

FINANCE REPORT 1997 – 2001
Submitted by the IHB Directing Committee
CONF.16/F/01

1. Introduction

1.1 Preparation of the Report

This Report on the finances of the International Hydrographic Organization covering the period from 1 January 1997 to 31 December 2001 has been prepared by the Directing Committee of the International Hydrographic Bureau for consideration and approval by the Finance Committee, in accordance with Article 12 (a) (i) of the IHO General Regulations.

1.2 Verification of the Accounts

The Bureau's accounts for each calendar year have been verified by a commissioned Auditor. A copy of his report is included in each Annual Report, Part 2 – Finance.

1.3 Currency

In accordance with Article 2 (a) of the IHO Financial Regulations, the currency used for accounting purposes was the French franc from 1 January 1997 to 31 December 2001. As from 1 January 2002, the French franc was replaced by the Euro which, from now on, is the currency used in the Principality of Monaco and in those countries which belong to the European Monetary Union.

1.4 Transfer of Funds

Funds have been transferred between the various bank accounts held by the Bureau in Monaco, in the UK and the USA, as and when needed, in accordance with the currency exchange regulations.

Those bank accounts outside of Monaco have been maintained in order to facilitate payments abroad.

1.5 Annual Financial Statements

The annual financial statements (Part 2 – Finance) have been communicated each year to the Finance Committee Members for comment. However, and it is to be regretted, the reports for 1997 and 1998 were distributed very late, due, on the one hand, to an administrative reorganization at the beginning of the 5-year period, and, on the other, to the introduction of a new international presentation of the accounts, in line with the International Accounting Standards (IAS).

These annual reports - grouped together in the various tables hereafter - are submitted for your approval.

2. Income 1997 - 2001 - Table 1

2.1 Contributions

2.1.1 Share value

The share value has been increased but its level has been maintained within the limits approved by the XVth I.H. Conference which had authorized an exceptional increase of 14.5% in 1998 to cover the recruitment of an extra professional assistant, and then a maximum increase of 5.75% for the years 1999 to 2002.

The share unit value has thus been increased as follows:

- 2% in 1997, i.e. 19,560 French francs
- 13.5% in 1998 (instead of 14.50 %), i.e. 22,200 French francs
- 5% in 1999 (instead of 5.75%), i.e. 23,310 French francs
- 5.75% in 2000, i.e. 24,650 French francs
- 3.95% in 2001 (instead of 5.75%), i.e. 25,624 French francs. **This level has been maintained in 2002.**

2.1.2 Number of shares

In accordance with France's recommendation not to count, in advance, future Member States, the Five-Year Budget Estimates had been prepared for the XVth I.H. Conference in 1997 on the basis of 551 contribution shares.

This number of shares then progressed from 555.5 shares in 1997 to 578 shares in 1999 and 2000 and reached 582 shares in 2001.

Eight new Member States (Estonia and Tunisia in 1997 – Colombia, Mozambique and Ukraine in 1998 – Morocco in 1999 – Jamaica in 2000 – Bangladesh in 2001) joined the IHO which now counts 70 Member States.

Following the French Delegation's recommendation, the next five-year budget will be prepared in the same manner.

2.1.3 Suspension of rights and benefits

Five Member States were deprived of their rights and benefits in this period; at the beginning of this period the following countries were deprived of their rights and benefits: Dominican Republic, Democratic Republic of the Congo (ex Zaire), Guatemala and Suriname. Nigeria was then also suspended but was reinstated in 1997, only a few weeks after the XVth I.H. Conference.

However, Papua New Guinea was deprived of its rights and benefits in November 1998 and has now just been reinstated in November 2001.

2.1.4 Payment of contributions

The payment of the annual contributions continues globally to follow the same pattern, as follows:

- about one-third of the Member States pay their contributions on time, the due date for which is 1 January of the year concerned. This provides the Bureau sufficient funds to operate normally. The Directing Committee is particularly grateful to these Member States.
- Another third of the Member States pay their contributions before the middle of the calendar year, which enables the Bureau to continue its activities under satisfactory conditions.
- But the Bureau can find itself in financial difficulty in the second half of the year, during which the remaining Member States often only settle a part of their contributions, which, for lack of sufficient funds, could lead the Bureau to having to resort to borrowing.
- The Directing Committee believes it is necessary to underline this important point.

2.2 **Sales of publications**

The income from the sales of publications has remained at a reasonable level, in particular because of the publication of new technical publications linked to the increasing importance of the electronic chart. Furthermore, the Internet network, the use of which began in 1999, was more widely used in the year 2000, which resulted in a rather large reduction in income (157,000 French francs in 2001 as opposed to 230,000 French francs before), which has partially been compensated by the reduction in printing costs for these same publications.

On the other hand, the publication and distribution of the International Hydrographic Review was contracted out to a commercial publisher as from the year 2000.

2.3 Advertisements

Henceforth income generated by advertisements is only on an exceptional basis.

