

**The North Atlantic Salmon
Conservation Organization**

**Report of the Twenty-Eighth Annual Meeting of
the Finance and Administration Committee
3 and 5 June 2011, Ilulissat, Greenland**

Chairman: Ms Sonja Feldthaus (Denmark (in respect of the
Faroe Islands and Greenland))

Vice-Chairman: Mr Raoul Bierach (Norway)

Secretary: Dr Malcolm Windsor

CNL(11)5

CNL(11)5

Report of the Meeting of the Finance and Administration Committee Hotel Arctic, Ilulissat, Greenland 3 and 5 June 2011

1. Opening of the Meeting

- 1.1 The Chair, Ms Sonja Feldthaus (Denmark in respect of the Faroe Islands and Greenland) opened the meeting and welcomed members of the Committee to Ilulissat.
- 1.2 A list of participants is contained in Annex 1.

2. Adoption of the Agenda

- 2.1 The Committee adopted its agenda, FAC(11)6 (Annex 2).

3. 2010 Audited Accounts

- 3.1 The Secretary introduced the audited accounts for 2010, FAC(11)2. For 2010, there was a surplus which had been paid into the Contractual Obligation Fund in accordance with the Financial Rules. The Committee recommended to the Council the adoption of the 2010 audited accounts.
- 3.2 The Committee asked that the auditors be requested to provide a note in subsequent financial statements describing the elements included in the General Fund Capital. Similarly, it would assist the Committee in interpreting the balance sheet if an explanatory note could be included to indicate that the net current assets include resources held in the Working Capital and Contractual Obligation Funds. It was noted that the Organization's main asset was its Headquarters Property. This is included in the accounts at its purchase price of £380,000, but the Secretary advised the Committee that it was probably now worth between £1.5 - 2 million. However, the auditors would require a valuation survey before changing the property valuation in the financial statements and this would incur valuation costs to confirm the property's value. In addition to the capital value of the property, it generates rental income of £57,000 annually while saving the Organization an equivalent sum in rental payments.

4. Relationship with ICES

- 4.1 In 2007, the Council had entered into a new Memorandum of Understanding (MoU) with ICES that is subject to review every three years. Last year, the Council had agreed to continue with the MoU for a further period of three years on the understanding that there was no increase in costs during this period above the rate of inflation in Denmark.
- 4.2 The Secretary noted that, in recent years, ICES has made considerable progress in addressing NASCO's concerns about the timeliness and quality of presentation of the

advice and about the need for financial stability, although the current weakness of the pound sterling against the Danish Kroner had resulted in considerably increased payments to ICES.

5. Consideration of the 2012 Draft Budget, Schedule of Contributions and 2013 Forecast Budget

- 5.1 The Secretary introduced the draft 2012 budget, FAC(11)3. He indicated that after a number of years of stable budgets, the 2012 budget showed a significant increase. This increase is due to the retirement of the Secretary in 2012 after more than 28 years of service, costs related to the recruitment of a new Secretary, the external performance review, and provision for the 2012 Annual Meeting, should this be organised by NASCO, which will be held in Edinburgh for the first time since 2003.
- 5.2 The Committee considered a number of approaches to smooth the impact of these various items on the 2012 and subsequent budgets through the use of the Organization's funds. A five year budgeting plan, developed by the President, was discussed and agreed by the Committee, FAC(11)5 (Annex 3). This plan utilises sums from the Working Capital and Contractual Obligation Funds, and the International Atlantic Salmon Research Fund to smooth expenditure in 2012 with repayments to these funds in the period 2013 - 2016. Under this plan, there would be a 3% increase in the contributions of the Parties in 2012, followed by anticipated increases of 5% in 2013 and 3% each year in 2014, 2015 and 2016. The Committee recommends that this plan be agreed by the Council as a basis for establishing the 2012 budget and forecast budgets for the period 2013-2016. Similar plans should be developed in the future.
- 5.3 The Committee noted that under NASCO's Financial Rules, any year-end surpluses are credited to the Working Capital Fund, until that Fund reaches its ceiling of £200,000. Thereafter, they would be credited to the Contractual Obligation Fund. However, the Committee recommends to the Council that any surpluses should be credited to the Contractual Obligation Fund until such time as the funds transferred from that Fund in 2012 have been repaid. The Committee also noted that under the Organization's Financial Rules, there is provision for a Party to make voluntary contributions over and above the budget contributions. This approach could be used to allow a Party to make an additional contribution in years when resources permit so that subsequent budget contributions may be reduced.
- 5.4 The Committee agreed to recommend to the Council the adoption of the 2012 draft budget and 2013 forecast, FAC(11)4. The budget as adopted by the Council is contained in Annex 4.

