

Finance Committee

Finance Committee met 19 June. Bureau reviewed and commented on the report of the Finance Committee at their 20-21 June meeting.

Council is requested to:

- **Approve** the final accounts 2016, including Audit Book;
- **Vote** on the proposed budget for 2018, noting that the national contributions have already been decided; (CM 2016 Del-3.1.2)
- **Vote** on the proposal to annually inflation regulate national contributions according to the Danish inflation rate.

This compilation includes:

- Forecast Budget 2019
- Final accounts 2016 including:
 - Letter of Representation
 - Statement on the Final Accounts for 2016
 - Final Accounts 2016
 - Audit Book Comments on the Final Accounts 2016
- Report of Finance Committee
- Status Report 30 April 2017
- Proposed Budget 2018 and Forecast Budget 2019 as initially discussed at Finance Committee
- Programme Budgets
- Projects
- Capital Reserve Fund
- Long-term strategy for increases in national contributions
- Development of equity

Forecast Budget 2019

	Forecast Budget 2019 with 0% in- crease	Forecast Budget 2019 incl. 2% (based on 2018 0%)	Forecast Budget 2019 incl. 1.3% (based on 2018 inflation rate)
National Contribution	22,363,000	22,791,000	22,657,250
Faroe Islands & Greenland	418,000	426,000	423,500
National Contribution	22,781,000	23,217,000	23,080,750
NEAFC Contribution (Advice)	2,400,525	2,400,525	2,400,525
OSPAR Contribution (Advice and Data)	1,200,000	1,200,000	1,200,000
HELCOM Contribution (Data)	480,000	480,000	480,000
NASCO Contribution (Advice)	549,514	549,514	549,514
Special requests	1,200,000	1,200,000	1,200,000
EC Contribution (Advice)	10,400,000	10,400,000	10,400,000
Norway MoU	844,500	844,500	844,500
Income from Commissions	17,074,539	17,074,539	17,074,539
Project income - hours incl. overhead	2,800,000	2,800,000	2,800,000
ASC income	490,000	490,000	490,000
Income from ICES Journal	1,600,000	1,600,000	1,600,000
Sale of Publications	5,000	5,000	5,000
Income Eurofish	200,000	200,000	200,000
Income Training courses	700,000	700,000	700,000
Miscellaneous income	20,000	20,000	20,000
Other Income	5,815,000	5,815,000	5,815,000
TOTAL INCOME	45,670,539	46,106,539	45,970,289
Salaries - Management and Administration	5,117,497	5,117,497	5,117,497
Salaries - Communications	582,986	582,986	582,986
Salaries - Advisory Programme	7,993,000	7,993,000	7,993,000
Salaries - Science Programme	4,521,697	4,521,697	4,521,697
Salaries - Publications	1,839,343	1,839,343	1,839,343
Salaries - IT	1,931,133	1,931,133	1,931,133
Salaries - Data Centre	10,174,579	10,174,579	10,174,579
Salaries - Total	32,160,235	32,160,235	32,160,235
Fees for External Consultants	250,000	250,000	250,000
Overtime for Gen. Staff	15,000	15,000	15,000
Social activities Cond. /Cond.	65,000	65,000	65,000
Education, Training, Team building	200,000	200,000	200,000
Honorarium ACOM Chair and Vice Chairs	2,279,368	2,279,368	2,279,368
Honorarium SCICOM Chair	1,106,451	1,106,451	1,106,451
ATP Pensions ICES 2/3 share	130,000	130,000	130,000
Salaries	36,206,053	36,206,053	36,206,053
Electricity	200,000	200,000	200,000

Heating	236,000	236,000	236,000
Safety and Security	191,000	191,000	191,000
Cleaning	167,000	167,000	167,000
Stationery	31,000	31,000	31,000
Photocopy and Printer paper	5,000	5,000	5,000
Paper (Letterhead, envelopes etc.)	2,000	2,000	2,000
Postage	50,000	50,000	50,000
		Forecast	Forecast
		Budget 2019	Budget 2019
Telephone, Fax, Etc	0	0	0
Office Equipment (Workplace furniture)	112,000	112,000	112,000
Insurance	288,000	288,000	288,000
Miscellaneous Expenses	121,000	121,000	121,000
Office Maintenance	221,885	221,885	221,885
Facility improvements	223,000	223,000	223,000
Library: Books, Subscriptions	30,000	30,000	30,000
Public Relations (Including souvenir shop)	47,000	47,000	47,000
Accounting and Auditing	91,000	91,000	91,000
Legal Assistance	20,000	20,000	20,000
Office Expenses	2,035,885	2,035,885	2,035,885
Leasing Contracts	1,140,183	1,140,183	1,140,183
Hardware Support Contracts	451,200	451,200	451,200
Software Support Contracts	280,000	280,000	280,000
Software License Contracts	363,000	363,000	363,000
Hardware non-contract	140,000	140,000	140,000
Software non-contract	45,000	45,000	45,000
Outsourcing			
Remote/cloud services	296,000	296,000	296,000
Communication	266,180	266,180	266,180
Domains/certificates	8,000	8,000	8,000
IT-investments			
Consultancies	40,000	40,000	40,000
Other costs	67,700	67,700	67,700
IT Expenses	3,097,263	3,097,263	3,097,263
General Expenses: Transport, Handbooks, Gifts	300,000	300,000	300,000
Travel: Secretariat Staff and Chairs	450,000	450,000	450,000
Host Country Share	160,000	160,000	160,000
Enhance Science/Keynote Speakers	60,000	60,000	60,000
Promotion for Young Scientists	110,000	110,000	110,000
Expenses for ASC	1,080,000	1,080,000	1,080,000
Statutory meeting	15,000	15,000	15,000
President, Bureau + sub Groups	320,000	320,000	320,000
Secretariat travel per Cost Center	685,000	685,000	685,000
External reviewing of assessments/benchmarking	500,000	500,000	500,000
Travel costs for RAC	60,000	60,000	60,000