2.4 Interest on bank accounts

The level of interest depends on a combination of several factors amongst which should be noted:

- The level of short term interest rates, which should remain low,
- The level of available cash which takes into account the regularity of payments of contributions, the expenditure out of special-purpose funds which are used every few years (Conference funds in particular).
- And for the period concerned, the decision to inject capital into the Internal Retirement Fund to bring it up to a satisfactory level.

2.5 Extraordinary income

2.5.1 Interest on unpaid contributions

Contrary to what might be expected, the interest on contributions imposed on those Member States, who do not pay their contributions on time, does not encourage them to pay any earlier for various reasons.

This situation was particularly evident in 1999, which was a year when the interest due was at its highest level (almost 272,000 Francs).

2.5.2 GEBCO Grant

The Directing Committee renews its thanks to the Government of the Principality of Monaco for the payment of its annual voluntary and generous donation for the GEBCO project; the annual amount was 40,800 Francs in 1997 and reached 47,000 Francs in 2001.

2.5.3 Royalties, External Assistance, Discounts obtained and sales of equipment

This income corresponds to the contributions made by external bodies which cover all, or part of, the travel costs of a director or professional assistant. The amount varies as, sometimes, it is in the form of a payment in kind (air ticket, accommodation, for example).

2.6 INCOME - Summary

The amount of income forecasted and approved by the XVth I.H. Conference was given as 15,160,944 francs in 2000 and 16,003,148 francs in 2001.

In fact, these results were actually higher since income was 15,610,137 francs in the year 2000 and 16,064,326 francs in 2001.

This is essentially due to the fact that new contributing Member States joined, consequently providing almost 30 supplementary shares.

3. Expenditure – 1997-2001 – Table 2 – Explanatory Notes

3.1 Chapter I – Personnel costs

3.1.1 Directors' and staff salaries

The Directors' and staff salaries increased in accordance with the cost of living fluctuations represented by the value of the index point, which went from 39.29233 FF in January 1997 to 42.59793 FF in December 2001, i.e. an overall increase of 8.41% for the five-year period; this amount does not take into account the impact of promotions which have been strictly limited to the salary tables.

It should be noted that the number of staff – composed of 22 persons including the Directors and the new Professional Assistant – has been reduced to 20 by not replacing 2 Category B employees who accepted to take early retirement (i.e. 10% of the total number of staff). It is important to note that between now and the end of the year 2003, another two posts at the Category B level will not be filled when the current incumbents retire (or take early retirement).

It should be recalled that one of the directors voluntarily left before the end of his five-year term.

Finally it should be underlined that the salary indices of the Bureau's Directors have not been increased during the 5 financial years under consideration, whereas the Category A staff, whose salaries had been aligned with their counterparts in the United Nations, following the decision in 1992, have not had this alignment applied to their salaries since that date.

3.1.2 Annual Bonus

This item corresponds to the payment of an annual bonus, which is the equivalent of a month's salary paid to the Directors and staff. This bonus is not taken into account for retirement pension purposes.

3.1.3 Payments into Retirement Funds

Following various movements over the last decade, the retirement schemes are now established as follows:

- Staff members recruited before 31 August 1987 come under the Internal Retirement Fund (IRF), with the possibility of opting for an external retirement plan. Only one member of staff has taken up this option, at the same time maintaining his rights already acquired in the IRF. For these employees the Organization pays a contribution of 15% of the basic salary, and the staff member pays a contribution of 7.5% of his basic salary.
- The Directors and staff members recruited after 31 August 1987 were proposed an external pension plan, to which the Organization contributes 15% and the employee a minimum contribution of 5%; the beneficiaries have the choice between:

- a pension plan with a French insurance company; this option has been mainly adopted by staff members of French nationality;
- a pension plan with a foreign insurance company; this has generally been the preferred option for foreign staff members other than French nationals.

Also, the Bureau continues to pay the obligatory contributions to the AMRR, the *Association Monégasque des Retraites par Répartition*, (which is a Monegasque complementary retirement scheme) for staff in Categories A, B and C.

3.1.4 Accident Insurance for the Personnel

The Bureau has continued with the compulsory insurance policy covering the risk of work accidents.

3.1.5 Family Allowances

Family allowances were paid to those employees entitled to receive them, in accordance with the Monegasque regulations.

3.1.6 Education Allowance

Education allowances were paid to those employees entitled to them for their children in full time education, in accordance with the United Nations system adopted by the XIVth I.H. Conference.

3.1.7 Medical costs

The reimbursement of medical costs paid by Directors and staff members (staff members in service and retired staff members) is an item which is often very costly and which varies and is unpredictable by nature.

Thus a significant increase in medical costs may be noted in 1997 and 1998, when one of the Bureau's staff members was hospitalized several times.

To counterbalance these costs, it may be noted that the Bureau has taken out an insurance policy which covers several categories of medical acts as well as hospitalizations.

