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Twenty-second session

Bonn, 20–27 May 2005

Item 7 (a) of the provisional agenda

Administrative and financial matters

Budget performance for the biennium 2004–2005

**Unaudited financial statements for the biennium 2004–2005
as at 31 December 2004**

Note by the Executive Secretary

Summary

This document contains the unaudited financial statements for the biennium 2004–2005 as at 31 December 2004.

The Subsidiary Body for Implementation may wish to propose appropriate actions to be included in draft decisions on administrative and financial matters to be adopted by the Conference of the Parties at its eleventh session.

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
I. CERTIFICATION OF THE FINANCIAL STATEMENTS.....		3
II. INTRODUCTION.....	1–3	4
A. Mandate.....	1	4
B. Scope of the note.....	2	4
C. Possible action by the Subsidiary Body for Implementation ..	3	4
III. NARRATIVE INTERIM FINANCIAL REPORT FOR THE BIENNIUM 2004–2005 AS AT 31 DECEMBER 2004.....	4–43	4
A. Statement I: Statement of income and expenditure and changes in reserves and fund balances	4–25	4
B. Statement II: Statement of assets, liabilities, reserves and fund balances.....	26–43	6
IV. FINANCIAL STATEMENTS FOR THE BIENNIUM 2004–2005		8
A. Statement I: Statement of income and expenditure and changes in reserves and fund balances for the 12-month period of the biennium 2004–2005 ending 31 December 2004		8
B. Statement II: Statement of assets, liabilities, reserves and fund balances for the biennium 2004–2005 as at 31 December 2004		10
C. Statement III: Statement of cash flow for the 12-month period of the biennium 2004–2005 ending 31 December 2004		12
D. Statement IV: The core budget: statement of appropriations for the 12-month period of the biennium 2004–2005 ending 31 December 2004		14
E. Schedule 1.1: Status of indicative contributions to the core budget for the biennium 2004–2005 as at 31 December 2004		15
F. Schedule 1.2: Status of voluntary contributions for the biennium 2004–2005 as at 31 December 2004.....		20
V. NOTES TO THE FINANCIAL STATEMENTS		21

I. Certification of the financial statements

I certify that the appended financial statements of the United Nations Framework Convention on Climate Change for the 12-month period of the biennium 2004–2005 ending 31 December 2004 are fairly stated.

(signed) Joke Waller-Hunter
Executive Secretary
Secretariat of the UNFCCC

II. Introduction

A. Mandate

1. In accordance with the financial procedures for the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change, its subsidiary bodies and its permanent secretariat (decision 15/CP.1, annex I, paragraph 19), an interim statement of accounts for the first year of the biennium 2004–2005 is presented for consideration by the Subsidiary Body for Implementation (SBI) at its twenty-second session.

B. Scope of the note

2. This document reports on financial performance as at 31 December 2004. It includes four statements and two schedules on status of indicative and voluntary contributions, accompanied by brief explanatory notes.

C. Possible action by the Subsidiary Body for Implementation

3. The SBI may wish to take note of the information presented and recommend actions that may need to be included in the draft decision to be adopted by the COP at its eleventh session.

III. Narrative interim financial report for the biennium 2004–2005 as at 31 December 2004

A. Statement I: Statement of income and expenditure and changes in reserves and fund balances

1. Trust Fund for the Core Budget of the UNFCCC

4. The revenue of USD 16,357,438, shown in statement I represents indicative contributions from governments. The amount of USD 939,875 represents voluntary contributions paid by the host country to the core budget for the year 2004 (schedules 1.1 and 1.2). In addition, USD 123,042 was received as interest income and USD 88,247 as miscellaneous income, thus bringing the total income to USD 17,508,602.

5. Expenditures for 2004 amounted to USD 16,520,718 at 31 December 2004. The reserve and fund balance at 31 December 2004 was USD 7,478,506. This balance includes a working capital reserve of USD 1,445,989 and outstanding contributions of USD 3,279,556 not received by 31 December 2004.

2. Trust Fund for Participation in the UNFCCC Process

6. During the reporting period, 120 participants were provided with financial assistance to the twentieth session of the subsidiary bodies held in Bonn, Germany, in June 2004, and an additional 115 participants to the tenth session of the Conference of the Parties held in Buenos Aires, Argentina, in December 2004. In addition, a number of bureau members were funded to attend meetings held in Bonn, in March, and Buenos Aires in September.

7. A total amount of USD 1,741,900 was received during 2004 as voluntary contributions from various governments (schedule 1.2). In addition, USD 20,440 was received as interest income. Thus the total income of the fund was USD 1,762,340.

8. Total expenditure amounted to USD 1,578,591.

9. The reserve and fund balance at 31 December 2004 was USD 689,034.

3. Trust Fund for Supplementary Activities

10. During the reporting period, 26 projects, some of which were continued from 2002–2003, were approved for funding from supplementary resources. These projects cover supplementary activities relating to both Convention and Kyoto Protocol for which resource requirements were identified in the programme budget for this biennium (FCCC/SBI/2003/15 and decision 16/CP.9). Additional financial commitments will be made to projects running through 2005, or to any new projects that are approved for funding during the remainder of this biennium. In this regard, the secretariat will continue to undertake additional fund-raising for supplementary activities, especially for workshops and events mandated by the COP and its subsidiary bodies.