ACOM travel and meeting costs	311,000	311,000	311,000
ACOM Chairs and vice chairs travel	480,000	480,000	480,000
Advice Drafting Groups travel	1,200,000	1,200,000	1,200,000
SCICOM travel and meeting costs	400,000	400,000	400,000
ICES co-sponsored Symposia	150,000	150,000	150,000
Young scientist conferece			
SCICOM strategic activities			
Leadership/structual changes of Science Travel	550,000	550,000	550,000
Training support for DG MAREs officials	100,000	100,000	100,000
Course income/expenses	620,000	620,000	620,000
Travel and meetings	5,391,000	5,391,000	5,391,000
	Forecast	Forecast	Forecast
	Budget 2019	Budget 2019	Budget 2019
ICES Marine science Symposia	150,000	150,000	150,000
Publications general	97,000	97,000	97,000
ICES Annual Report	90,000	90,000	90,000
ICES Cooperative Research Reports	97,000	97,000	97,000
ICES Leaflets for Plankton and Diseases	12,000	12,000	12,000
ICES Times	11,000	11,000	11,000
ICES Newsletters	0	0	0
ICES Advice Publications	0	0	0
Editor in Chief ICES JMS reimbursement of expenses	50,000	50,000	50,000
ICES Communications	200,000	200,000	200,000
Publications	707,000	707,000	707,000
TOTAL EXPENSES	48,517,201	48,517,201	48,517,201
Operating Result	-2,846,662	-2,410,662	-2,546,912
Interest	-200,000	-200,000	-200,000
Transfer from Equity	-1,275,000	-1,275,000	-1,275,000
Result	-1,371,662	-935,662	-1,071,912
Transferred from Equity:			
RDB			
ACOM assessments workload issue (1.275.000)	-1,275,000	-1,275,000	-1,275,000

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Letter of representation on the Final Accounts for 2016

We submit this letter of representation in connection with your audit of the Final Accounts 2015. The Final Accounts shows a profit of DKK 2.114k, total assets of DKK 50.410k, and equity of DKK 25.381k, 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 the Rules of Procedures as described in the Summary of significant accounting policies, 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, 19 June 2017

International Council for the Exploration of the Sea



Anne Christine Brusendorff, General Secretary



Kirsten Gudmandsen, Finance Officer

Deloitte Statsautoriseret Revisionspartnerselskab
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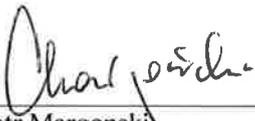
Statement on the Final Accounts for 2016

This statement is given in connection with the audit of the Final Accounts for 2016. 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, 19 June 2017

International Council for the Exploration of the Sea (ICES)



Piotr Margonski
Chairman of Finance Committee

International Council for the Exploration of the Sea

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

Final Accounts 2016

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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

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Fax: 0045 3393 4215

Internet: www.ices.dk

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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

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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 2016.

The Final Accounts have been prepared in accordance with the Rules of Procedures as described in the Summary of significant accounting policies.

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 2016 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 2016.

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, 19 June 2017

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 Opinion

We have audited the financial statements of International Council for the Exploration of the Sea for the financial year 01.01.2016 - 31.12.2016, 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, as described in the Summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Rules of Procedures, 22 October 2008, as described in the Summary of significant accounting policies.

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 and Finance Committee's responsibility for the Final Accounts

The General Secretary and Finance Committees (Management) is responsible for the preparation of Final Accounts that give a true and fair view in accordance with the Rules of Procedures, 22 October 2008, as described in the Summary of significant accounting policies, 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 the Rules of Procedures, 22 October 2008, ISAs and the additional require-

ments applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, 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, 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 report

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, 22 October 2008.

Copenhagen, 19 June 2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Peter Z. Skanborg
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 that are affected by or have an interest in ICES work, 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 also 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.

General Secretary's review

Primary activities

The Final Accounts for the year 2016 show total revenue for ICES of 46,345,187 DKK, of which 22,363,000 DKK was from national contributions. Another major component was income received from recipients of scientific advice in the amount of 15,814,970 DKK.

The difference between revenue and expenditures for 2016 resulted in a surplus of 2,114,188 DKK, which will be transferred to Equity. There are a few factors that contributed to this unexpected surplus:

- 1) the new MoU between ICES and Norway, was signed at the end of August, and which generated a new annual income of 831,000 DKK for recurrent advice, and includes a payment scheme for special requests, including aquaculture requests;
- 2) the projects, with final accounting of hours resulting in a greater number of hours billable to projects than predicted in earlier forecasts;
- 3) special requests, e.g. the special request from Norway on the MAREANO Project, special requests from DG ENV, and the data requests from OSPAR. These special requests, including Secretariat time, were not accounted for in the forecast budget and invoices were only received at the end of 2016.

National contributions to ICES are due in advance, or by the end of January of the budget year. By the end of 2016, all national contributions due for budget year 2016 were received, as was the case in the budget year 2015. There are no outstanding contributions from previous years.

Development in activities and finances

In a nine-year period (2009-2017), increases in national contributions were agreed in 2011 (2%) and 2016 (1.9%), in the other years national contributions remained stable. The relative share of national contributions in 2016 was 48%.

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 2016 was 33,393,077 DKK including honorarium for ACOM Chair, ACOM Vice-Chairs, and SCICOM Chair. 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. However, this increases the risk for future budgets in case the renegotiations of the MoUs result in fewer advisory tasks for ICES and lower contributions from the recipients of advice. The current threat category of this risk is consistent with the 20% CRF level.

Events after the balance sheet date

The ICES–EU Administrative Arrangement (MoU) for 2017 was signed 27 February 2017.

Income statement for 2016

	Notes	2016 DKK	2015 DKK'000
Contributions from member countries	1	22.363.000	21.935
Contribution from Faeroe Island and Greenland		418.000	410
Recipients of Scientific Advice	2	15.814.970	15.027
Income from Projects		3.412.668	2.631
Other income	3	4.327.222	2.983
Sales of publications		<u>9.327</u>	<u>3</u>
Total revenue		<u>46.345.187</u>	<u>42.989</u>
Salaries	4	-33.393.077	-32.286
Office expenses		-1.925.835	-1.217
IT expenses		-2.776.124	-3.077
Expenses for Council and ASC		-1.023.926	-2.212
Travelling and meeting expenses		-4.635.159	-4.538
Publications		<u>-596.142</u>	<u>-250</u>
Total expenditure		<u>-44.350.263</u>	<u>-43.580</u>
Result of revenue and expenditure		<u>1.994.924</u>	<u>-591</u>
Financial income	5	268.959	92
Financial expenses	6	<u>-149.695</u>	<u>-76</u>
Income over expenditure		<u>2.114.188</u>	<u>-575</u>
The years income over expenditure is distributed as follows			
Capital Reserve Fund (equity)		675.500	115
Use of fund "Strategic Investment Fund (equity)		-95.130	-505
Accumulated income over expenditure (equity)		<u>1.533.818</u>	<u>-185</u>
Total		<u>2.114.188</u>	<u>-575</u>

Balance sheet at 31 December 2016

	Notes	2016 DKK	2015 DKK'000
Capital Reserve Fund – Investment & cash at bank	10	<u>8.577.550</u>	<u>8.475</u>
Non-current assets		<u>8.577.550</u>	<u>8.475</u>
Receivable member contribution	7	10.032.000	10.868
Other receivables	8	7.202.245	4.557
Prepayments and accrued income	9	<u>297.972</u>	<u>394</u>
Receivables		<u>17.532.217</u>	<u>15.819</u>
Investments	10	<u>22.180.579</u>	<u>22.350</u>
Cash at bank and in hand		<u>2.119.644</u>	<u>2.147</u>
Current assets		<u>41.832.440</u>	<u>40.316</u>
Assets		<u>50.409.990</u>	<u>48.791</u>