The reimbursements made are presented as a reduction of the costs covered by the Bureau. This insurance contract includes the obligation to have an extra policy covering disability or death.

3.1.8 Home leave

In accordance with Decision No. 15 of the XIIIth I.H. Conference, the directors and internationally-recruited Category A staff members, as well as their dependents, are entitled to the reimbursement of their travel costs for a return journey to their home country once every two years.

This provision appears in Article VI.4 of the Staff Regulations.

3.1.9 Pensions paid to retired staff members (IRF only)

In order to ensure that the Internal Retirement Fund has sufficient funds on a long term basis, it was proposed and decided to pay the pensions, as from the year 2000, to retired staff members out of the general budget of the Organization.

This results in an annual expenditure of over 600,000 francs, which was made available by making savings on other items.

3.1.10 Consultancy Missions and Secondment

The XVth I.H. Conference expressed the wish that exchanges of personnel should develop within the IHO enabling the Bureau to have on detached service an officer from a hydrographic service, to undertake an ad hoc mission, at the same time enriching the experience of the person concerned.

In parallel, the IHO adopted a long-term strategic development plan, which outlines new objectives which might require new skills which are not necessarily available within the Bureau.

This is the reason why consultants were called upon, the use of which increased particularly in 2000 and 2001.

3.1.11. Installation and removal costs

It was essentially in 1997 that the Bureau had to pay the installation and removal costs of personal effects and furniture for the newly elected directors, and for the outgoing Directing Committee.

As regards 1998, the amount represents the cost related to the recruitment of the new Professional Assistant at the Bureau.

3.1.12 Training

Training was mainly concentrated on the following:

- Perfecting staff members' knowledge in the use of telematic systems;
- Language tuition (English lessons and/or Spanish for staff members, or French lessons for those staff members who do not have a good knowledge of this language).

3.1.13 Personnel costs – Summary

The total costs of this chapter still constitute the essential part of the IHO General Budget. These costs cannot be reduced except by adopting a policy of not replacing employees who, for one reason or another, leave the Bureau, but with the evident risk of adversely affecting the general efficiency of the Bureau.

The five-year budget indicated that the expenditure in this chapter should not exceed 12 million francs in 2001; this ceiling was not reached, since the costs were 11,019,408 FF in 2000 (with 3 directors) and 10,387,124 FF in 2001, but with only 2 directors.

3.2 Chapter II – Operating costs

3.2.1 Maintenance of the premises and equipment

Five years ago the Bureau took possession of its new premises, which are provided free of charge by the Government of Monaco. This item covers all of the costs linked to the general upkeep of the premises, and its maintenance.

Following some damage caused by water leaks, it was decided to renegotiate the maintenance contract which the Bureau has with a specialized company. This was achieved without exceeding the budgeted estimates for this item.

3.2.2 Paper and printing supplies

The costs of this item have been contained, apart from the inevitable purchases of the necessary products for the new computer systems.

3.2.3 Telecommunication costs

This is the item the most affected by the transition towards the use of digital data; the use of the IHO Web site by subscribers, albeit still rather limited, means that publications do not need to be dispatched in such large quantities, thus resulting in a significant reduction in postal costs.

Telephone communication costs are still high and the Bureau is always looking for ways of limiting the cost of international calls. The increasing use of email would seem to provide a good solution to this problem.

3.2.4 Travel (Technical Assistance and long distance travel)

This is one of the items where expenditure has increased the most.

This increase is due to the fact that the Bureau must continue:

- On the one hand to participate in meetings of sister international organizations and also in meetings of regional commissions, the number of which has increased.
- On the other hand to attend meetings which, in order to satisfy the demands of certain Member States, are no longer regularly held in Monaco as in the past.

3.2.5 Publications

This item covers the costs of producing publications which, at the beginning of the five-year period, were mainly produced in printed form and then gradually were produced in digital form.

As regards the I.H. Review, the cost involved now is only the fixed fee which is paid to the commercial publisher who is now handling its production and distribution.

For the other publications, the costs involved cover the production of CD-ROM masters, and the purchase of blank compact disks.

It may be noted that the sums devoted to the purchase of paper and printing products are therefore clearly reduced.

One of the Bureau's publications (S-23) is in the final publishing stages after an extremely long preparation period, with assistance from a former IHB Director, who was engaged as a consultant.

3.3 Chapter III – Capital expenditure

Expenditure linked to purchases of furniture and equipment mainly concerns the improvement of the office and computer equipment in the Bureau.

The installation of a new server was an expensive acquisition, which has facilitated the increased use of digital communication tools (email and Internet). This equipment today provides simplified but effective communications, widely used by all the Bureau personnel.

Some furniture has also been purchased as well as some new and updated technical publications for the Bureau's Library.

3.4 Total running expenses

The total costs in this chapter constitute the second most important part of the IHO General Budget, after the personnel costs. Some of these costs are compressible but others are general costs where it is difficult to make savings.

