



EN

FINANCE COMMITTEE
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Item No. 5 on the Agenda : Adjustments to the budget for the 2014 financial year

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2014 Budget</i>
<i>Action to be taken</i>	<i>Opinion to be transmitted to the General Assembly at its 73rd session.</i>
<i>Related documents</i>	<i>UNIDROIT 2013 – Budget 2014; UNIDROIT 2014 - Accounts of receipts and expenditure for the 2013 financial year</i>

1. Every autumn it is customary for the Secretariat to submit, first to the Finance Committee and then to the General Assembly, a document indicating any adjustments that may need to be made to the Budget for that financial year. Such indications are to be based on the Accounts available for the previous financial year, the partial accounts available for the current financial year and any other modifications due to exceptional circumstances.

2. At the time of writing, the Secretariat considers that it is necessary to introduce a few adjustments to the budget for the 2014 financial year, as indicated in the notes to the revised budget contained in Appendix I to this document. The Secretariat deems it prudent to anticipate a shortfall in ordinary receipts (€ 37,123.45), but does not intend to request supplementary funding. The Secretariat intends to compensate any shortfall in receipts or any unforeseen expenditure in 2014 with a reduction of expenditure under various chapters and anticipates that, even in the event of a shortfall in receipts, the accounts for the financial year 2014 may show a moderate positive balance.

3. In accordance with Regulations 38(4)(a), the Finance Committee, at its 75th session (Rome, 3 April 2014) took note of the Accounts of the 2013 financial year and authorised the Secretariat to use the surplus "for urgent repairs to UNIDROIT premises, air conditioning and switchboard, as well as to replace old office furniture and equipment". Information on expenditure made in accordance with such authorisation is provided in the notes to the proposed adjustments on expenditure.

4. *The Finance Committee is invited to review the proposed adjustments to the Budget for the financial year 2014, as set out in Appendix I, and to recommend their approval by the General Assembly, at its 73rd session.*

APPENDIX I

**ADJUSTMENTS TO THE BUDGET FOR THE 2014
FINANCIAL YEAR**

RECEIPTS (in Euro)

	2014		
	Budget	Estimates	Balance
Surplus from previous financial years	0.00	89.930,42	89.930,42 ¹
Chapter 1: Contributions of member States			
Art. 1 (Italian Government)	126.500,00	126.500,00	0,00
Art. 2 (Other member States) ²	2.097.370,00	2.025.497,32	-71.872,68
Chapter 2: Other receipts:			
Art. 1 (Interest)	1.000,00	1.000,00	0,00
Art. 2 (Contributions to overhead expenses)	15.000,00	15.000,00	0,00
Art. 3 (Sale of publications)	17.605,00	5.459,00	-12.146,00
Chapter 3: Various receipts	-	-	-
Tax reimbursement credit ³	15,000	0.00	-15,000
Total of receipts	2.272.475,00	2.298.135,97	25.660,97

EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS

¹ The final accounts for the years 2012 and 2013 show a combined surplus of € 89,930.42. According to the budgeting practice followed since 2012, no anticipated budget or shortfall is taken into account for the purposes of preparing estimates for subsequent financial years and calculating the contributions of member States. The appropriation of such surpluses is governed by the rules set forth article 38(4) of the UNIDROIT Regulations. This amount is stated here, in light of the Finance committee's authorisation, at its 75th session, for the Secretariat to spend the surplus from previous years in the current budget cycle.

² On the basis of the pattern of arrears and delayed payment of assessed contributions, as shown in the accounts of the past five years (with an annual average of 1,77%), the Secretariat deems it prudent to anticipate a shortfall of some € 37,123.45 in contributions of member States other than Italy in 2014.

³ As there is no United States citizen working at UNIDROIT at the time of this writing, no tax reimbursement payment is expected to be made by UNIDROIT, and, accordingly, no payment under the UNIDROIT-United States Tax Reimbursement Agreement this year.

⁴ The positive balance, which is expected by the end of the year, is the combined result of the additional funding available under the current budget cycle, as explained in explanatory note 1 to the adjusted receipts, and the reduced expenditure under chapters 2 and 3 of the budget, as explained in explanatory notes 2 and 4 to the adjusted expenditure.