Balance sheet at 31 December 2016

	Notes	2016 DKK	2015 DKK'000
Capital Reserve Fund (CRF)		9.269.060	8.598
Strategic Investment Fund (SIF)		0	95
Accumulated income over expenditure		<u>16.112.111</u>	<u>14.796</u>
Equity	11	<u>25.381.171</u>	<u>23.489</u>
Prepaid/pre-invoiced contributions		22.363.000	22.363
Prepaid projects funded by third parties		819.030	2.460
Other payables	12	<u>1.846.789</u>	<u>479</u>
Total short-term liabilities		<u>25.028.819</u>	<u>25.302</u>
Equity and liabilities		<u>50.409.990</u>	<u>48.791</u>
Additional information			
Lease of IT equipment	13		

Notes

	2016	2015
	DKK	DKK'000
1. Contributions from member countries (shares)		
Belgium (2)	836.000	820
Canada (3)	1.254.000	1.230
Denmark (3)	1.254.000	1.230
Estonia (1)	418.000	410
Finland (1,5)	627.000	615
France (4)	1.672.000	1.640
Germany (4)	1.672.000	1.640
Iceland (3)	1.254.000	1.230
Ireland (2)	836.000	820
Latvia (1)	418.000	410
Lithuania (1)	418.000	410
The Netherlands (3)	1.254.000	1.230
Norway (4)	1.672.000	1.640
Poland (3)	1.254.000	1.230
Portugal (2)	836.000	820
Russia (3)	1.254.000	1.230
Spain (3)	1.254.000	1.230
Sweden (3)	1.254.000	1.230
United Kingdom (4)	1.672.000	1.640
The USA (3)	<u>1.254.000</u>	<u>1.230</u>
	<u>22.363.000</u>	<u>21.935</u>
2. Recipients of Scientific Advice		
European Commission	10.446.660	10.447
NEAFC	2.352.063	2.340
OSPAR	1.169.265	1.169
HELCOM	477.562	535
NASCO	538.420	536
Norway	<u>831.000</u>	<u>0</u>
	<u>15.814.970</u>	<u>15.027</u>

Notes

	2016 DKK	2015 DKK'000
3. Other income		
Income from ICES Journal	1.491.650	1.469
Income from Training courses	663.789	447
ASC Fees	652.890	688
Miscellaneous	237.544	84
Special request	<u>1.281.349</u>	<u>295</u>
	<u>4.327.222</u>	<u>2.983</u>
4. Salaries		
Salaries are divided as follows:		
Salaries Secretariat	-29.847.244	-29.277
Other salaries relating costs	<u>-778.355</u>	<u>-413</u>
	<u>-30.625.599</u>	<u>-29.690</u>
Honorarium to external Chairs	<u>-2.767.478</u>	<u>-2.596</u>
	<u>-33.393.077</u>	<u>-32.286</u>
5. Financial income		
Interest	268.802	87
Exchange gains	<u>157</u>	<u>5</u>
	<u>268.959</u>	<u>92</u>
6. Financial expenses		
Exchange losses	-45.476	-22
Bank charges	<u>-104.219</u>	<u>-54</u>
	<u>-149.695</u>	<u>-76</u>

Notes

	2016 DKK	2015 DKK'000
7. Receivable member contributions		
Belgium	836.000	836
Denmark	1.254.000	1.254
France	0	1.672
Estonia	418.000	418
Iceland	0	836
Ireland	836.000	0
Latvia	418.000	0
Poland	0	1.254
Portugal	836.000	836
Russia	1.254.000	1.254
Sweden	1.254.000	1.254
Spain	1.254.000	1.254
United Kingdom	<u>1.672.000</u>	<u>0</u>
Related to the following year	<u>10.032.000</u>	<u>10.868</u>
8. Other Receivables		
European Commission	4.582.922	3.860
VAT due from the Ministry of Foreign Affairs	645.968	412
Deposits due from parking spaces	6.180	8
Miscellaneous receivables	<u>1.967.175</u>	<u>277</u>
	<u>7.202.245</u>	<u>4.557</u>
9. Prepayments and accrued income		
Prepaid pensions	<u>297.972</u>	<u>394</u>
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	Strategic Investment Fund DKK	Accumulated income over Expenditure etc. DKK	Total equity DKK
Equity at 1 January 2016	8.597.818	95.130	14.795.859	23.488.807
Unrealised fair value of bonds	-4.258	0	-217.566	-221.824
Profit/loss for the year	<u>675.500</u>	<u>-95.130</u>	<u>1.533.818</u>	<u>2.114.188</u>
Equity at 31 December 2016	<u>9.269.060</u>	<u>0</u>	<u>16.112.111</u>	<u>25.381.171</u>

	2016 DKK	2015 DKK'000
12. Other Payables		
Accounts payable	1.749.093	391
Danish State Pension (ATP)	<u>97.696</u>	<u>88</u>
	<u>1.846.789</u>	<u>479</u>

13. Lease commitments

Lease obligations falling due within:		
0-1 years	1.112.788	1.191
1-5 years	1.336.242	2.106
> 5 years	<u>0</u>	<u>0</u>
	<u>2.449.030</u>	<u>3.297</u>

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.

Deloitte.

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International Council for the Exploration of the Sea

Audit book comments on the Final Accounts 2016

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Audit book comments on the Final Accounts for 2016

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 for 2016 presented by the General Secretary and the Finance Committee. The Final Accounts show the following:

	<u>2016</u> <u>TDKK</u>	<u>2015</u> <u>TDKK</u>
Income over expenditure (minus is deficit)	2.114	-575
Assets	50.410	48.791
Equity	25.381	23.489

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 Management's evaluation of the Final Accounts:

1.2.1 Segregation of duties

As mentioned in our audit book comments of 8 July 2013 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 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. Comments on the Final Accounts

2.1 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 22,363k 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 (MoU) between ICES and the donor. A sample of contracts have been reviewed and has not given rise to any 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 general agreement.

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

2.2 Balance sheet

The 31 December 2016 the Capital Reserve Fund amounts to 9,269 TDKK, corresponding to 20% of total income.

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

We have made unannounced cash count on 7th of October 2016. The audit 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 17,532 TDKK recognized in the Final Accounts. The receivables consist primarily of member contribution (10.032 TDKK) and other receivables (7.202 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.

3. Other comments

3.1 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 2016.

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

3.2 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.

4. Conclusion

If the Finance Committee approves the Final Accounts 2016 in its present form, we will provide the Final Accounts with an unqualified auditor's report without emphasis of matter.