The five-year budget indicated that this chapter's costs should not exceed 3.221 million francs in 2001; taking into account the transfers of money to cover consultancy work, the costs remained within the general ceiling fixed, since they were 3.299 million francs in 2000 and 3.376 million francs in 2001, absorbing at the same time almost 0.2 million francs for consultancy work in 2001.

3.5 Chapter IV – Printing Fund

The five-year budget indicated an annual allocation of 40,000 francs for this fund. These amounts enabled the Bureau to pursue its modernization plan, which included acquiring new photocopiers or new more powerful printers.

On the other hand the old off-set printing presses have not been replaced.

3.6 Chapter V - Renovation Fund

The five-year budget indicated an annual allocation of 10,000 francs for this fund, which is normally intended to cover any renovation work of the premises provided by the Principality of Monaco. After having occupied the new premises for more than 5 years, it will soon be necessary to undertake some renovation.

3.7 Chapter VI – I.H. Conference Fund

The five-year budget indicated an annual allocation of 400,000 francs for this fund.

This amount has covered to date one single 2-week conference in one 5 year period.

During the 1997-2001 period, the Organization has had to cope with holding two conferences, one of which was shorter. The holding of two conferences has resulted in a significant cost overrun.

For information, it should be pointed out that as from 2002, the IHO Conference will be held in the new Conference Centre – the Grimaldi Forum, where quite different financial conditions apply compared to those previously granted for the use of the CCAM.

3.8 Chapter VII – Removal Funds for Directors’ furniture, personal effects, etc.

This is a chapter created by the previous IH Conference, whereby the five year budget set aside a yearly sum of 190,000 francs, as well as an additional 50,000 francs for 1998 to cover the costs related to the recruitment of the new professional assistant whose recruitment had been authorized by the Conference.

3.9 Exceptional expenditure and losses

3.9.1 Suspension of Member States

The Bureau had to temporarily suspend Papua New Guinea; this country recovered its rights in November 2001. Also following the closing of the accounts for 1999, the Bureau had to adjust the tonnage of a new Member State to a lower figure, whose contribution was therefore readjusted in 2000.

3.9.2 Other extraordinary expenditure

The various exceptional losses are mainly due to the cost of providing publications despite the policy of always requesting prior payment, as sometimes payments are not always honoured (unpaid cheques etc...).

The tax administration also rejected the refund of VAT on specific items. These losses remain, however, very limited compared to the overall budget.

3.10 Reserve Fund

The IHO Reserve Fund has remained stable at 800,000 FF (in accordance with the decisions made by CL 8/1996 and CL 53/1996).

3.11 Staff Retirement Fund

The management of the Internal Retirement Fund (IRF) is with no doubt the issue that the Directing Committee has particularly concentrated on in the period 1997 to 2001. The measures taken to ensure that the Fund will survive have required much thought.

In 1997, the newly elected Directing Committee organized an evaluation of the IRF liabilities. An initial study considered the rights of 7 active members of staff who are entitled to pensions in the future.

A complementary study was then carried out to determine the total liabilities covering all of the retirees and the active staff members. This study revealed that the financial commitment amounted to more than 17 million francs, although the actual amount in the IRF was only 8.742 million francs at the beginning of the five-year period.

The Bureau found itself confronted with this situation, which has been discussed many times at previous Conferences, but now an external body had highlighted the problem backed up by detailed calculations, and so the Bureau decided:

- First of all to indicate in the annual accounts the Bureau’s commitment in the form of a guarantee of the IRF ;
- And then to deposit the current assets of the IRF on a bank account which would be quite separate from those accounts which are used for the general running of the Organization.

- And finally to progressively pay funds into the IRF so that the IHB's guarantee would gradually be run down. This was achieved by the end of 2001.

Consequently, in 1997 the IRF did not dispose of its own assets; in 1998 the IRF was allocated the sum which corresponded to the actual amount of the IRF and its reserve fund, as indicated in previous end of year accounts; this amount was 8.7 million francs. In 1999, it was decided to invest part of these assets with a finance company which already manages the external retirement plans for those employees recruited after 31 August 1987. This investment is split up into shares, bonds and deposit accounts. In view of the high probability that several retirements in the next few years will involve the payment of capital, it was considered prudent to keep the balance of the IRF in the form of available funds which would not be exposed to the fluctuations of the stock market.

2000 and 2001 have been the first two years under this new management scheme; these two years have been affected by a very volatile stock market: the year 2000 due to the general collapse in IT shares and 2001, following the tragic events of 11 September, when all financial markets, even the strongest, suffered an historical shockwave.

If these last two years have shown a potential drop in value linked to this investment decision aimed at providing pensions to staff in the long term, it is more than likely that, in the long term, these exceptionally negative "performances" will be reabsorbed.

3.12 Reserve Fund for staff pensions

The identification of this Reserve Fund is aimed at making a distinction between the actual IRF funds and those which are a subdivision of the funds belonging to the IHO and which continue to belong to the Member States, even if it is up to the IHB to guarantee its retirement scheme.