11. Voluntary contributions to the fund amounted to USD 4,988,015 for the year 2004 (schedule 1.2). Total income of this fund was USD 5,141,043 after the inclusion of interest income of USD 149,612 and USD 3,415 of miscellaneous income.

12. Total expenditure amounted to USD 5,564,986.

13. The reserve and fund balance at 31 December 2004 was USD 6,797,717, most of which has been committed to ongoing projects for 2005.

4. Trust Fund for the Annual Contribution from the Government of Germany

14. The Government of Germany pays a total of EUR 1,789,522 annually. The 2004 contribution was mainly used to cover expenditures relating to the twentieth sessions of the subsidiary bodies held in Bonn in June 2004. Expenditures included rental of the venue and equipment, setting up of sound and computer systems, closed circuit television and webcast services, among others. Three workshops held in Bonn during 2004 were also funded from this fund.

15. A contribution of USD 2,154,965 (equivalent to EUR 1,789,522) was received from the Government of Germany for the year 2004. Total income of the fund after inclusion of interest income of USD 8,689 and miscellaneous income of USD 16,050 amounted to USD 2,179,704.

16. Total expenditure amounted to USD 1,994,521.

17. The reserve and fund balance at 31 December 2004 was USD 490,579.

5. Trust Fund for UNFCCC Technical Cooperation

18. Under an agreement between the UNFCCC and the United Nations Fund for International Partnership (UNFIP), the latter provides grants for the implementation of the project “Engaging the private sector in clean development mechanism project activities under the Kyoto Protocol”. The project is facilitated by the secretariat and implemented by the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization and the United Nations Conference on Trade and Development, with UNDP taking the lead.

19. The contribution was received in the biennium 2000–2001. Only interest income of USD 20,841 was received during 2004.

20. Total expenditure in 2004 amounted to USD 172,412.

21. The reserve and fund balance at 31 December 2004 was USD 83,297.

6. Special Account for UNFCCC Programme Support Costs

22. The programme support costs (PSC) are used to cover overheads. This includes the staff costs of Administrative Services (AS), costs for general temporary assistance and contractors, and some travel and training costs for administrative staff. Also covered from these funds are the costs of the internal audit and payments to United Nations Office at Geneva (UNOG) for their administrative support to UNFCCC.

23. The PSC income received during the year 2004 amounted to USD 3,370,169. Total income to this fund was USD 3,419,843 after inclusion of USD 45,261 interest income and USD 4,413 miscellaneous income.

24. Total expenditure amounted to USD 2,815,920.

25. The reserve and fund balance at 31 December 2004 was USD 2,301,110.

B. Statement II: Statement of assets, liabilities, reserves and fund balances

1. Trust Fund for the Core Budget of the UNFCCC

26. The assets of the fund amounted to USD 9,670,548, comprising cash deposits of USD 5,870,827, indicative contributions receivable of USD 3,279,556 and other accounts receivable of USD 520,165.

27. The liabilities consisted of contributions received in advance of USD 1,422,658, unliquidated obligations of USD 417,991, inter-fund balances payable of USD 130,033 and other accounts payable of USD 221,361.

28. At 31 December 2004 the working capital reserve was USD 1,445,989 and the cumulative surplus of the fund was USD 6,032,517.

2. Trust Fund for Participation in the UNFCCC Process

29. The assets of the fund amounted to USD 1,014,191, comprising cash deposits of USD 1,007,034 and other accounts receivable of USD 7,157.

30. The liabilities consisted of unliquidated obligations of USD 314,710 and inter-fund balances payable of USD 10,447.

31. At 31 December 2003 the operating reserve of the fund was USD 116,606 and the cumulative surplus was USD 572,428.

3. Trust Fund for Supplementary Activities

32. The assets of the fund amounted to USD 7,828,298, comprising of cash deposits of USD 7,702,751 and other accounts receivable of USD 125,548.

33. The liabilities consisted of inter-fund balances payable of USD 176,982, unliquidated obligations of USD 835,300 and other accounts payable of USD 18,300.

34. At 31 December 2004 the operating reserve amounted to USD 404,893 and the cumulative surplus was USD 6,392,824.

4. Trust Fund for the Annual Contribution from the Government of Germany

35. The assets of the fund amounted to USD 539,706, comprising cash deposits of USD 499,636 and other accounts receivable of USD 40,070.

36. The liabilities included unliquidated obligations of USD 34,025, inter-fund balances payable of USD 14,790 and other accounts payable of USD 312.

37. The operating reserve has been set at USD 300,000 and the cumulative surplus at 31 December 2004 amounted to USD 190,579.