5. 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.

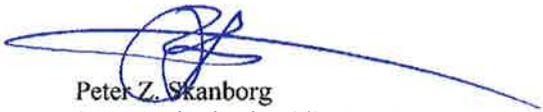
Our audit did not include the General Secretary's review. However, we read the General Secretary's review to ensure that the disclosures in this report are consistent with the financial statements and with the information that came to our knowledge during our audit. Having read the General Secretary's 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.

6. Auditor's declaration

Pursuant to Danish law, we declare that we comply with the legal requirements of independence and that we have received all the information requested during our audit.

Copenhagen, 19 June 2017

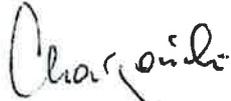
Deloitte
Statsautoriseret Revisionspartnerselskab



Peter Z. Skanborg
State Authorised Public Accountant

Presented at the Finance Committee' meeting on 19 June 2017

Finance Committee



Piotr Margonski
Chair



Alain Vezina



Fritz Köster



Ari Leskelä



Tomas Zelubas

Report of Finance Committee

Chair: Piotr Margonski

1 Approval of Agenda

The agenda was approved. (FC_2017-06 Doc 1)

2 Final Accounts 2016, Audit book comments on the Final Accounts 2016, and report

(FC_2017-06 Doc 02)

The Final Accounts 2016 were audited by Deloitte. The members of the Finance Committee reviewed, approved, and signed the Final Accounts 2016 and the Audit book comments on the Final Accounts 2016.

3 Status Report as of 30 April 2017

Finance Committee noted the status report related to the status of accounts as of 30 April 2017. (FC_2017-06 Doc 03) The following points were noted:

- Discussed the potential to charge for ICES participation in Advisory boards for projects.
- Income from training is now shown (based on a change advised by the auditors) but the costs are nearly equivalent to the income.
- SCICOM is currently in negotiations around how to use the 550,000 DKK they have been allocated from the core budget to support the science leadership.
- Need to adjust the document – to reflect the reimbursement of the EiC IJMS decided recently (change from 0 to the amount agreed in the contract with Howard Browman; DKK 50.000).
- Discussed the needed input from Finance Committee in advance of the Council meeting and the only change that could significantly alter the current prognosis is an MoU with Iceland.

4 Proposed Budget for 2018 and Forecast Budget for 2019

4.1 Proposed Budget 2018 and Forecast budget 2019

(FC_2017-06 Doc 4.1)

The proposed budget for 2018 was not voted on by Council in October 2016. It was agreed that Delegates would provide the General Secretary with feedback on what strategy would be likely to achieve a “yes” vote for their country by correspondence. The vote on national contributions for 2018 was conducted by e-

voting procedure February 2018. All countries voted, however, the process failed to achieve the 2/3 majority required, resulting in stable contributions for 2018.

Finance Committee discussed various scenarios, in order to balance the proposed 2018 budget.

For the 2019 Forecast Budget a 2% increase 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.

Action: Finance Committee agreed to submit the forecast budget showing the projected deficit to communicate the growing uncertainty in the budget for 2018 and especially for 2019. Council should be provided some information on the implications, especially given the projection of a 2019 deficit.

4.2 Programme/departmental budgets

(FC_2017-06 Doc 4.2)

Finance Committee reviewed the programme and departmental budgets.

Noting that some updates were needed to the figures in the document related to the cost recovery percentages. The cost key of share values between recipients of advice needs to be updated to help show what percentage of costs is being recovered, costing of special requests to help improve cost recovery is also underway.

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

(FC_2017-06 Doc 4.3)

Finance Committee noted the current and planned ICES project participation, highlighting the difficulties in forecasting project income. The COST project is not a traditional project, and it could be considered to report this activity in another way, related to training or capacity improvements in the Secretariat.

5 Development of the Capital Reserve Fund (CRF)

Finance Committee noted the development of the Capital Reserve Fund. (FC_2017-06 Doc 5)

At the 2016 Council meeting it was reaffirmed that the level of the Capital Reserve Fund should remain at 20% of income.

6 Development of the Strategic Investment Fund (SIF)

Finance Committee noted that SIF has been exhausted.

7 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.

7.1 Longer-term strategy for achieving increases of National Contributions (FC_2017-06 Doc 7.1)

Finance Committee discussed options for either annual or other periodical increases with the aim to achieve a longer term strategy for securing increases of National Contributions.

Projections for the budget for 2020 and 2021 begin to show a deficit, assuming that:

- National contributions are stable;
- Income from projects and special requests is the same as in 2019
- The same level of expenditure as in 2019 with an inflation regulation and step increases of the salaries

The Secretariat is pursuing multiple strategies to try to fill the gap, including:

- Negotiating cost recovery for special requests under the EU MoU;
- A new MoU with Iceland.

However, without increased national contributions, ICES will soon be faced with deficit and must have a strategy to solve the problem.

Finance Committee discussed various options that should be further discussed by Bureau:

The Secretariat should engage with Council in advance of the October meeting to urge Council delegates to come equipped with a mandate to vote on the budget. Delegates will be provided with a prognosis showing the coming deficit. The aim being to try to secure the 2% increase in national contributions.

An alternate option could be to add an inflation regulation to the invoice and then either explicitly or implicitly gaining approval for a new strategy that would at least secure an annual increase albeit lower than the 2% increase (better than the record over the past years where we have only secured increases in two years).

7.2 Development of Equity

Finance Committee noted the development of equity as described in the document FC_2017-06 Doc 7.2. No requests for investments from equity have been received, however, strategic initiatives, aquaculture, and strategic plan renewal are areas where further investment may be needed.

Action: Given the importance of ensuring Member country input to the renewal of the strategic plan, Council Delegates will be requested to come to the Council

¹ https://community.ices.dk/Committees/Council/2015_Meeting_Docs/Meeting_Documents/CM_2015_Del-3.1_CWGIBM.pdf

meeting prepared with a list of high-level priorities (3-5). The Canadian priorities were provided as an example: Marine Protected areas and underwater noise/cumulative effects of shipping on marine mammals.

7.3 Participants list

Piotr Margonski

Fritz Köster

Ari Leskelä

Alain Vezina

Anne Christine Brusendorff

Helle Falck

Kirsten Gudmandsen

Ellen Johannesen

Regrets: Tomas Zolubas

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

Council approved the final Budget for 2017 by e-voting in 2016. It is the working budget for the Secretariat in 2017. 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, and a 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 10,400,000 DKK in accordance with the signed MoU. The invoice for the first semester will be issued in July. During the annual meeting with the DG MARE Director-General the work load issue related to special requests (currently outside the MoU) was discussed, and the possibility for DGMARE to begin to pay for these requests. No firm agreement was made, but the ICES Secretariat has started costing the special requests, and will issue an invoice to stimulate further discussions.
- 2) Project income for the period January–April is approximately DKK 945,000 based on time recording for on-going projects. The revised project budget income for the whole year 2,880,650 DKK is considered realistic. This figure includes overhead. Doc 4.4 Info on External Projects contains a higher projected 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.
- 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;
 - the Early Career Scientists Conference
 - investments in the development of a Transparent Assessment Framework;
 - training courses, and development of on-line course component
 - SCICOM Strategic Initiatives.