Taking into consideration the measures that have been taken to build up the IRF capital, it would now be possible to envisage combining this reserve fund with the IRF which it is supposed to support.

3.13 Expenditure – Summary

For the whole budget, the approved five-year budget provided a general expenditure level of 15.383 million francs in 2001; actual expenditure was at a lower level than the budget provision, which meant that funds could be paid into the retirement fund without seriously affecting the Organization's own funds, the IHO working capital.

4. Currency fluctuations

The management of foreign currencies, other than the French franc, has been affected by several factors:

- firstly, the decision to adopt the French franc instead of the SDR as from 1997;
- secondly, the decision to reduce the funds which are exposed to risks linked to currency exchange operations, whilst at the same time making a profit, when possible, on these operations.

Also, whilst allowing the IHO Member States to continue currency exchange operations in the major currencies, it was decided to reduce the impact on the IHO accounts.

This may be noted when the net surplus in currency exchange went from 1.598 million francs in 1997 to 0.064 million francs in 2001; over the whole period, a profit of 1.6 million francs was made.

The remarks made in the Moore Stephens Report (external consultants), who considered that the IHO held too many bank accounts and too many currencies in view of the size of its financial operations, were also taken into account.

5. Working Capital level

The present rule governing the level of the IHO working capital states that it should not be less than 50% of the total annual contributions (Article 18 of the IHO Financial Regulations). At the 2^d Extraordinary I.H. Conference held in March 2000, some Member States considered that this level - rarely respected if one considers the specific funds belonging to the IRF - was too great and should even be reduced to the equivalent of one month's operating expenses (i.e. 1/12, instead of half, of the total annual contributions).

Following these considerations, it was decided to set up a group of financial experts to examine this matter and make proposals.

This study considered that the working capital was not a satisfactory criterion to assess the financial health of the IHO, since it essentially depends on the timely receipt of the Member States annual contributions.

Therefore apart from the provision made for suspended Member States, the working capital is supposed to take into account the payment of the total contributions before the end of the financial year, a situation which has never occurred.

The idea of an "actual available financial reserve" is preferred to the above option, which is composed of all available funds at the end of the year, from which is deducted contributions paid just before the end of the current year for the following year and also any special-purpose funds (in particular the Conference Fund) which are to be used at a later date, as well as the residual guarantee for the IRF.

This parameter reflects more accurately the "financial solvability" of the Organization, and it can be noted that in the absence of specific financial reserves, the IHO would have been in serious financial difficulties in 1998 since this parameter was negative at that time.

It is, however, interesting to assess this parameter not in money terms but in terms of length of activity. We can therefore note that, for the period under consideration, the financial solvability of the IHO fluctuated between less than 2 months' activity and 14 weeks in 2001, whereas the ratio was more than 23 weeks in 1997.

6. Conclusion

As Table 3 indicates, over the whole period we can note that:

- with the exception of a slight deficit in 1997, the income has always been sufficient to cover costs.
- The total amount of annual expenditures was contained within the limits of the budget.
- That the net result after exchange operations remained positive over the whole period.
- And therefore it has been possible to:
 - To abide by the decision to register the total liability of the IRF (i.e.: 8.66 million francs in 1997),
 - And to gradually build up the working capital of the Organization.

TABLE 1						CONF.16/F/01 Page 220
INCOME 1997- 2001 (French Francs)						
					Unaudited	
	1997	1998	1999	2000	2001	Total of period
Number of shares of contribution	555.5	569	578	578	582	
Percentage of Evolution of the share value	2.00	13.50	5.00	5.75	3.95	
Yearly Unit value of the share of contribution	19,560	22,200	23,310	24,650	25,624	
CONTRIBUTION FOR THE YEAR						
(a) Received	9,001,029	9,529,973	11,365,482	12,149,940	12,355,187	54,401,611
(b) Remaining due at end of year	1,864,551	3,101,827	2,107,698	2,097,760	2,557,981	11,729,817
	10,865,580	12,631,800	13,473,180	14,247,700	14,913,168	66,131,428
SALES OF PUBLICATIONS						
	230,438	230,966	199,277	223,152	157,387	1,041,220
ADVERTISEMENTS IN I.H REVIEW						
	0	0	0	5,103	0	5,103
INTEREST ON MONIES IN BANKS						
	214,191	241,556	241,948	352,650	226,365	1,276,709
GEBCO Grant from Monegasque Government	40,800	42,000	45,000	46,000	47,000	220,800
INTERNAL TAX	679,974	675,663	722,272	735,531	720,405	3,533,845
TOTAL INCLUDING CONTRIBUTIONS DUE						
	12,030,982	13,821,985	14,681,677	15,610,137	16,064,326	72,209,105
EXTRAORDINARY INCOME						
Interest on overdue contributions	164,709	215,979	271,769	129,172	154,439	936,067
Received from Insurance companies		14,977		8,842	8,483	32,302
Refund for change of Family allowances					43,735	43,735
Adjustment of Civil liability insurance					90,000	90,000
Royalties			1,306	2,815	3,430	7,550
External assistance			3,733	46,422		50,155
Sale of assets	1,500	500				2,000
	12,197,191	14,053,440	14,958,484	15,797,388	16,364,412	73,370,914