5. Trust Fund for UNFCCC Technical Cooperation

38. The assets of the fund amounted to USD 83,349, comprising cash deposits of USD 5,281, other accounts receivable of USD 33 and the operating funds provided to executing agencies of USD 78,034.

39. The liabilities consisted of inter-fund balances payable of USD 52.

40. At 31 December 2004 the cumulative surplus amounted to USD 83,297.

6. Special Account for UNFCCC Programme Support Costs

41. The assets of the account amounted to USD 2,323,335, comprising cash deposits of USD 2,223,418, other accounts receivable of USD 58,653 and inter-fund balances receivable of USD 41,264.

42. The liabilities consisted of unliquidated obligations of USD 16,814 and other accounts payable of USD 5,411.

43. At 31 December 2003 the cash operating reserve was USD 547,946 and the cumulative surplus amounted to USD 1,753,165.

IV. Financial statements for the biennium 2004–2005

A. Statement I:

**Statement of income and expenditure and changes in reserves and fund balances for the 12-month period of the biennium 2004–2005 ending
 31 December 2004**

(expressed in United States dollars)

	Schedule or note reference	Trust Fund for the Core Budget of the UNFCCC (FC)		Trust Fund for Participation in the UNFCCC Process (FI)		Trust Fund for Supplementary Activities (FR)		Trust Fund for the Annual Contribution from the Government of Germany (FQ)	
		2004	2002	2004	2002	2004	2002	2004	2002
INCOME:									
Indicative contributions	Note 2 (f) (i)	16 357 438	16 323 885						
Voluntary contributions	Note 2 (f) (ii)	939 875	660 015	1 741 900	888 802	4 988 015	2 284 392	2 154 965	1 622 969
Programme support cost	Note 10								
Other/miscellaneous									
Interest	Note 2 (f) (iii)	123 042	236 519	20 440	21 982	149 612	163 980	8 689	30 587
Miscellaneous	Note 2 (f) (iv)	88 247	121 693		10 463	3 415	16 289	16 050	
TOTAL INCOME		17 508 602	17 342 112	1 762 340	921 247	5 141 043	2 464 661	2 179 704	1 653 556
EXPENDITURE:									
Staff and other personnel costs		11 850 200	9 207 304			3 843 310	1 003 435	563 654	347 873
Travel		526 965	642 458	1 393 284	1 179 689	871 109	821 965	85 902	45 709
Contractual services		325 389	335 740			19 283		7 744	
Operating expenses		635 344	563 251	4 078		107 300	89 995	1 054 290	897 230
Acquisitions		196 506	340 247			40 657		53 467	59 782
Fellowships, grants and other		1 085 700	850 000	87		32 641		15	
Total direct expenditure		14 620 104	11 939 000	1 397 449	1 179 689	4 914 301	1 915 395	1 765 072	1 350 594
Programme support costs		1 900 614	1 552 070	181 141	153 360	650 684	248 946	229 450	175 577
TOTAL EXPENDITURE	Note 3	16 520 718	13 491 070	1 578 591	1 333 049	5 564 986	2 164 341	1 994 521	1 526 171
Prior period adjustments	Note 4		93 455		20 732		170 138		10 154
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		987 884	3 944 497	183 749	(391 070)	(423 943)	470 458	185 182	137 539
Refund to donors	Note 5						(13 919)	501 145	
Savings on prior period's obligations	Note 2 (d)	265 283	730 057	159 295	159 476	105 415	116 445	5 398	78 110
Reserves and fund balances of beginning of period		6 225 339	7 232 179	345 990	630 239	7 116 245	4 426 171	801 144	675 496
RESERVES AND FUND BALANCES: END OF PERIOD		7 478 506	11 906 733	689 034	398 645	6 797 717	4 999 155	490 579	891 145

Statement I (continued)

	Schedule or note reference	Trust Fund for UNFCCC Technical Cooperation (FU)		Special Account for UNFCCC Programme Support Costs (ZR)		Total	
		2004	2002	2004	2002	2004	2002
INCOME:							
Indicative contributions	Note 2 (f) (i)					16 357 438	16 323 885
Voluntary contributions	Note 2 (f) (ii)					9 824 755	5 456 178
Programme support costs	Note 10			3 370 169	2 129 953	3 370 169	2 129 953
Other/miscellaneous							
Interest	Note 2 (f) (iii)	20 841	12 300	45 261	54 042	367 884	519 410
Miscellaneous	Note 2 (f) (iV)			4 413		112 126	148 445
TOTAL INCOME		20 841	12 300	3 419 843	2 183 995	30 032 372	24 577 871
EXPENDITURE:							
Staff and other personnel costs		90 497	107 573	2 515 510	2 764 403	18 863 171	13 430 588
Travel		3 083	16 510	14 152	22 370	2 894 494	2 728 701
Contractual services			339 821	36 258	79 624	388 675	755 185
Operating expenses		30 497	2 591		43 836	1 831 510	1 596 903
Acquisitions			3 997		75 190	290 629	479 216
Fellowships grants and other		48 335	83 619	250 000		1 416 779	933 619
Total direct expenditure		172 412	554 111.00	2 815 920	2 985 423	25 685 258	19 924 212
Programme support costs						2 961 889	2 129 953
TOTAL EXPENDITURE	Note 3	172 412	554 111	2 815 920	2 985 423	28 647 147	22 054 165
Prior period adjustments	Note 4				(140 931)	0.00	153 548.00
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		(151 571)	(541 811)	603 923	(942 359)	1 385 224	2 677 254
Refund to donors	Note 5					501 145	(13 919)
Savings on prior period's obligations	Note 2 (d)			16 212	6 540	551 603	1 090 628
Reserves and fund balances: at beginning of period		234 868	1 084 693	1 680 975	2 438 789	16 404 561	16 487 567
RESERVES AND FUND BALANCES: END OF PERIOD		83 297	542 882	2 301 110	1 502 970	17 840 244	20 241 530

