389.959
Staff		15		15		15		15
Transfer from Equity	329.189		637.500		637.500		159.686	

SCIENCE PROGRAMME								
Income from Projects	1,499.012		880.520		428.321		316.012	
Income Training courses	713.422		700.000		700.000		550.000	
ASC Income (Fees)	573.700		490.000		490.000		490.000	
Direct Science income	2,786.134		2,070.520		1,618.321		1,356.012	
ASC General expenses		234.668		300.000		250.000		250.000
Secretariat travel		95.366		100.000		100.000		100.000
Travel ASC		372.661		450.000		350.000		350.000
ASC Keynote Speakers		54.471		60.000		60.000		60.000
Host Country of ASC Fee		286.850		160.000		160.000		160.000
Young Scientists at ASC		67.889		110.000		110.000		110.000
Symposia		123.676		150.000		150.000		75.000
SCICOM travel and meeting		267.433		400.000		400.000		400.000
Strengthening Science Leadership travel				550.000		550.000		550.000
Training Programme		838.632		620.000		620.000		400.000
Science Fund								
SCICOM strategic initiatives		71.043		115.000		115.000		115.000
Young Scientist Conference		383.507						
Internal/External review of ICES Science travel								
Leadership/structural changes of Science Travel								
Budgeted Salaries		3,820.055		4,310.308		4,225.007		4,423.511

	INCOME 2017	COST 2017	INCOME 2018	COST 2018	INCOME 2019	COST 2019	INCOME 2020	COST 2020
Chair of SCICOM		1.081.530		1.084.705		1.106.451		1.207.772
Direct Science cost		7.697.780		8.410.013		8.196.458		8.201.283
Staff		8		8		8		8
Input from Equity			115.000		115.000		115.000	

PUBLICATIONS AND COMMUNICATIONS								
Income from <i>ICES Journal of Marine Science</i>	1.658.720		1.600.000		1.600.000		1.600.000	
Sale of Publications	28.485		5.000		5.000		5.000	
Direct publication and communication income	1.687.205		1.605.000		1.605.000		1.605.000	
Library		33.736		30.000		30.000		30.000
ICES Marine Science Symposia Publications				160.000		150.000		150.000
Publications general		1.674		80.000		45.000		45.000
ICES Annual Report		2.485		80.000		45.000		45.000
ICES Cooperative Research Reports		12.700		82.000		97.000		97.000
ICES Leaflets for Plankton and Diseases		5.000		21.000		12.000		12.000
ICES TIMES		10.000		12.000		11.000		11.000
ICES Newsletters INSIGHT								
ICES Communications		386.501		200.000		100.000		100.000
Secretariat travel		6.936		18.000		18.000		18.000
Editor in Chief ICES JMS		9.173		50.000		50.000		50.000
Budgeted Salaries		1.982.216		2.320.964		2.422.329		2.482.958
Total Publication and communication cost		2.450.421		3.053.964		2.980.329		3.040.958
Staff		5		5		5		5
Input from Equity								

DATA CENTRE								
Contribution from OSPAR	561.271		384.000		672.000		384.000	
Contribution from HELCOM	518.602		480.000		480.000		480.000	
Income from Projects	1.588.235		1.997.081		2.099.171		1.280.208	
Special request								
Direct Data Centre income	2.668.108		2.861.081		3.251.171		2.144.208	
Secretariat travel		111.230		63.000		63.000		63.000
Budgeted salaries		10.180.642		10.790.982		10.467.149		9.574.203
Total Data Centre cost		10.291.872		10.853.982		10.530.149		9.637.203
Staff		17		17		17		17
Input from Equity	329.189		1.398.530		637.500		159.686	