EXPENDITURE (in Euro)

	Budget	Estimate	Balance
Chapter 1 – Meeting and travel costs			
Art. 1 (Governing Council and Permanent Committee) ¹	48,000.00	46,387.47	1,612.53
Art. 2 (Auditor)	3,869.60	3,869.60	0,00
Art. 3 (Administrative tribunal)	-	-	-
Art. 4 (Committees of Experts)	88,000.00	88,000.00	0,00
Art. 5 (Official journeys and promotion of activities)	50,000.00	50,000.00	0.00
Art. 6 (Interpreters)	35,500.00	35,500.00	0.00
Art. 7 (Representation)	7,000.00	7,000.00	0,00
Subtotal	232,369.60	230,757.07	1,612.53
Chapter 2 – Salaries and allowances			
Art.1 (Salaries of Categories A, B and C staff and consultant) ²	1,242,481.00	1,205,620.56	36,860.44
Art. 2 (Remuneration for occasional collaborators)	20,000.00	15,312.63	4,687.37
Art. 3 (Tax reimbursement) ³	15,000.00	0.00	15,000.00
Subtotal	1,277,481.00	1,220,933.19	56,547.81
Chapter 3 – Social security charges			
Art. 1 (Insurance against disablement, old age and sickness) ⁴	413,624.40	380,848.07	32,776.33
Art. 2 (Accidents' insurance)	8,500.00	13,179.80	-4,679.80
Art. 3 (Compensation retired members of staff)	2,500.00	3,750.00	-1,250.00
Subtotal	424,624.40	397,777.87	26,846.54
Chapter 4 – Administrative expenses			
Art. 1 (Stationery)	20,000.00	17,395.61	2,604.40
Art. 2 (Telephone, fax and Internet)	23,000.00	26,647.11	-3,647.11
Art. 3 (Postage)	10,000.00	10,463.19	-463.19
Art. 4 (Miscellaneous)	5,000.00	2,746.40	2,253.61
Art. 5 (Printing of publications)	15,000.00	15,000.00	0.00
Subtotal	73,000.00	72,252.30	747.70
Chapter 5 – Maintenance costs ⁵			
Art. 1 (Electricity)	10,000.00	15,488.91	-5,488.91
Art. 2 (Heating)	22,000.00	19,693.92	2,306.08
Art. 3 (Water)	7,000.00	4,000.00	3,000.00
Art. 4 (Insurance of premises)	12,000.00	10,993.90	1,006.10
Art. 5 (Office equipment)	23,000.00	66,976.66	-43,976.66
Art. 6 (Upkeep of building, public services)	25,000.00	90,886.68	-65,886.68
Art. 7 (Labour costs)	45,000.0	28,778.12	16,221.88
Subtotal	144,000.00	236,818.18	92,818.18
Chapter 6 – Library			
Art. 1 (Purchase of books)	90,000.00	90,000.00	0.00
Art. 2 (Binding)	9,000.00	9,000.00	0.00
Art. 3 (Software)	22,000.00	22,000.00	0.00
Subtotal	121,000.00	121,000.00	0.00
Total expenditure⁶	2,272,475.00	2,279,538.61	-7,063.61

EXPLANATORY NOTES TO THE ADJUSTED EXPENDITURE

¹ The significantly higher expenditure under this Article, if compared with the corresponding figure in 2013 (€36,653.19) is due to the fact that members of the Governing Council whose governments had traditionally covered their travel expenses to the annual session of the Governing Council, have unexpectedly claimed reimbursement from UNIDROIT this year. The Finance Committee may wish to invite the General Assembly to re-affirm its resolution 51(1), of 28 November 1997 whereby the General Assembly, *inter alia*, invited the Governments of UNIDROIT member States to envisage the possibility of making a financial contribution to the participation of their nationals in the sessions of the Governing Council, by paying their travel expenses for example.

² Lower expenditure than originally forecasted under this chapter is due to the fact that the vacancy announcements issued in December 2013 for the replacement of staff members that had retired or departed from the Secretariat attracted an unexpected high number of applications (109 the general service position and 780 for the professional posts). The selection process, which eventually resulted in hiring two professional and one general service staff members therefore took much longer to complete than originally anticipated, which delayed the entry on duty of the new staff members.

³ As there is no United States citizen working at UNIDROIT at the time of this writing, no tax reimbursement payment has been made by UNIDROIT (see also note 3 to the adjusted receipts).

⁴ Lower expenditure under this chapter than originally forecasted is due to the same circumstances described in note 2.

⁵ The higher expenditure under Chapter 5 (Maintenance costs), articles 5 (Office equipment) and 6 (Upkeep of building, public services) in particular, reflects expenditure made or expected to be made by the Secretariat in 2013 using the surplus carried over from the financial years 2012 and 2013 (€ 89,390.42), as authorised by the Finance Committee at its 75th session. The detailed breakdown of this expenditure is as follows:

2013 expenditure covered by surplus from previous financial years	
Installation of air conditioning	30.000,00
Installation of security cameras	6.000,00
Adaptation work in the premises	2.800,00
Partial repainting of premises	12.394,00
Purchase of translation software	5.190,00
Purchase of new PCs, laptops and printers	10.183,30
Replacement of telephone switchboard	12.000,00
Purchase of new office furniture	10.475,75
Total	89.043,05

⁶ The slightly higher overall expenditure than originally forecasted will be completely offset by the expected balance of receipts (see explanatory note 4 to the adjusted receipts)