B. Statement II:
Statement of assets, liabilities, reserves and fund balances for the biennium 2004–2005 as at 31 December 2004
(expressed in United States dollars)

	Schedule or note reference	Trust Fund for the Core Budget of the UNFCCC (FC)		Trust Fund for Participation in the UNFCCC Process (FI)		Trust Fund for Supplementary Activities (FR)		Trust Fund for Annual Contribution from the Government of Germany (FQ)	
		2004	2002	2004	2002	2004	2002	2004	2002
<u>ASSETS</u>									
Cash and term deposits	Note 2 (e), 6	5 870 827	7 427 380	1 007 034	577 428	7 702 751	6 119 567	499 636	954 570
Accounts receivable:									
Indicative contributions receivable from Parties	Schedule 1.1.	3 279 556	6 000 670						
Inter-fund balances receivable			1 081 057		20 011				
Other accounts receivable	Note 7	520 165	529 979	7 157	4 767	125 548	35 568	40 070	6 633
Deferred charges									
Operating funds provided to executing agencies									
TOTAL ASSETS		9 670 548	15 039 086	1 014 191	602 206	7 828 298	6 155 135	539 706	961 203
<u>LIABILITIES</u>									
Contributions/payments received in advance	Schedule 1.1.	1 422 658	1 082 406						
Unliquidated obligations		417 991	596 246	314 710	203 561	835 300	153 982	34 025	61 043
Accounts payable									
Inter-fund balances payable		130 033		10 447		176 982	93 191	14 790	9 015
Other accounts payable	Note 8	221 361	1 453 701			18 300	908 807	312	
TOTAL LIABILITIES		2 192 042	3 132 353	325 157	203 561	1 030 581	1 155 980	49 126	70 058
<u>RESERVES AND FUND BALANCES</u>									
Operating reserve	Note 9			116 606	117 969	404 893	287 245	300 000	202 589
Working capital reserve	Note 9	1 445 989	990 937						
Reserve for allocations									
Cumulative surplus (deficit)		6 032 517	10 915 796	572 428	280 676	6 392 824	4 711 910	190 579	688 556
TOTAL RESERVES AND FUND BALANCES		7 478 506	11 906 733	689 034	398 645	6 797 717	4 999 155	490 579	891 145
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		9 670 548	15 039 086	1 014 191	602 206	7 828 298	6 155 135	539 706	961 203

Statement II (continued)

	Schedule or note reference	Trust Fund for UNFCCC Technical Cooperation (FU)		Special Account for UNFCCC Programme Support Costs (ZR)		Total	
		2004	2002	2004	2002	2004	2002
<u>ASSETS</u>							
Cash and term deposits	Note 2 (e), 6	5 281	5 864	2 223 418	2 098 679	17 308 947	17 183 488
Accounts receivable:							
Indicative contributions receivable from Parties	Schedule 1.1.					3 279 556	6 000 670
Inter-fund balances receivable				41 264		41 264	1 101 068
Other accounts receivable	Note 7	33	1 614	58 653	11 726	751 626	590 287
Deferred charges							
Operating funds provided to executing agencies		78 034	535 439			78 034	535 439
TOTAL ASSETS		83 349	542 917	2 323 335	2 110 405	21 459 427	25 410 952
<u>LIABILITIES</u>							
Contributions/payments received in advance	Schedule 1.1.					1 422 658	1 082 406
Unliquidated obligations				16 814	84 024	1 618 839	1 098 856
Accounts payable							
Inter-fund balances payable		52	35		523 411	332 303	625 652
Other accounts payable	Note 8			5 411		245 384	2 362 508
TOTAL LIABILITIES		52	35	22 225	607 435	3 619 184	5 169 422
<u>RESERVES AND FUND BALANCES</u>							
Operating reserve	Note 9			547 946	428 991	1 369 444	1 036 794
Working capital reserve	Note 9					1 445 989	990 937
Reserve for allocations			319 149				319 149
Cumulative surplus (deficit)		83 297	223 733	1 753 165	1 073 979	15 024 811	18 213 799
TOTAL RESERVES AND FUND BALANCES		83 297	542 882	2 301 110	1 502 970	17 840 244	20 241 530
TOTAL LIABILITIES, RESERVES AND FUND BALANCES		83 349	542 917	2 323 335	2 110 405	21 459 427	25 410 952