IT INFRASTRUCTURE								
Direct income IT	0		0		0		0	
Hardware Leasing		1.083.223		1.139.041		1.140.183		1.261.913
Software licenses, external support contracts		952.264		1.083.200		1.094.200		1.032.000
Purchase of soft and hardware		198.744		185.000		185.000		163.000
Consultancies		180.198		40.000		40.000		25.000
Various expense		729.160		631.480		637.880		664.300
IT-investment				0		0		0
Budgeted salaries		1.745.425		1.842.005		1.931.133		2.006.806
Total IT cost		4.889.013		4.920.726		5.028.396		5.153.019
Staff		3		3		3		3

	INCOME 2017	COST 2017	INCOME 2018	COST 2018	INCOME 2019	COST 2019	INCOME 2020	COST 2020
Input from Equity								
SECRETARIAT, COUNCIL, BUREAU								
National contributions ***)	22.363.000		22.363.000		22.657.250		23.005.000	
Faroe and Greenland	418.000		418.000		423.500		430.000	
Income Eurofish	198.703		200.000		200.000		200.000	
Miscellaneous income	67.953		20.000		20.000		20.000	
Income from projects	90.373							
Total general income	23.138.028		23.001.000		23.300.750		23.655.000	
Office expenses		2.288.144		2.005.885		1.536.885		1.536.885
Statutory meeting		9.697		15.000		15.000		15.000
Travel Bur., Pres.		302.255		320.000		320.000		320.000
Secretariat travel		141.615		114.000		114.000		114.000
General direct cost		2.741.711		2.454.885		1.985.885		1.985.885
Budgeted salaries		4.402.027		5.212.529		5.957.877		6.192.318
Overtime (all programs)				15.000		15.000		15.000
Education and training (all)		234.162		265.000		265.000		265.000
Danish state pension (all)		133.618		130.000		130.000		210.000
Total general cost		7.511.519		8.077.414		8.353.762		8.668.203
% of ICES income		50		48		49		51
% of ICES expenditure		16		17		17		18
Transfer from equity			236.000		746.000		781.000	

*) Part of this income is also financing activities in the Data Centre

**) These figures include the proposed investment in quality assurance in the financial administration – supported by Finance Committee and Bureau

***) National Contributions for 2020 are based on an inflationary increase of 1.5%.



ICES
CIEM

International Council for
the Exploration of the Sea
Conseil International pour
l'Exploration de la Mer

Finance Committee

June 2018

Doc 4.3/Revised

Agenda Item 4.3

Overview of on-going external projects and projects in the pipeline

Finance Committee is invited to take note of current and planned ICES project participation. This document was revised according to discussions in Bureau, displaying the project income including projects in the pipeline, considering our best knowledge.

ESTIMATED PROJECT INCOME 2018, 2019, 2020, 2021

	Project	Departmental affiliation	Est. Personnel & Overhead Costs 2018	Est. Personnel & Overhead Costs 2019	Est. Personnel & Overhead Costs 2020	Est. Personnel & Overhead Costs 2021
Hours Dependent	2016-ETC ICM	D	669.068	820.000	820000	820.000
	2033-AORA-CSA	S/D	648.659	647.797	284.975	
	2034-AtlantOS	D	209.572	108.358		
	2035-COLUMBUS	S	61.917			
	2036-BlueBridge	S	454.809			
	2039-ClimeFish	S/A	202.763	208.846		
	2045-PANDORA	S	229.525	117.300	173.525	121.938
	2046-JMP-EUNOSAT					
Fixed Income	2040-EMODIng	D	84.680	0		
	2042-SeaDataCloud	D	184.573	188.369		
	2043-EMODnet Biology III	D	69.839	71.204	71.204	71.204
	2044-EMODnet Chemistry III	D	113.577	120.041	120.041	120.041
	ØKOMAR	D	50.000	50.000		
	TOTAL		2.978.983	2.331.915	1.296.220	1.011.245
	Projected income					
	AtlantEA Interreg	D		150.000	150.000	150.000
	MEESO, UnderwaterNoise-Med, All Atlantic BG8B (no budget figures guesstimate)	D		150.000	150.000	150.000
	GRAND TOTAL		2.978.983	2.631.915	1.596.220	1.311.245