	Realised	Forecast	Estimate	Revised
	Jan - Apr	Budget 2017	2017 with	Budget 2017
	2017	(CM 2015	0% increase	with 0%
		DEL-3.4)		increase
National Contribution	22,363,000	22,791,000	22,363,000	22,363,000
Faroe Islands & Greenland	418,000	426,000	418,000	418,000
National Contribution	22,781,000	23,217,000	22,781,000	22,781,000
NEAFC Contribution (Advice)	2,373,937	2,400,000	2,373,937	2,356,743
OSPAR Contribution (Advice and Data)	232,946	1,190,000	1,250,000	1,250,000
HELCOM Contribution (Data)	240,646	470,000	470,000	470,000
NASCO Contribution (Advice)	543,427	550,000	543,427	539,492
Special requests	246,883	250,000	1,221,379	250,000
EC Contribution (Advice)		10,400,000	10,400,000	10,400,000
MoU Norway		0	840,000	840,000
Income from Commissions	3,637,839	15,260,000	17,098,743	16,106,235
Project income - hours incl. overhead	945,285	3,007,953	3,302,789	2,880,650
Project income - Projects in Pipeline	0	1,074,400	0	0
ASC income	1,126	490,000	490,000	490,000
Income from ICES Journal	545,624	1,000,000	1,386,000	1,400,000
Sale of Publications	112	5,000	5,000	5,000
Income Eurofish	69,654	200,000	200,000	200,000
Income Training courses	80,215	700,000	575,000	860,000
Miscellaneous income	18,710	20,000	20,000	20,000
Other Income	1,660,728	6,497,353	5,978,789	5,855,650
TOTAL INCOME	28,079,566	44,974,353	45,858,532	44,742,885
Salaries - Management and Adm. (incl. project assistant in 2017)	1,380,078	6,731,227	5,089,449	5,200,000
Salaries - Communications	175,694	540,000	527,091	529,500
Salaries - Advisory Programme	2,809,967	6,770,125	8,013,178	8,071,000
Salaries - Science Programme	1,198,340	4,600,000	3,969,773	3,535,000
Salaries - Publications	643,048	1,700,000	1,825,804	1,772,000
Salaries - IT	600,673	1,800,000	1,763,075	1,800,000
Salaries - Data Centre	3,285,328	8,400,000	10,175,668	9,624,000
Salaries - Total	10,093,128	30,541,353	31,364,038	30,531,500
Fees for External Consultants	9,797	250,000	250,000	250,000
Overtime for Gen. Staff		15,000	15,000	15,000
Social activities Cond. /Cond.	244	65,000	65,000	65,000
Education, Training, Team building	46,526	200,000	200,000	200,000
Honorarium ACOM Chair and Vice Chairs	741,757	2,200,000	2,200,000	2,200,000
Honorarium SCICOM Chair	325,929	455,000	1,118,610	1,063,500
ATP Pensions ICES 2/3 share	43,298	115,000	115,000	115,000
Salaries	11,260,680	33,841,353	35,327,647	34,440,000
Electricity	-6,812	132,000	180,000	132,000
Heating	49,569	236,000	236,000	236,000
Safety and Security	88,206	191,000	191,000	191,000
Cleaning	53,318	167,000	167,000	167,000
Stationery	5,573	31,000	31,000	31,000
Photocopy and Printer paper		5,000	5,000	5,000
Paper (Letterhead, envelopes etc.)	219	2,000	2,000	2,000
Postage	6,579	100,000	30,000	100,000

Telephone, Fax, Etc	13,607	63,000	56,000	0
Office Equipment (Workplace furniture)	5,602	112,000	112,000	112,000
Insurance	213,800	288,000	288,000	288,000
Miscellaneous Expenses	27,461	121,000	121,000	121,000
Office Maintenance	11,223	81,000	221,885	221,885
Facility improvements	2,830	223,000	223,000	223,000
Library: Books, Subscriptions	2,979	30,000	30,000	30,000
Public Relations (Including souvenir shop)	15,922	47,000	47,000	47,000
Agresso update			120,000	
Accounting and Auditing		91,000	60,000	91,000
Legal Assistance	7,500	20,000	20,000	20,000
Office Expenses	497,575	1,940,000	2,140,885	2,017,885
Leasing Contracts	306,155	1,010,000	1,010,000	1,010,000
Hardware Support Contracts	162,868	470,000	470,000	470,000
Software Support Contracts	126,288	334,000	334,000	334,000
Software License Contracts	5,608	453,000	453,000	453,000
Hardware non-contract	31,846	189,000	189,000	189,000
Software non-contract	2,207	58,000	58,000	58,000
Outsourcing		0	0	0
Remote/cloud services	70,323	80,000	80,000	80,000
Communication	145,894	161,000	161,000	161,000
Domains/certificates	45	8,000	8,000	8,000
IT-investments		0	0	0
Consultancies	16,045	50,000	50,000	50,000
Other costs	20,269	80,000	80,000	80,000
IT Expenses	887,549	2,893,000	2,893,000	2,893,000
General Expenses: Transport, Handbooks, Gifts	8,202	300,000	300,000	300,000
Travel: Secretariat Staff and Chairs	100,282	450,000	450,000	450,000
Host Country Share	0	160,000	160,000	160,000
Enhance Science/Keynote Speakers	0	50,000	50,000	50,000
Promotion for Young Scientists	0	110,000	110,000	110,000
Expenses for ASC	108,484	1,070,000	1,070,000	1,070,000
Statutory meeting	0	15,000	15,000	15,000
President, Bureau + sub Groups	99,253	320,000	320,000	320,000
Secretariat travel per Cost Center	190,758	685,000	685,000	685,000
External reviewing of assessments/benchmarking	626,359	500,000	650,000	500,000
Travel costs for RAC	0	60,000	60,000	60,000
ACOM travel and meeting costs	10,642	300,000	300,000	300,000
ACOM Chairs and vice chairs travel	198,494	480,000	480,000	480,000
Advice Drafting Groups travel	337,084	1,100,000	1,100,000	1,100,000
SCICOM travel and meeting costs	214,370	400,000	400,000	400,000
Strengthening the Science Leadership (travel)	71,507		550,000	550,000
ICES co-sponsored Symposia (per Symposia)	0	75,000	180,000	150,000
Young scientist conference	3,462	450,000	450,000	450,000
SCICOM strategic activities [awaiting SCICOM input]	0	0	0	0
Science Fund [awaiting SCICOM input]		0	0	0
Training support for DG MAREs officials	0	100,000	100,000	100,000
Course income/expenses	66,178	620,000	795,000	620,000
Travel and meetings	1,818,107	5,105,000	6,085,000	5,730,000