C. Statement III:
Statement of cash flow for the 12-month period of the biennium 2004–2005 ending 31 December 2004
(expressed in United States dollars)

	Trust Fund for the Core Budget of the UNFCCC (FC)		Trust Fund for Participation in the UNFCCC Process (FI)		Trust Fund for Supplementary Activities (FR)		Trust Fund for the Annual Contribution from the Government of Germany (FQ)	
	2004	2002	2004	2002	2004	2002	2004	2002
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>								
Net excess (shortfall) of income over expenditures (Statement I)	987 884	3 944 497	183 749	(391 070)	(423 943)	470 458	185 182	137 539
(Increase) decrease in contributions receivable	(1 431 273)	(2 578 976)						
(Increase) decrease in other accounts receivable	(279 492)	332 718	(4 035)	190	(68 787)	(10 950)	(33 881)	(2 278)
(Increase) decrease in other assets	205 583				8 285			
Increase (decrease) in contributions received in advance	(1 244 389)	823 108						
Increase (decrease) in accounts payable	(840 302)	(73 878)			(903 902)	(199 997)	184	
Increase (decrease) in unliquidated obligations	(574 912)	(1 409 274)	(18 146)	(280 833)	557 728	(86 734)	(228 573)	(209 373)
Less: Interest income received	(123 042)	(236 519)	(20 440)	(21 982)	(149 612)	(163 980)	(8 689)	(30 587)
NET CASH FROM OPERATING ACTIVITIES	(3 299 944)	801 676	141 128	(693 695)	(980 231)	8 797	(85 776)	(104 699)
<u>CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES:</u>								
(Increase) decrease in inter-fund balances receivable	806 689	(336 334)	61 611	(20 011)			2 510	
Increase (decrease) in inter-fund balances payable	130 033		10 447	(128 198)	69 912	(413 338)	14 790	(132 192)
Plus: Interest income received	123 042	236 519	20 440	21 982	149 612	163 980	8 689	30 587
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	1 059 764	(99 815)	92 497	(126 227)	219 524	(249 358)	25 988	(101 605)
<u>CASH FLOWS FROM OTHER SOURCES:</u>								
Savings on prior period's obligations	265 283	730 057	159 295	159 476	105 415	116 445	5 398	78 110
Other adjustments to fund balance						(13 919)	(501 145)	
NET CASH FROM OTHER SOURCES	265 283	730 057	159 295	159 476	105 415	102 526	(495 747)	78 110
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	(1 974 898)	1 431 918	392 921	(660 446)	(655 292)	(138 035)	(555 535)	(128 194)
CASH AND TERM DEPOSITS AT BEGINNING OF PERIOD	7 845 724	5 995 462	614 113	1 237 874	8 358 043	6 257 602	1 055 171	1 082 764
CASH AND TERM DEPOSITS AT END OF PERIOD	5 870 827	7 427 380	1 007 034	577 428	7 702 751	6 119 567	499 636	954 570

Statement III (continued)

	Trust Fund for UNFCCC Technical Cooperation (FU)		Special Account for UNFCCC Programme Support Costs (ZR)		Total	
	2004	2002	2004	2002	2004	2002
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net excess (shortfall) of income over expenditures (Statement I)	(151 571)	(541 811)	603 923	(942 359)	1 385 224	2 677 254
(Increase) decrease in contributions receivable					(1 431 273)	(2 578 976)
(Increase) decrease in other accounts receivable	(33)	958	(43 519)	(3 210)	(429 747)	317 428
(Increase) decrease in other assets	157 637	(97 253)	13 767		385 272	(97 253)
Increase (decrease) in contributions received in advance					(1 244 389)	823 108
Increase (decrease) in accounts payable			1 015		(1 743 005)	(273 875)
Increase (decrease) in unliquidated obligations			(10 011)	70 499	(273 914)	(1 915 715)
Less: Interest income received	(20 841)	(12 300)	(45 261)	(54 042)	(367 884)	(519 410)
NET CASH FROM OPERATING ACTIVITIES	(14 808)	(650 406)	519 916	(929 112)	(3 719 716)	(1 567 439)
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES:						
(Increase) decrease in inter-fund balances receivable			(41 264)		829 546	(356 345)
Increase (decrease) in inter-fund balances payable	(751)	(64 093)	(43 822)	380 575	180 608	(357 246)
Plus: Interest income received	20 841	12 300	45 261	54 042	367 884	519 410
NET CASH FROM INVESTING AND FINANCING ACTIVITIES	20 089	(51 793)	(39 825)	434 617	1 378 038	(194 181)
CASH FLOWS FROM OTHER SOURCES:						
Savings on prior period's obligations			16 212	6 540	551 603	1 090 628
Other adjustments to fund balance					(501 145)	(13 919)
NET CASH FROM OTHER SOURCES			16 212	6 540	50 458	1 076 709
NET INCREASE (DECREASE) IN CASH AND TERM DEPOSITS	5 281	(702 199)	496 302	(487 955)	(2 291 221)	(684 911)
CASH AND TERM DEPOSITS AT BEGINNING OF PERIOD		708 063	1 727 116	2 586 634	19 600 167	17 868 399
CASH AND TERM DEPOSITS AT END OF PERIOD	5 281	5 864	2 223 418	2 098 679	17 308 947	17 183 488