6. Appointment of Auditors

- 6.1 The Committee recommended to the Council the appointment of PricewaterhouseCoopers (PWC) of Queen Street, Edinburgh, as auditors for the 2011 audited accounts, or such other company as may be agreed by the Secretary in consultation with the Chairman of the Finance and Administration Committee.
- 6.2 In 2009, the Committee had reviewed the pros and cons of changing auditors but had decided to continue to use PWC. It was noted, at that time, that the PWC personnel involved in conducting the audit were changed every three years and that none of the

other international auditing companies approached had been willing to quote for conducting NASCO's audit because of the time of year when the work is undertaken and PWC's highly competitive charges. The Secretary was asked to seek quotes for the 2012 audit and report back at the Committee's next meeting.

7. Any Other Business

7.1 There was no other business.

8. Report of the Meeting

8.1 The Committee agreed a report of its meeting.

8.2 The Chair thanked the members of the Committee for their contributions and closed the meeting.

8.3 A list of Finance and Administration Committee papers is given in Annex 5.

List of Participants

Canada

Richard Nadeau
Brett Norton

Denmark (in respect of Faroe Islands and Greenland)

Emanuel Rosing
Sonja Feldthaus (Chair)

European Union

Alan Gray
Marco D'Ambrosio

Norway

Raoul Bierach

Russian Federation

Boris Prischepa
Svetlana Krylova
Elena Samoylova

USA

Kim Blankenbecker
Mary Colligan (President)
Nicole Ricci

Secretariat

Dr Peter Hutchinson
Dr Malcolm Windsor

FAC(11)6

Agenda

1. Opening of the Meeting
2. Adoption of the Agenda
3. 2010 Audited Accounts
4. Relationship with ICES
5. Consideration of the 2012 Draft Budget, Schedule of Contributions and 2013 Forecast Budget
6. Appointment of Auditors
7. Any Other Business
8. Report of the Meeting

FAC(11)5
Five-year NASCO Budget Projections

Budget Head	Description	Draft 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016
		Expenditure				
1	Staff related costs	345,570	280,880	288,000	297,000	305,000
2	Travel & Subsistence <i>(Includes £115,000 for recruitment of new Secretary in 2013)</i>	28,000	143,000	28,000	28,000	28,000
3	Research & advice	61,180	63,000	65,000	67,000	69,000
4	Contribution to Working Capital	0	0	50,000	50,000	50,000
5	Meetings <i>(Includes £30,000 increase in 2012 for meeting in Edinburgh)</i>	34,000	8,000	8,000	8,000	9,000
6	Office supplies, printing and translations	24,000	25,000	25,500	27,000	29,000
7	Communications	14,000	14,000	15,000	16,000	17,000
8	Headquarters Property	37,600	38,500	39,500	41,000	43,000
9	Office furniture & equipment	6,500	6,500	6,500	6,500	7,000
10	Audit & other expenses <i>(Includes £50,000 for external review in 2012)</i>	59,500	10,100	9,800	10,200	11,000
11	Tag return incentive scheme	4,700	4,700	4,800	4,800	4,800
12	International Cooperative Research	0	0	0	0	0
13	Contribution to Contractual Obligation Fund <i>(Includes lump sum payment of 200K in 2012 and repayments of £30,000 in 2013 and £15,050 in 2014)</i>	250,000	83,500	72,050	59,000	62,000
14	Repayment to IASRB Fund	0	0	11,719	13,281	0
	Total	865,050	677,180	623,869	627,781	634,800

Budget Head	Description	Draft 2012	Forecast 2013	Forecast 2014	Forecast 2015	Forecast 2016
		Revenue				
15	Contributions of Contracting Parties <i>(3% increase in 2012; 5% increase in 2013; 3% increase in 2014 and 2015)</i>	587,000	616,180	634,841	653,886	673,502
16	Interest Received on General Fund	1,000	4,000	4,000	4,000	4,000
17	Income from HQ property	57,000	57,000	57,000	57,000	57,000
18	Transfer from Working Capital	150,000				
19	Transfer from Contractual Obligation	45,050				
20	Loan from IASRB	25,000				
	Total	865,050	677,180	695,841	714,786	734,502
	Balance	0	0	71,796	86,924	99,517

CNL(11)39***2012 Budget and 2013 Forecast Budget***

Section	Description	Expenditure	
		Budget 2012	Forecast 2013
1	Staff-related costs	345,570	280,880
2	Travel and subsistence	28,000	143,000
3	Research and advice	61,180	63,000
4	Contribution to Working Capital Fund	0	0
5	Meetings	34,000	8,000
6	Office supplies, printing and translation	24,000	25,000
7	Communications	14,000	14,000
8	Headquarters Property	37,600	38,500
9	Office furniture and equipment	6,500	6,500
10	Audit and other expenses	59,500	10,100
11	Tag Return Incentive Scheme	4,700	4,700
12	International Atlantic Salmon Research Fund	0	0
13	Contribution to Contractual Obligation Fund	250,000	83,500
	Total	865,050	677,180