ICES Marine science Symposia	0	160,000	160,000	160,000
Publications general	0	80,000	80,000	80,000
ICES Annual Report	2,485	80,000	80,000	80,000
ICES Cooperative Research Reports		82,000	82,000	82,000
ICES Leaflets for Plankton and Diseases	5,000	21,000	21,000	21,000
ICES Times	10,000	12,000	12,000	12,000
ICES Newsletters	0	40,000	40,000	40,000
ICES Advice Publications	0	0	0	0
Editor in Chief ICES JMS reimbursement of expenses	3,984	0	50,000	0
ICES Communications	27,683	200,000	200,000	200,000
Publications	49,152	675,000	725,000	675,000
TOTAL EXPENSES	14,621,547	45,524,353	48,241,532	46,825,885
Operating Result	13,458,020	-550,000	-2,383,000	-2,083,000
Interest	-55,431	-100,000	-100,000	-100,000
Transfer from Equity		-450,000	-2,283,000	-1,983,000
Result	13,513,450	0	0	0
Transferred from Equity:				
Training courses e-voting July/August 2015			-300,000	
Regional database			-258,000	-258,000
Young Scientists Conference		-450,000	-450,000	-450,000
Assessments workload issue - data and advice (1.275.000 - salary and relocation/two P2_l's in Secretariat) Allocated 5.100.622			-1,275,000	-1,275,000

Proposed Budget 2018 and Forecast budget 2019

Proposed budget 2018

Following the e- voting on national contributions in February 2017, which led to 0% (stable contributions) again in 2018, the proposed budget for 2018 have been prepared.

The following is worth noting:

INCOME:

- From special requests have been estimated to 1,250,000, the major part of which stems from DGMARE payment for special requests (outside the MoU)
- From projects, is based on estimated hours that secretariat staff will be involved in projects. Additionally, 400,000 DKK has been estimated from projects in the pipeline.

EXPENSES

- Have overall been kept at the same level, apart from a small increase in IT expenses, an increase from one to two symposia, and an increase in the office expenses

OPERATING RESULT

- The two unknowns, the size of income from projects and special requests, makes it difficult to ensure a neutral operating result (balanced budget).
- 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 2019

In the draft forecast budget for 2019 a 2% increase in the national contributions has been assumed.

Comments, similar to the proposed budget 2018, apply to the draft forecast budget 2019. Specifically for the income it is though worth noting:

INCOME:

- The same preconditions apply for special requests and projects, although for projects we only have knowledge about income of around 1.3 million DKK, but assume that we will reach around 2.8 million DKK

Leaving aside the uncertainties regarding project and special request income, it becomes harder to balance the budget, especially if a 2% increase in the national contributions is not secured.

	Forecast	Revised	Forecast
	Budget 2018 incl	Budget	Budget 2019
	2%	2018 incl	incl. 2%
		0%	(based on 2018
			0%)
National Contribution	23,272,500	22,363,000	22,791,000
Faroe Islands & Greenland	435,000	418,000	426,000
National Contribution	23,707,500	22,781,000	23,217,000
NEAFC Contribution (Advice)	2,424,000	2,400,525	2,400,525
OSPAR Contribution (Advice and Data)	1,200,000	1,200,000	1,200,000
HELCOM Contribution (Data)	470,000	480,000	480,000
NASCO Contribution (Advice)	555,000	549,514	549,514
Special requests	250,000	1,200,000	1,200,000
EC Contribution (Advice)	10,400,000	10,400,000	10,400,000
Norway MoU	844,500	844,500	844,500
Income from Commissions	16,143,500	17,074,539	17,074,539
Project income - hours incl. overhead	2,697,000	2,875,774	2,800,000
ASC income	490,000	490,000	490,000
Income from ICES Journal	1,600,000	1,600,000	1,600,000
Sale of Publications	5,000	5,000	5,000
Income Eurofish	200,000	200,000	200,000
Income Training courses	700,000	700,000	700,000
Miscellaneous income	20,000	20,000	20,000
Other Income	5,712,000	5,890,774	5,815,000
TOTAL INCOME	45,563,000	45,746,313	46,106,539
Salaries - Management and Administration	5,261,000	4,976,529	5,117,497
Salaries - Communications	578,000	555,806	582,986
Salaries - Advisory Programme	8,227,000	7,634,423	7,993,000
Salaries - Science Programme	3,835,000	4,310,308	4,521,697
Salaries - Publications	1,835,600	1,765,158	1,839,343
Salaries - IT	1,915,741	1,842,005	1,931,133
Salaries - Data Centre	9,709,000	10,790,982	10,174,579
Salaries - Total	31,361,340	31,875,211	32,160,235
Fees for External Consultants	250,000	250,000	250,000
Overtime for Gen. Staff	15,000	15,000	15,000
Social activities Cond. /Cond.	65,000	65,000	65,000
Education, Training, Team building	200,000	200,000	200,000
Honorarium ACOM Chair and Vice Chairs	2,324,000	2,234,570	2,279,368
Honorarium SCICOM Chair	1,128,200	1,084,705	1,106,451
ATP Pensions ICES 2/3 share	115,000	130,000	130,000
Salaries	35,458,540	35,854,486	36,206,053
Electricity	165,000	200,000	200,000
Heating	236,000	236,000	236,000
Safety and Security	191,000	191,000	191,000
Cleaning	167,000	167,000	167,000
Stationery	31,000	31,000	31,000
Photocopy and Printer paper	5,000	5,000	5,000
Paper (Letterhead, envelopes etc.)	2,000	2,000	2,000
Postage	100,000	50,000	50,000