D. Statement IV:
The core budget: statement of appropriations for the 12-month period of the biennium 2004–2005 ending 31 December 2004
(expressed in United States dollars)

Budget classification	Approved budget	Expenditures			Balance	Percentage of expenditure
		Disbursements	Unliquidated obligations	Total		
Executive Direction and Management (EDM)	1 253 233	1 221 299	874	1 222 172	31 061	98
Intergovernmental and Conference Affairs / Management and Coordination	436 030	462 746	7 712	470 458	(34 428)	108
Intergovernmental and Conference Affairs / Legal Affairs	366 678	315 216	2 361	317 577	49 101	87
Conference Affairs Services	1 146 843	913 728	60 171	973 899	172 944	85
Total ICA	1 949 551	1 691 689	70 244	1 761 933	187 618	90
Methods Inventories and Science / Management and Coordination	898 350	1 027 019	36 299	1 063 318	(164 968)	118
Methods Inventories and Science / Methods	860 208	624 287	24 553	648 840	211 368	75
Methods Inventories and Science / GHG Inventories	1 361 385	1 307 052	6 386	1 313 438	47 947	96
Total MIS	3 119 943	2 958 358	67 238	3 025 596	94 347	97
Sustainable Development / Management and Coordination	748 208	700 029	24 543	724 572	23 636	97
Sustainable Development / Transfer of Technology	606 105	556 159	0	556 159	49 946	92
Sustainable Development / Least Developed Countries	220 000	244 173	0	244 173	(24 173)	111
Total SD	1 574 313	1 500 361	24 543	1 524 904	49 409	97
Cooperative Mechanisms (COOP)	803 245	726 717	17 579	744 296	58 949	93
Implementation / Management and Coordination	624 960	668 361	16 327	684 688	(59 728)	110
Implementation / Annex I Implementation	908 563	870 170	2 221	872 391	36 172	96
Implementation / Non-Annex I Implementation	1 066 233	1 142 570	28 310	1 170 879	(104 646)	110
Total IMP	2 599 756	2 681 101	46 857	2 727 958	(128 202)	105
Administrative Services (secretariat-wide support costs) (AS)	1 810 000	1 368 896	97 541	1 466 438	343 562	81
Information Services (IS)	2 307 268	2 053 692	93 114	2 146 806	160 462	93
TOTAL	15 417 309	14 202 114	417 991	14 620 104	797 205	95

E. Schedule 1.1:
Status of indicative contributions to the core budget for the biennium 2004–2005 as at 31
December 2004

(expressed in United States dollars)

Parties	Indicative contributions receivable as at 1 Jan. 2004	Contributions received in advance as at 1 Jan. 2004	Indicative contributions outstanding from prior periods	Collections 2004	Indicative contributions received in advance for 2005	Indicative contributions receivable as at 31 Dec. 2004
Afghanistan	326		131			457
Albania	816	586		1 253	1 023	
Algeria	12 400		6 903			19 303
Angola	167	1 307			1 140	
Antigua and Barbuda	489	583		388	482	
Argentina	155 985		272 643	358 578		70 050
Armenia	326		4 501	4 827		
Australia	259 758	226 633	0	283 639	250 515	
Austria	140 158		121	140 279		
Azerbaijan	816	218		598		
Bahamas	2 121	655		1 640	174	
Bahrain	4 895		1 803			6 698
Bangladesh	1 632		8 007			9 639
Barbados	1 632	1 756			124	
Belarus	2 937	1 037		2 937	1 037	
Belgium	174 423		252			174 675
Belize	167		102	269		
Benin	326		173			499
Bhutan	167	470		167	470	
Bolivia	1 468		2 057			3 525
Bosnia and Herzegovina	489	192		297	0	
Botswana	1 958	1 193		2 694	1 929	
Brazil	248 499		749 773	295 358		702 915
Bulgaria	2 774	710		2 064		
Burkina Faso	326		623			949
Burundi	167		1 242			1 409
Cambodia	326		2 251			2 577
Cameroon	1 305		8 613			9 918
Canada	458 982		576	446 807		12 750
Cape Verde	167		2 253			2 420
Central African Republic	167		2 125			2 292
Chad	167		2 044			2 211
Chile	36 386		19 318	34 653		21 051
China	334 977		20	334 977		20