PROJECTS WITH NO ELIGIBLE COSTS				
Project Name	Project Period	ICES Stakeholders	Max Lifetime Grant	Est. Hours per year
COST Machine learning (<i>Machine learning and intelligent systems for the marine sciences</i>)	Late 2016 - 2020	SCICOM ('Big Data'/'Machine learning) EWGs Training courses	none	ICES would plan to contribute from its working time ca. 200 hours per year to this project
LME LEARN	October 2016 - March 2019		888,269	Only "Other Costs (training courses, travel, meeting rooms)" - no income

PROJECTS IN PIPELINE				
Project Name	Project Period	ICES Stakeholders	Max Lifetime Grant	Est. Hours per year
MEESO – no information available yet on the budget. Will be negotiated in the coming months with coordinator	2018 - 2020			
AtlantEA Interreg	1 January 2019 – 31 December 2021		Approx. 60,000 euros (Max. percentage of cost reimbursement 75% of eligible costs)	Approx. 30 hours per year
UnderwaterNoise-Med – Proposal deadline 20 June – We will know more about this proposal in the coming days I guess	January 2019 – December 2020		Funding conditions: 80% + 7% of indirect costs	
All Atlantic BG8B				No specific information yet

Capital Reserve Fund

The Capital Reserve Fund (CRF) was established in the early 1970s to balance short-term liquidity matters, to meet budgetary appropriations and unforeseen, or other authorised, purposes. According to a 2010 Council decision, reaffirmed in 2016, its size is targeted to be 20% of **total income**. The development of the CRF is presented in the table below.

By the end of 2017, the CRF was at 9,186,146 DKK and invested in Danish short-term bonds listed on the Copenhagen Stock Exchange.

Development of the CRF Fund:

Date	CRF	% of Salaries	% of Natl Contrib. and MoU	% of/Total Income
31-Dec-00	2,014,176	12%	9%	7%
31-Dec-01	2,049,523	12%	9%	7%
31-Dec-02	2,094,547	12%	9%	8%
31-Dec-03	2,544,466	13%	11%	9%
31-Dec-04	2,644,505	14%	10%	9%
31-Dec-05	3,128,999	17%	12%	10%
31-Dec-06	3,783,990	20%	14%	11%
31-Dec-07	3,891,756	19%	13%	11%
31-Dec-08	5,358,686	25%	17%	15%
31-Dec-09	5,815,970	26%	18%	16%
31-Dec-10	7,992,824	36%	25%	20%
31-Dec-11	8,181,711	32%	23%	20%
31-Dec-12	8,410,096	30%	23%	20%
31-Dec-13	5,392,023	17%	15%	13% ¹
31-Dec-14	8,400,909	26%	23%	20%
31-Dec-15	8,597,818	27%	23%	20%
31-Dec-16	9,269,060	28%	24%	20%
31-Dec-17	9,186,146	27%	24%	20%

¹ Due to late payment of national contributions, money was borrowed, with security in bonds in the Capital Reserve Fund (repo), in order to maintain normal operations. The money was repaid in March 2014.

Development of Equity

The table below shows the status of equity, following the auditing of the 2017 accounts, as of 1.1. 2018.

The table furthermore shows how Council has decided to allocate funds from equity in the coming years, and the resulting status of equity.

Due to a surplus in 2016 and a reduced budgeted deficit in 2017, not all money allocated through equity was used. It could be considered to prolong the work of the Transparent Assessment Framework.

The table shows the projections for the years 2016-2018.