TABLE 2						CONF.16/F/01 Page 221
EXPENDITURE 1997- 2001 (French Francs)						
	1997	1998	1999	2000	Unaudited 2001	Total of period
I - PERSONNEL COSTS						
a) Salaries - Directing Committee	1,546,406	1,573,574	1,593,397	1,614,254	1,145,187	7,472,818
b) Salaries - Category A	1,601,487	1,750,146	2,032,255	2,105,168	2,158,283	9,647,340
- Category B & C	3,304,830	3,174,833	3,235,802	3,174,717	3,273,393	16,163,575
Overtime & Temporary Staff	51,162			75,646		126,807
c) Annual Bonus	512,620	508,715	544,140	548,900	511,572	2,625,947
e) Payment to Retirement Funds	952,261	958,793	1,033,990	1,173,178	1,197,332	5,315,554
f) Insurances based on staff wages	83,594	92,640	119,966	46,015	51,001	393,216
Medical GAN premiums		339,982	367,951	370,566	370,382	1,448,881
g) Family Allowances	205,355	196,320	188,600	189,975	135,192	915,442
h) Education Grants	64,539	101,555	132,193	191,311	144,540	634,138
i) Medical claims paid	744,982	750,844	404,601	514,610	659,228	3,074,264
Medical claims - refunds from GAN	-53,736	-405,948	-121,694	-121,747	-393,394	-1,096,518
Home Rental	16,256	29,244	51,734	47,673	27,912	172,820
j) Home Leave	50,587	20,780	62,204	52,840	48,674	235,085
k) Training						
l) Installation and removal costs	455,497	37,778	0			493,275
Pensions to retired staff				616,008	668,487	1,284,494
m) Miscellaneous Personnel Expenses	27,833	0	0	56,011	49,644	133,488
n) Salaries - Temporary staff		165,169	24,747	82,028	41,250	313,195
Secondment & Exchange of personnel			49,750	238,665	249,625	538,041
k) Training	22,550	18,332	15,692	43,589	48,816	148,978
Total Chapter I	9,586,224	9,312,757	9,735,327	11,019,408	10,387,124	50,040,840

TABLE 2 (continue – suite)

	1997	1998	1999	2000	Unaudited 2001	Total of period
II - CURRENT OPERATING COSTS						
a) Maintenance & multirisk Insurance	393,067	444,661	420,013	395,661	369,344	2,022,746
Maintenance of IT equipments				38,114	114,045	152,158
c) Office Stationery	59,390	82,189	96,734	102,837	98,132	439,283
d) Postage, telephone, telex, telefax	340,326	393,571	361,650	321,483	331,312	1,748,341
e) Customs	7,270	7,044	0	0	1,082	15,396
h) Local Travel	11,518	8,515	6,766	7,047	18,688	52,534
i) Bank Charges	17,578	20,781	20,964	22,196	26,306	107,825
j) Consultancy Expenses (auditors...)	12,000	37,980	70,924	133,657	196,486	451,047
l) Public Relations	55,626	67,243	87,685	88,367	82,864	381,785
q) Miscellaneous Operating Expenses	2,102	10,627	11,652	10,465	16,506	51,352
f) Technical Assistance	111,775	183,117	168,727	346,957	189,361	999,937
g) Long Distance Travel	374,570	667,796	569,075	563,167	716,900	2,891,508
k) GEBCO & Int. Bathymetric Charts	24,209	6,087	63,146	16,971	49,583	159,997
m) I.H. Review	97,458	87,820	98,484	50,000	52,000	385,763
n) I.H. Bulletin	61,848	47,879	29,760	56,097	20,712	216,295
o) Other publications	75,055	151,991	77,543	148,038	57,483	510,108
External editing (S 23)				56,101	72,745	128,846
p) Paper & Printing Materials	43,853	132,925	278,389	57,817	38,484	551,468
Total Chapter II	1,687,645	2,350,225	2,361,511	2,414,975	2,452,032	11,266,389

TABLE 2 (continue – suite)