Parties	Indicative contributions receivable as at 1 Jan. 2004	Contributions received in advance as at 1 Jan. 2004	Indicative contributions outstanding from prior periods	Collections 2004	Indicative contributions received in advance for 2005	Indicative contributions receivable as at 31 Dec. 2004
Colombia	25 290		157	31 621	6 174	
Comoros	167		2 044			2 211
Congo	167		1 993			2 160
Cook Islands	167		120	312	25	
Costa Rica	4 895		691	5 634	48	
Côte d'Ivoire	1 632		7 594			9 226
Croatia	6 037	2 130		9 855	5 948	
Cuba	7 016		2 964	10 217	237	
Cyprus	6 363		10 213			16 576
Czech Republic	29 859	10 210		49 070	29 421	
Democratic People's Republic of Korea (North)	1 632	1		1 612		19
Democratic Republic of the Congo	489		1 479			1 968
Denmark	117 152	124 011		108 542	115 401	
Djibouti	167	1				166
Dominica	167		2 044			2 211
Dominican Republic	5 711		5 933			11 644
Ecuador	3 100		2 475	7 250	1 675	
Egypt	19 580		20 824	25 248		15 156
El Salvador	3 590	983		2 272		335
Equatorial Guinea	326	122				204
Eritrea	167	470			303	
Estonia	1 958	546		4 001	2 589	
Ethiopia	653	203		1 078	628	
European Community	416 588	938		950 159	534 509	
Fiji	653		18	649		22
Finland	86 967	14 738		117 229	45 000	
France	983 881	354 520		629 361		
Gabon	1 468		8 330	2 212		7 586
Gambia	167	317			150	
Georgia	489		17 127			17 616
Germany	1 413 330			1 413 330		0
Ghana	653	273				380
Greece	86 477	11 500				74 977
Grenada	167		101	268		0
Guatemala	4 895		3 956			8 851
Guinea	489		3 357			3 846
Guinea-Bissau	167		1 992			2 159
Guyana	167		2 044			2 211
Haiti	489		1 330			1 819
Honduras	816		3 994			4 810

Parties	Indicative contributions receivable as at 1 Jan. 2004	Contributions received in advance as at 1 Jan. 2004	Indicative contributions outstanding from prior periods	Collections 2004	Indicative contributions received in advance for 2005	Indicative contributions receivable as at 31 Dec. 2004
Hungary	20 559		51	20 588		22
Iceland	5 548	13 672			8 124	
India	68 692		33 728	33 708		68 712
Indonesia	23 169		59 352	93 471	10 950	
Iran (Islamic Republic of)	25 617		24 094	24 095		25 616
Ireland	57 108	57 389		75 660	75 941	
Israel	76 198	22 749				53 449
Italy	797 058	272 696		524 362		
Jamaica	1 305	3 740			2 435	
Japan	3 176 485			2 042 645		1 133 840
Jordan	1 795		792	2 587		
Kazakhstan	4 079		7 385	17 405	5 941	
Kenya	1 468		20			1 488
Kiribati	167		120			287
Kuwait	26 433		23 395	49 828		
Kyrgyzstan	167		646			813
Lao People's Democratic Republic	167	470			303	
Latvia	2 447	1 953		2 906	2 412	
Lebanon	3 916		1 213			5 129
Lesotho	167	3 444			3 277	
Liberia	167		120			287
Libyan Arab Jamahiriya	21 538		42 365	20 148		43 755
Liechtenstein	816	302		1 318	804	
Lithuania	3 916	3 298		3 278	2 660	
Luxembourg	12 564	4 368		8 196		
Madagascar	489		673	1 276	114	
Malawi	167		199			366
Malaysia	33 122		23 211	78 603	22 270	
Maldives	167	2 801		639	3 273	
Mali	326		2 779			3 105
Malta	2 284		1 708	6 243	2 251	
Marshall Islands	167	56		111		
Mauritania	167		1 609			1 776
Mauritius	1 795	1 990		2 299	2 494	
Mexico	307 239		125 942	298 702		134 479
Micronesia (Federated States of)	167	675		200	708	
Monaco	489	659			170	
Mongolia	167	1 117			950	
Morocco	7 669		10 573			18 242
Mozambique	167	389			222	