	Equity 1/1- 2018 15.130.860	Equity 1/1- 2017 16.112.111	Equity 1/1 2016 14.890.989
Website development			-300.000
ACOM assessments workload issue (1.275.000)			-956.250
SCICOM strategic activities			-123.601
CARA/RCT Salary e-voting July/August 2015			-210.000
IT Specialist - e-voting July/August 2015 RCT/CARA			-105.000
ACOM assessments workload issue (1.275.000)		-1.275.000	
Transparent Assessment Framework (1.275.000) 2018	-1.275.000		
SCICOM strategic activities	-115.000	-115.000	
Regional database e-voting August/September 2014	-258.000	-258.000	-258.000
Training courses e-voting July/August 2015		-300.000	
Young Scientists Conference		-450.000	
Regional database Council 2016	-489.630	-489.630	
DATRAS Council 2016	-300.000	-300.000	
ACOM assessments workload issue (1.275.000) 2018	-1.275.000	-1.275.000	
ACOM assessments workload issue (1.275.000) 2019		-1.275.000	
ACOM assessments workload issue (1.275.000) 2020	-319.372	-319.372	
	11.098.858	10.055.109	12.938.138



ICES
CIEM

International Council for
the Exploration of the Sea
Conseil International pour
l'Exploration de la Mer

Finance Committee

June 2018

Agenda item 6.2

Doc 6.2

Finance Department

The administrative arrangements between ICES and clients of advisory services are becoming increasingly complex in order to document the full cost of products and services provided. There are several issues that require further consideration to ensure that the advisory services are reaching the principle of 100% cost recovery:

- the administrative agreement between EC and ICES, which is getting a new foundation, including a decrease of the indirect costs, and a possibility to charge for all tasks related to the advisory products
- negotiations with new clients, both due to political changes and due to some member countries receiving recurrent advice
- a re-evaluation of MoUs with other clients, including clients for whom independent MoUs have been drawn up with their Contracting Parties

What will be important in these new arrangements are:

- transparency and equal foundation;
- traceability and audit of work costed under the arrangements, and the possibility of creating reports directly from the accounting system to invoice and verify

This will require an investment in the Finance Department and the time used on the accounting system. Importantly, this requires cooperation with Department Heads to ensure that material created and extracts from the accounting system are useful for them in their talks with colleagues on how to report time, and in the steering of the allocation of work forces.



ICES
CIEM

International Council for
the Exploration of the Sea
Conseil International pour
l'Exploration de la Mer

Finance Committee

June 2018

Doc 6.3/Revised

Agenda Item 6.3

Five-year Projection of ICES Budget

The table shows the projection for the years 2019 to 2023.

Different scenarios have been made with different assumptions for the National Contributions.

Salary figures includes proposed investment in quality assurance for the financial administration, as supported by the Finance Committee and the Bureau.

Revised Budget 2017 with 0% increase	Revised Budget 2018 with 0% increase	Forecast Budget 2019 with 1,3% increase	Forecast Budget 2020 with 0% increase	Forecast Budget 2021 with 0% increase
--	--	---	---	---

Forecast Budget 2020 with 1.5% increase	Forecast Budget 2021 with 1.7% increase	Forecast Budget 2022 with 1.7% increase	Forecast Budget 2023 with 1.7% increase
--	--	--	--

Forecast Budget 2020 with 1.5% increase	Forecast Budget 2021 with 0% increase	Forecast Budget 2022 with 0% increase	Forecast Budget 2023 with 0% increase
--	--	--	--

National Contribution	22.781.000	22.781.000	23.080.750	23.080.750	23.080.750
Income from Clients	16.106.235	19.174.539	18.774.539	18.256.039	18.256.039
Other Income	5.855.650	5.993.983	5.646.915	4.461.220	4.640.490
TOTAL INCOME	44.742.885	47.949.522	47.502.204	45.798.009	45.977.279

23.435.000	23.834.000	24.239.000	24.651.000
18.256.039	18.256.039	18.256.039	18.256.039
4.461.220	4.640.490	4.640.490	4.640.490
46.152.259	46.730.529	47.135.529	47.547.529

23.435.000	23.435.000	23.435.000	23.435.000
18.256.039	18.256.039	18.256.039	18.256.039
4.461.220	4.640.490	4.640.490	4.640.490
46.152.259	46.331.529	46.331.259	46.331.529