	1997	1998	1999	2000	Unaudited 2001	Total of period
III - CAPITAL EXPENDITURE						
a) Purchase of IT equipments	165,969	114,082	24,508	45,326	32,388	382,274
Purchase of furniture & other equipments		58,660	6,402	26,534	16,680	108,276
Depreciation of fixed assets			126,637	131,066	191,802	449,504
b) Purchase Publications & binding	31,371	16,833	11,450	25,196	13,049	97,898
d) GEBCO				6,000		6,000
Total Chapter III	197,340	189,575	168,997	234,122	253,919	1,043,953
Total Operating Costs	11,471,209	11,852,558	12,265,835	13,668,505	13,093,075	62,351,182
IV - PRINTING FUND ALLOCATION	0	40,000	40,000	40,000	70,000	190,000
V - RENOVATION FUND ALLOCATION	15,000	10,000	20,000	20,000	10,000	75,000
VI - I.H. CONFERENCE FUND	450,000	400,000	400,000	400,000	400,000	2,050,000
VII - REMOVAL OF DIRECTORS ALLOCATION	290,000	240,000	190,000	190,000	190,000	1,100,000
	12,226,209	12,542,558	12,915,835	14,318,505	13,763,075	65,766,182
EXTRA EXPENDITURES AND LOSSES						
Change of tonnages for previous year				46,620		46,620
Change of UPS			39,210			39,210
Inernal Removal of Headquarters			1,500			1,500
Forged noted	100					100
Unrecorable VAT			8,083		26,700	34,783
Unrecoverable invoices	7,941	21,510		286	321	30,059
GRAND TOTAL	12,234,250	12,564,067	12,964,628	14,365,411	13,790,097	65,918,454

TABLE 3						CONF.16/F/01 Page 224
<u>NET EFFECT ON CAPITAL 1997- 2001 (French Francs)</u>						
	1997	1998	1999	2000	Unaudited 2001	Total of period
Approved Expenditure Level	14,625,250	14,625,250	14,625,250	14,625,250	14,625,250	73,126,250
TOTAL EXPENDITURE	-12,234,250	-12,564,067	-12,964,628	-14,365,411	-13,790,097	-65,918,454
TOTAL INCOME	12,197,191	14,053,440	14,958,484	15,797,388	16,364,412	73,370,914
Currencies	-37,060	1,489,373	1,993,856	1,431,977	2,574,315	7,452,460
Net Gains on Change Operations	920,738	103,886	342,522	174,715	53,128	1,594,989
Net Losses on Change Operations	-142,865	-267,391	-111,376	-76,878	-10,846	-609,356
Net Gains on Valuation of Holdings	819,644	3	132,779	67	93	952,586
Net Losses on Valuation of Holdings	-15	-336,823	0	-550	-285	-337,673
NET RESULT (income/Expenditure/Currencies)	1,560,442	989,048	2,357,781	1,529,331	2,616,405	9,053,007
OTHER OPERATIONS						
Support to Retirement Fund	-185,000		-400,000			-585,000
Support to Renovation fund	-15,000					-15,000
Reevaluation of physical assets			-500,487			-500,487
Provision for Staff Retirement Rights	-8,409,628	651,788		-12,160	-517,765	-8,287,765
Provision for doubtful contributions	-255,883			-23,410	86,364	-192,929
						0
NET BALANCE (Total income less expenditure)	-7,305,069	1,640,836	1,457,294	1,493,761	2,185,004	-528,174
NET CAPITAL AT YEAR'S END	1,440,286	3,081,121	4,538,415	6,032,176	8,217,180	
RESERVE FUND POSITION	800,000	800,000	800,000	800,000	800,000	
TOTAL FUNDING AT YEAR'S END	2,240,286	3,881,121	5,338,415	6,832,176	9,017,180	

TABLE 4

COMPARISON OF BALANCE SHEETS**(as of 31st December 1997 - 2001)****I - ASSETS (French francs)**

	1997	1998	1999	2000	Unaudited 2001
CASH INVESTED FOR RETIREMENT FUND					
- Long term IRF investments	0	0	7,954,659	11,746,999	11,370,221
- Latent result on long term investment	0	0	717,757	-393,161	-795,579
- Retirement Cash invested	0	8,400,000	1,579,542	5,457,581	6,887,332
- Retirement Cash awaiting to be invested	0	2,000,000	5,477,041	0	
- Long term guaranty from IHB funds	8,742,443	6,192,000	1,828,447	549,866	0
	8,742,443	16,592,000	17,557,445	17,361,285	17,461,974
VARIOUS DEBTORS					
- Purchase made in advance	41,941	65,879	52,791	104,997	150,745
- Outstanding bills	212,295	18,475	17,613	43,100	14,749
- Advance to staff	41,593	77,663	80,567	98,813	82,496
- Expenses to be refunded					
- Claim for refunding of VAT	1,141,979	1,036,089	1,281,581	395,958	686,602
	1,437,808	1,198,105	1,432,552	642,868	934,593
OUTSTANDING CONTRIBUTIONS					
- Contributions for the year	1,864,551	3,101,827	2,107,698	2,097,760	2,557,981
- Contributions for previous years	578,280	1,029,923	831,516	515,495	747,699
- Contributions for suspended Member States	255,883	255,883	255,883	255,883	169,519
- Interest due	68,325	133,165	93,614	41,381	103,596
	2,767,038	4,520,797	3,288,711	2,910,519	3,578,795
FURNITURES AND INSTRUMENTS	832,026	832,026	288,129	541,531	580,041
LIBRARY	203,326	203,326	240,500	240,500	240,500
STOCKS OF PUBLICATIONS	8	8	8	8	8
	1,035,360	1,035,360	528,637	782,038	820,548