	Forecast Budget 2018 incl 2%	Revised Budget 2018	Forecast Budget 2019
Telephone, Fax, Etc	0	0	0
Office Equipment (Workplace furniture)	112,000	112,000	112,000
Insurance	288,000	288,000	288,000
Miscellaneous Expenses	121,000	121,000	121,000
Office Maintenance	101,259	221,885	221,885
Facility improvements	10,400	223,000	223,000
Library: Books, Subscriptions	30,000	30,000	30,000
Public Relations (Including souvenir shop)	47,000	47,000	47,000
Accounting and Auditing	91,000	91,000	91,000
Legal Assistance	20,000	20,000	20,000
Office Expenses	1,717,659	2,035,885	2,035,885
Leasing Contracts	1,095,000	1,139,041	1,140,183
Hardware Support Contracts	342,600	451,200	451,200
Software Support Contracts	333,000	280,000	280,000
Software License Contracts	412,000	352,000	363,000
Hardware non-contract	185,000	140,000	140,000
Software non-contract	52,000	45,000	45,000
Outsourcing	0		
Remote/cloud services	112,600	292,000	296,000
Communication	239,000	265,180	266,180
Domains/certificates	8,000	8,000	8,000
IT-investments	0		
Consultancies	50,000	40,000	40,000
Other costs	72,600	66,300	67,700
IT Expenses	2,901,800	3,078,721	3,097,263
General Expenses: Transport, Handbooks, Gifts	300,000	300,000	300,000
Travel: Secretariat Staff and Chairs	450,000	450,000	450,000
Host Country Share	160,000	160,000	160,000
Enhance Science/Keynote Speakers	60,000	60,000	60,000
Promotion for Young Scientists	110,000	110,000	110,000
Expenses for ASC	1,080,000	1,080,000	1,080,000
Statutory meeting	15,000	15,000	15,000
President, Bureau + sub Groups	320,000	320,000	320,000
Secretariat travel per Cost Center	685,000	685,000	685,000
External reviewing of assessments/benchmarking	500,000	500,000	500,000
Travel costs for RAC	60,000	60,000	60,000
ACOM travel and meeting costs	300,000	300,000	311,000
ACOM Chairs and vice chairs travel	480,000	480,000	480,000
Advice Drafting Groups travel	1,100,000	1,100,000	1,200,000
SCICOM travel and meeting costs	400,000	400,000	400,000
ICES co-sponsored Symposia	75,000	150,000	150,000
Young scientist conference			
SCICOM strategic activities			
Leadership/structural changes of Science Travel	550,000	550,000	550,000

Training support for DG MAREs officials	100,000	100,000	100,000
Course income/expenses	620,000	620,000	620,000
Travel and meetings	5,205,000	5,280,000	5,391,000
	Forecast Budget 2018 incl 2%	Revised Budget 2018	Forecast Budget 2019
ICES Marine science Symposia	160,000	160,000	150,000
Publications general	80,000	80,000	97,000
ICES Annual Report	80,000	80,000	90,000
ICES Cooperative Research Reports	82,000	82,000	97,000
ICES Leaflets for Plankton and Diseases	21,000	21,000	12,000
ICES Times	12,000	12,000	11,000
ICES Newsletters	40,000	0	0
ICES Advice Publications	0	0	0
Editor in Chief ICES JMS reimbursement of expenses	0	50,000	50,000
ICES Communications	200,000	200,000	200,000
Publications	675,000	685,000	707,000
TOTAL EXPENSES	47,037,999	48,014,092	48,517,201
Operating Result	-1,474,999	-2,267,779	-2,410,662
Interest	-200,000	-200,000	-200,000
Transfer from Equity	-1,275,000	-1,736,030	-1,275,000
Result	0	-331,749	-935,662
Transferred from Equity:			
RDB		-461,030	
ACOM assessments workload issue (1.275.000)	-1,275,000	-1,275,000	-1,275,000

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 (2015 and 2016 figures), including data services, as well as the estimated figures for 2017.

Table 1 Overview of realized income and costs for recurrent advice, in million DKK – for 2015

Client	Income	Direct costs	Indirect costs	Total costs	Balance
EU	10,4	12,0	2,5	14,5	- 3,9
NEAFC and NASCO	2,9	2,5	0,6	3,1	-0,2
Total	13,3	14,5	3,1	17,6	-4,1

Table 2 Overview of realized income and costs for recurrent advice, in million DKK – for 2016

Client	Income	Direct costs	Indirect costs	Total costs	Balance
EU	10,4	12,3	2,2	14,5	-4,1
NEAFC, NASCO and Norway	3,7	2,9	0,7	3,6	+0,1
Total	14,1	15,2	2,9	18,1	-4,0

Table 3 Overview of estimated income and costs for recurrent advice, in million DKK – for 2017

Client	Income	Direct costs	Indirect costs	Total costs	Balance
EU	10,4	10,9	2,3	13,2	-2,8
NEAFC, NASCO and Norway	3,8	2,8	0,7	3,5	+0,3
Total	14,2	13,7	3,0	16,7	-2,5

Strengthening Science Leadership travel				550,000		550,000		550,000
Training Programme		670,827		795,000		620,000		620,000
Science Fund		0						
SCICOM strategic initiatives		123,601						
Young Scientist Conference				450,000		0		0
Internal/External review of ICES Science travel								
Leadership/structural changes of Science Travel								
Budgeted Salaries		4,142,187		3,969,773		4,310,308		4,521,697
Chair of SCICOM		597,590		1,118,610		1,084,705		1,106,451
Direct Science cost		7,204,764		8,633,383		8,295,013		8,528,148
Total Science cost		8,414,429		9,830,679		9,693,241		9,951,512
PUBLICATIONS AND COMMUNICATIONS	INCOME	COST	INCOME	COST	INCOME	COST	INCOME	COST
	2016	2016	2017 0%	2017 0%	2018	2018	2019	2019
Income from <i>ICES Journal of Marine Science</i>	1,491,650		1,386,000		1,600,000		1,600,000	
Sale of Publications	9,327		5,000		5,000		5,000	
Direct publication and communication income	1,500,977		1,391,000		1,605,000		1,605,000	
Library		34,176		30,000		30,000		30,000
ICES Marine Science Symposia Publications				160,000		160,000		150,000
Publications general		39,837		80,000		80,000		97,000
ICES Annual Report		52,691		80,000		80,000		90,000
ICES Cooperative Research Reports		67,743		82,000		82,000		97,000
ICES Leaflets for Plankton and Diseases		12,335		21,000		21,000		12,000
ICES TIMES		10,000		12,000		12,000		11,000
ICES Newsletters INSIGHT				40,000		0		0
ICES Communications		413,533		200,000		200,000		200,000
Secretariat travel		15,902		18,000		18,000		18,000
Editor in Chief ICES JMS				50,000		50,000		50,000
Budgeted Salaries		2,549,849		2,352,895		2,320,964		2,422,329
Total Publication and communication cost		3,196,066		3,125,895		3,053,964		3,177,329
Total Publication cost		3,800,899		4,061,283		3,998,713		4,139,062