Salaries	34.440.000	36.090.486	37.046.167	36.716.526	36.837.356
Office Expenses	2.017.885	2.035.885	1.566.885	1.566.885	1.566.885
IT Expenses	2.893.000	3.078.721	3.097.263	3.146.213	3.146.213
Expenses for ASC	1.070.000	1.080.000	930.000	930.000	930.000
Travel and meetings	5.730.000	5.395.000	5.506.000	5.211.000	5.211.000
Publications	675.000	685.000	510.000	520.000	520.000
TOTAL EXPENSES	46.825.885	48.365.092	48.656.315	48.090.624	48.211.454

36.716.526	36.837.356	37.373.053	37.892.538
1.566.885	1.566.885	1.566.885	1.566.885
3.146.213	3.146.213	3.146.213	3.146.213
930.000	930.000	930.000	930.000
5.211.000	5.211.000	5.211.000	5.211.000
520.000	520.000	520.000	520.000
48.090.624	48.211.454	48.747.151	49.266.636

36.716.526	36.837.356	37.373.053	37.892.538
1.566.885	1.566.885	1.566.885	1.566.885
3.146.213	3.146.213	3.146.213	3.146.213
930.000	930.000	930.000	930.000
5.211.000	5.211.000	5.211.000	5.211.000
520.000	520.000	520.000	520.000
48.090.624	48.211.454	48.747.151	49.266.636

Operating result	-2.083.000	-415.570	-1.154.111	-2.292.615	-2.234.175
-------------------------	-------------------	-----------------	-------------------	-------------------	-------------------

-1.938.365	-1.480.925	-1.611.622	-1.719.107
-------------------	-------------------	-------------------	-------------------

-1.938.365	-1.879.925	-2.415.622	-2.938.107
-------------------	-------------------	-------------------	-------------------

Interest	-100.000	-200.000	-200.000	-200.000	-200.000
Transfer from Equity	-1.983.000	-2.387.030	-2.136.000	-1.215.372	-816.000
Result	0	2.171.460	1.181.889	-877.243	-1.218.175

-200.000	-200.000	-200.000	-200.000
-1.215.372	-816.000	-851.000	0
-522.993	-464.925	-560.622	-1.519.107

-200.000	-200.000	-200.000	-200.000
-1.215.372	-816.000	-851.000	0
-522.993	-863.925	-1.364.622	-2.735.107

Stable National Contributions after 2019 and onwards

Negotiations with EC on the cost under the AA for 2019 and onwards, negotiations with Iceland on a MoU and discussions with UK on a MoU

Other income reduced as we expect a reduction in project income (this revised version includes projects in the pipeline, considering our best knowledge on expected income) and training courses from 2020 with current knowledge on projects and training courses from 2019 and onwards

Expenses - Salaries includes expected index regulation and step increases, as well as a proposed investment from equity

National Contribution + 1.5% in 2020 and + 1.7% in 2021, 2022 and 2023

Negotiations with EC on the cost under the AA for 2019 and onwards, negotiations with Iceland on a MoU and discussions with UK on a MoU

Other income reduced as we expect a reduction in project income (this revised version includes projects in the pipeline, considering our best knowledge on expected income) and training courses from 2020 with current knowledge on projects and training courses from 2019 and onwards

National Contribution + 1.5% in 2020 and + 1.7% in 2021, 2022 and 2023

Negotiations with EC on the cost under the AA for 2019 and onwards, negotiations with Iceland on a MoU and discussions with UK on a MoU

Other income reduced as we expect a reduction in project income (this revised version includes projects in the pipeline, considering our best knowledge on expected income) and training courses from 2020 with current knowledge on projects and training courses from 2019 and onwards

in quality assurance of the financial administration of the organization

Salary + 1.39% in 2022 and 2023, and includes a proposed investment from equity in quality assurance of the financial administration of the organization

Salary + 1.39% in 2022 and 2023, and includes a proposed investment from equity in quality assurance of the financial administration of the organization