TABLE 4 (continue -suite)

					Unaudited
	1997	1998	1999	2000	2001
CASH IN BANK AND ON HAND					
- Bank current accounts	3,671,320	3,256,074	4,751,811	1,468,413	1,203,260
- Bank deposit accounts	14,036,628	8,251,048	3,905,342	8,946,306	9,740,961
- Petty cash	71,718	55,276	61,123	42,403	48,651
	17,779,667	11,562,398	8,718,277	10,457,122	10,992,873
ASSETS GRAND TOTAL	31,762,316	34,908,660	31,525,621	32,153,832	33,788,782

COMPARISON OF BALANCE SHEETS**(as of 31st December 1997 - 2001)**

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II - LIABILITIES (French Francs)

	1997	1998	1999	2000	Unaudited 2001
STAFF INTERNAL RETIREMENT FUND					
Internal Retirement Reserve fund	4,319,263	6,251,173	5,300,743	4,189,825	3,787,407
Internal Retirement fund	4,423,180	4,582,986	4,498,861	5,401,460	5,386,558
- Provision to ensure lump sums to active staff	0	0	0	0	
- Provision to ensure pensions to active staff	1,273,664	765,841	765,841	0	518,009
- Provision to ensure pensions to retired staff	7,135,965	6,992,000	6,992,000	7,770,000	7,770,000
	17,152,072	18,592,000	17,557,445	17,361,285	17,461,974
VARIOUS CREDITORS					
- Guaranty to the IRF	8,742,443	6,192,000	1,828,447	549,866	0
- Provision for doubtful contributions	255,883	255,883	255,883	279,294	187,825
- Personalized pension plans	68,546	185,764	111,746	136,466	0
- A.M.R.R Complementary Retirement Scheme	74,596	83,702	95,451	125,125	128,012
- Accruals (outstanding bills...)	87,248	422,727	514,077	605,348	378,170
- Travel claims & wages	0	3,932	13,144	0	26,423
- Deposits received for Conference (stand)	0	0	25,867	0	54,089
- Amounts received to be refunded	0	655,885	129,666	85,554	0

II - LIABILITIES (French Francs) (continue – suite)					CONF.16/F/01 Page 228
					Unaudited
	1997	1998	1999	2000	2001
I.H CONFERENCE FUNDS					
- Organization of IH Conferences	202,505	602,505	1,002,505	817,669	1,204,933
- Removal of Directors	0	201,398	386,308	427,479	617,479
- Ablos Conference fund	0		8,354	8,354	3,108
PRINTING EQUIPMENT FUND	261,236	276,116	316,116	350,938	366,005
RENOVATION FUND	91	10,091	30,091	50,091	26,581
PRESENTATION LIBRARY FUND	35,610	149,435	197,435	337,435	288,688
CONTRIBUTIONS RECEIVED IN ADVANCE					
- Received in advance or in excess	2,641,800	3,396,100	3,714,673	4,186,753	4,028,315
	12,369,958	12,435,538	8,629,761	7,960,372	7,309,628
CAPITAL					
Reserve Fund	800,000	800,000	800,000	800,000	800,000
Reserves for reevaluation					
- Financial hodings	2,732,331	2,232,006	2,595,932	2,693,286	2,693,286
- Physical assets	802,830	802,830	302,342	302,342	302,342
Provisions for risks (IRF & suspended MS)	-8,665,512	-8,013,723	-8,013,723	-8,049,294	-8,475,834
Net yearly result	717,940	2,179,373	2,643,856	2,081,976	3,286,465
Net Members States funds	5,852,696	5,880,636	7,010,009	9,003,864	10,410,921
Permanent funding	2,240,286	3,881,122	5,338,415	6,832,176	9,017,180
LIABILITIES GRAND TOTAL	31,762,316	34,908,660	31,525,621	32,153,832	33,788,782
					0

II - LIABILITIES (French Francs) (continue – suite)					CONF.16/F/01 Page 229
					Unaudited
	1997	1998	1999	2000	2001
<u>Cash reserve to continue operations</u>					
IHB Cash balances less	17,779,667	11,562,398	8,718,277	10,457,122	10,992,873
Advance contributions for next year	-2,641,800	-3,396,100	-3,714,673	-4,186,753	-4,028,315
Emergency reserve fund	-800,000	-800,000	-800,000	-800,000	-800,000
Special purpose reserves and funds	-499,442	-1,239,545	-1,940,809	-1,991,966	-2,506,794
Guaranty to the IRF	-8,742,443	-6,192,000	-1,828,447	-549,866	0
	5,095,981	-65,247	434,349	2,928,537	3,657,763
Total Operation costs	11,471,209	11,852,558	12,265,835	13,668,505	13,093,075
Number of weeks of operations	23.1	-0.3	1.8	11.1	14.5