DATA CENTRE	INCOME	COST	INCOME	COST	INCOME	COST	INCOME	COST
	2016	2016	2017 0%	2017 0%	2018	2018	2019	2019
Contribution from OSPAR	561,247		607,000		588,000		588,000	
Contribution from HELCOM	477,562		470,000		480,000		480,000	
Income from Projects	2,075,313		1,356,789		1,226,708		1,883,683	
Special request	329,353							
Direct Data Centre income	3,443,475		2,433,789		2,294,708		2,951,683	
Secretariat travel		35,518		63,000		63,000		63,000
Budgeted salaries		9,743,512		10,175,668		10,790,982		10,174,579
Total Data Centre cost		9,779,030		10,238,668		10,853,982		10,237,579
Total Data Centre cost		12,198,360		13,231,909		13,499,278		12,930,431
IT INFRASTRUCTURE	INCOME	COST	INCOME	COST	INCOME	COST	INCOME	COST
	2016	2016	2017 0%	2017 0%	2018	2018	2019	2019
Direct income IT	0				0		0	
Hardware Leasing		966,130		1,010,000		1,139,041		1,140,183
Software licenses, external support contracts		884,496		1,257,000		1,083,200		1,094,200
Purchase of soft and hardware		333,432		247,000		185,000		185,000
Consultancies		112,315		50,000		40,000		40,000
Various expense		479,746		329,000		631,480		637,880
IT-investment		0				0		0
Budgeted salaries		1,721,385		1,763,075		1,842,005		1,931,133
Total IT cost		4,497,504		4,656,075		4,920,726		5,028,396
Total IT cost		4,799,920		5,030,230		5,298,625		5,413,089
SECRETARIAT, COUNCIL, BUREAU	INCOME	COST	INCOME	COST	INCOME	COST	INCOME	COST
	2016	2016	2017 0%	2017 0%	2018	2018	2019	2019
National contributions	22,363,000		22,363,000		22,363,000		22,791,000	
Faroe and Greenland	418,000		418,000		418,000		426,000	
Income Eurofish	205,304		200,000		200,000		200,000	
Miscellaneous income	32,240		20,000		20,000		20,000	

Income from projects							
Total general income	23,018,544		23,001,000		23,001,000		23,437,000
Office expenses		1,891,661		2,110,885		2,005,885	2,005,885
Statutory meeting		11,606		15,000		15,000	15,000
Travel Bur., Pres,		278,537		320,000		320,000	320,000
Secretariat travel		60,094		114,000		114,000	114,000
General direct cost		2,241,898		2,559,885		2,454,885	2,454,885
Budgeted salaries		4,370,067		5,089,449		4,976,529	5,117,497
Overtime (all programs)		4,187		15,000		15,000	15,000
Education and training (all)		211,422		265,000		265,000	265,000
Danish state pension (all)		128,000		115,000		130,000	130,000
Total general cost		6,955,574		8,044,334		7,841,414	7,982,382



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Finance Committee

June 2017

Doc 4.3

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.

ESTIMATED PROJECT INCOME 2017, 2018, 2019

	Project	Est. Personnel & Overhead Costs 2017	Est. Personnel & Overhead Costs 2018	Est. Personnel & Overhead Costs 2019	Est. Personnel & Overhead Costs 2020
Hours Dependent Projects	2016-ETC ICM	835.648	669.068		
	2024-COFASP	42.718			
	2032-MAREFRAME	42.582			
	2033-AORAC	661.467	694.797	721.317	307.166
	2034-AtlantOS	405.343	209.572	108.358	
	2035-COLUMBUS	49.524	55.199		
	2036-BlueBridge	757.660	304.069		
	2038-TaPaS	10.343			
	2039-ClimeFish	195.000	195.000	195.000	
Lump Sum 1	2040-EMODIng	57.263	84.680	0	
	2042-SeaDataCloud	78.199	79.972	81.792	
	2043-EMODnet Biology III	59.765	69.839	71.204	
	2044-EMODnet Chemistry III	107.277	113.577	120.041	
TOTAL		3,302,789	2,475,774	1,297,711	307,166

1 Lump sum indicates that ICES receives a lump sum for the work to cover travel and salary costs.

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. Year Hours
H2020 IMPROFISH 'Improving biological knowledge and management in European fisheries' SFS-21	2018-2021	Wojciech	Unknown at this stage	
H2020 PANDORA 'Paradigm for Novel Dynamic Oceanic Resource Assessments' SFS-21	2018-2021	Mark	Unknown at this stage	
H2020 NEW OCEANIDES 'A multi-stakeholder strategy for underpinning research and innovation on interactions between oceans and human health'	2018-2021	Wojciech	80k EUR	

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 2016, the CRF was at 9,269,060 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%

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.

Long-term strategy for achieving increases of national contribution

The overview below is based on the following assumptions for 2020 and 2021:

- Stable national contributions
- The same level of income, meaning specifically the same assumptions for income from projects and special requests as in 2019
- The same level of expenditure as in 2019 with an inflation regulation and step increases of the salaries
- Increasing deficit due to non-coverage of expenses from equity

	Revised Budget 2017 with 0% increase	Forecast Budget 2018 with 0% increase	Forecast Budget 2019 with 2% increase	Forecast Budget 2020 with 0% increase	Forecast Budget 2021 with % increase
--	---	--	--	--	---

National Contribution	22,781,000	22,781,000	23,217,000	23,217,000	23,217,000
Income from Commissions	16,106,235	17,074,539	17,074,539	17,074,539	17,074,539
Other Income	5,855,650	5,890,774	5,815,000	5,815,000	5,815,000
TOTAL INCOME	44,742,885	45,746,313	46,106,539	46,106,539	46,106,539

Salaries	34,440,000	35,854,486	36,206,053	35,811,065	36,391,318
Office Expenses	2,017,885	2,035,885	2,035,885	2,035,885	2,035,885
IT Expenses	2,893,000	3,078,721	3,097,263	3,097,263	3,097,263
Expenses for ASC	1,070,000	1,080,000	1,080,000	1,080,000	1,080,000
Travel and meetings	5,730,000	5,280,000	5,391,000	5,391,000	5,391,000
Publications	675,000	685,000	707,000	707,000	707,000
TOTAL EXPENSES	46,825,885	48,014,092	48,517,201	48,122,213	48,702,466

Operating result	-2,083,000	-2,267,779	-2,410,662	-2,015,674	-2,595,927
Interest	-100,000	-200,000	-200,000	-200,000	-200,000
Transfer from Equity	-1,983,000	-1,736,030	-1,275,000	-318,750	0
Result	0	-331,749	-935,662	-1,496,924	-2,395,927

Development of Equity

The table below shows the status of equity, following the auditing of the 2016 accounts, as of 1.1. 2017.

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

Equity 1/1-2017	16,112,111
Transparent Assessment Framework 2017	-1,275,000
SCICOM strategic activities	-115,000
Development of Regional Database	-747,630
Promotion of Training Courses	-300,000
Early Career Scientists Conference	-450,000
Development of DATRAS	-300,000
Transparent Assessment Framework 2018	-1,275,000
Transparent Assessment Framework 2019	-1,275,000
Transparent Assessment Framework 2020	-319,372
	10,055,109