Section	Description	Income	
		Budget 2012	Forecast 2013
14	Contributions - Contracting Parties	587,000	616,180
15	General Fund - Interest	1,000	4,000
16	Income from Headquarters Property	57,000	57,000
17	Surplus or Deficit (-) from 2010	0	0
18	Transfer from Working Capital Fund	150,000	0
19	Transfer from Contractual Obligation Fund	45,050	0
20	Transfer from IASRB Fund	25,000	0
	Total	865,050	677,180

Section 1	Staff-related costs	Budget 2012	Forecast 2013
1.1	Secretariat members	226,970	150,080
1.2	Support staff	29,230	67,800
1.3	Staff Fund contributions, allowances, public liability, insurances and other staff-related costs	89,370	63,000
	Total	345,570	280,880

Section 2	Travel and subsistence	Budget 2012	Forecast 2013
2.1	Travel to post and Annual Meeting	0	115,000
2.2	Official travel and subsistence	28,000	28,000
	Total	28,000	143,000

Section 3	Research and advice	Budget 2012	Forecast 2013
3.1	Annual contribution to ICES	61,180	63,000

Section 4	Contribution to Working Capital Fund	Budget 2012	Forecast 2013
4.1	Working Capital	0	0

Section 5	Meetings	Budget 2012	Forecast 2013
5.1	Costs of Annual Meeting	30,000	4,000
5.2	Costs of other meetings	4,000	4,000
	Total	34,000	8,000

Section 6	Office supplies, printing and translation	Budget 2012	Forecast 2013
6.1	Office supplies	18,000	19,000
6.2	Printing	4,000	4,000
6.3	Translations	2,000	2,000
	Total	24,000	25,000

Section 7	Communications	Budget 2012	Forecast 2013
7.1	Telecommunications	6,000	6,000
7.2	Postage and courier services	3,000	3,000
7.3	Website	5,000	5,000
7.4	Communications, professional support and design	0	0
	Total	14,000	14,000

Section 8	Headquarters Property	Budget 2012	Forecast 2013
8.1	Capital and interest payments	0	0
8.2	Maintenance, services and other building-related costs	37,600	38,500
	Total	37,600	38,500

Section 9	Office furniture and equipment	Budget 2012	Forecast 2013
9.1	Furniture	1,500	1,500
9.2	Equipment	5,000	5,000
	Total	6,500	6,500

Section 10	Audit and other expenses	Budget 2012	Forecast 2013
10.1	Audit and accountancy fees	6,500	6,600
10.2	Bank charges and insurances	1,000	1,000
10.3	Miscellaneous	52,000	2,500
	Total	59,500	10,100

Section 11	Tag Return Incentive Scheme	Budget 2012	Forecast 2013
11.1	Prize money	4,700	4,700

Section 12	Contribution to International Atlantic Salmon Research Fund	Budget 2012	Forecast 2013
12.1	IASR Fund	0	0

Section 13	Contribution to Contractual Obligation Fund	Budget 2012	Forecast 2013
13.1	Contribution to Contractual Obligation Fund	250,000	83,500

**Adjustments to 2011 contributions (Pounds Sterling)
to take into account confirmed 2009 Catch Statistics**

Party	2009 Provisional catch	2009 Confirmed catch	2011 Contribution based on provisional catch	2011 Contribution based on confirmed catch	Adjustment to 2012 contribution
Canada	119	126	70,589	72,365	+1,776
Denmark (Faroe Islands and Greenland)	26	26	37,707	37,562	-144
European Union	318	329	140,951	143,015	+2,064
Norway	595	595	238,892	235,591	-3,301
Russian Federation	71	71	53,618	53,224	-394
USA	0	0	28,514	28,514	0
TOTAL	1,129	1,147	570,270	570,270	0

Note: A positive adjustment represents an underpayment in 2011.

**NASCO Budget Contributions for 2012 and Forecast
Budget Contributions for 2013 (Pounds Sterling)**

Party	2010 Provisional catch (tonnes)	Contribution for 2012	Adjustment from 2011	Adjusted contribution for 2012	Forecast contribution for 2013
Canada	146	71,420	+1,776	73,196	74,939
Denmark (Faroe Islands and Greenland)	40	40,876	-144	40,732	42,899
European Union	510	176,306	+2,064	178,370	185,264
Norway	642	214,341	-3,301	211,040	224,860
Russian Federation	88	54,707	-394	54,313	57,408
USA	0	29,350	0	29,350	30,809
TOTAL	1,426	587,000	0	587,000	616,180

Contributions are based on the official returns by the Parties. Column totals can be in error by a few pounds due to rounding.

List of Papers

FAC(11)00	List of Finance and Administration Committee papers
FAC(11)1	Draft Agenda
FAC(11)2	2010 Audited Accounts
FAC(11)3	2012 Draft Budget and 2013 Forecast Budget
FAC(11)4	2012 Draft Budget and 2013 Forecast Budget (revised)
FAC(11)5	Five-year NASCO Budget Projections
FAC(11)6	Agenda
FAC(11)7	Draft Report of the Meeting of the Finance and Administration Committee