Parties	Indicative contributions receivable as at 1 Jan. 2004	Contributions received in advance as at 1 Jan. 2004	Indicative contributions outstanding from prior periods	Collections 2004	Indicative contributions received in advance for 2005	Indicative contributions receivable as at 31 Dec. 2004
Myanmar	1 632		990			2 622
Namibia	979	1 266		884	1 171	
Nauru	167		679			846
Nepal	653		1 326			1 979
Netherlands	275 748	49 062		226 686		
New Zealand	36 059	47 036		40 469	51 446	
Nicaragua	167	560			393	
Niger	167		127			294
Nigeria	6 853		12 403			19 256
Niue	167	56		95		16
Norway	110 789		1 019	110 051		1 757
Oman	11 422	3 359		8 063		
Pakistan	8 974		18 822	4 000		23 796
Palau	167	419		358	610	
Panama	3 100		630			3 730
Papua New Guinea	489		1 453			1 942
Paraguay	1 958		11 398			13 356
Peru	15 011		54 364	23 034		46 341
Philippines	15 501		15 198	14 288		16 411
Poland	75 219	18 977		130 356	74 114	
Portugal	76 687	25 343		51 345	1	
Qatar	10 443	6 151				4 292
Republic of Korea	293 043			293 043		
Republic of Moldova	167		18 857	390		18 634
Romania	9 790	6 580		3 210		
Russian Federation	179 481	57 279		185 300	63 098	
Rwanda	167	56				111
Saint Kitts and Nevis	167	470			303	
Saint Lucia	326	1 062			736	
Saint Vincent and the Grenadines	167		1 179			1 346
Samoa	167	36				131
San Marino	489	108				381
São Tomé and Príncipe	167	28				139
Saudi Arabia	116 336	30 395		85 941		0
Senegal	816	574		248	6	
Serbia and Montenegro	3 100	1 092				2 008
Seychelles	326		396	1 156	434	
Sierra Leone	167		2 044			2 211
Singapore	63 308	21 547		41 761		
Slovakia	8 321	2 347		12 020	6 046	

Parties	Indicative contributions receivable as at 1 Jan. 2004	Contributions received in advance as at 1 Jan. 2004	Indicative contributions outstanding from prior periods	Collections 2004	Indicative contributions received in advance for 2005	Indicative contributions receivable as at 31 Dec. 2004
Slovenia	13 379	15 811		10 751	13 183	
Solomon Islands	167		483			650
South Africa	47 644	23 956		47 644	23 956	
Spain	411 174	138 120		273 054		
Sri Lanka	2 774	372		4 416	2 014	
Sudan	1 305		5 815			7 120
Suriname	167		1 923			2 090
Swaziland	326		181	507		
Sweden	162 838	56 274		106 534		30
Switzerland	195 308	69 548		160 842	35 082	
Syrian Arab Republic	6 200		29 109	14 469		20 840
Tajikistan	167	296		1 000	1 129	
Thailand	34 101		2 682	36 780		3
The former Yugoslav Republic of Macedonia	979	292				687
Togo	167		2 125			2 292
Tonga	167		283	460	10	
Trinidad and Tobago	3 590	874		2 716	0	
Tunisia	5 221		2 963	8 389	206	
Turkey	35 275					35 275
Turkmenistan	816		3 850	4 014		652
Tuvalu	167		345	487		25
Uganda	979		824	595		1 208
Ukraine	6 363	2 869		6 716	3 222	
United Arab Emirates	38 344	11 087				27 257
United Kingdom of Great Britain and Northern Ireland	999 708		1 246	1 000 954		
United Republic of Tanzania	979		3 449			4 428
United States of America	3 248 244	922 188		2 171 935		154 121
Uruguay	7 832		33 878			41 710
Uzbekistan	2 284	2 120		164		
Vanuatu	167	1 366			1 199	
Venezuela	27 901		59 045			86 946
Viet Nam	3 426			3 426		
Yemen	979		6 522			7 501
Zambia	326		2 779			3 105
Zimbabwe	1 142		3 612	3 612		1 142
Total	16 357 438	2 667 048	1 848 283	13 681 776	1 422 657	3 279 556

F. Schedule 1.2:
Status of voluntary contributions for the biennium 2004–2005 as at 31 December 2004
(expressed in United States dollars)

Countries/Trust Funds	Voluntary contributions received in 2004–2005
I. Trust Fund for the Core Budget of the UNFCCC (FC)	
Germany	939 875
TOTAL	939 875
II. Trust Fund for Participation in the UNFCCC Process (FI)	
Australia	18 350
Denmark	100 000
Finland	48 078
France	109 404
Germany	166 700
Italy	340 000
Japan	50 000
Netherlands	50 000
New Zealand	19 975
Norway	122 412
Sweden	134 834
Switzerland	36 197
United Kingdom of Great Britain and Northern Ireland	184 450
United States of America	361 500
TOTAL	1 741 900
III. Trust Fund for Supplementary Activities (FR)	
Australia	7 780
Austria	15 000
Canada	207 800
Denmark	271 957
European Community	923 168
Finland	60 089
France	224 886
Germany	326 940
Ireland	122 065
Japan	380 848
Luxembourg	20 320
Netherlands	173 231
New Zealand	22 950
Norway	553 816
Spain	118 719
Sweden	87 183
Switzerland	202 226
United Kingdom of Great Britain and Northern Ireland	213 251
United States of America	848 438
Subtotal	4 780 665
Others	207 350
TOTAL	4 988 015
IV. Trust Fund for the Annual Contribution from the Government of Germany (FQ)	
Germany	2 154 965
TOTAL	2 154 965
GRAND TOTAL	9 824 755

V. Notes to the financial statements

Note 1: Statement of purpose

The permanent secretariat of the UNFCCC was established on 1 January 1996 with the following purposes:

- (a) To make arrangements for sessions of the COP and its subsidiary bodies established under the Convention and to provide them with services as required
- (b) To compile and transmit reports submitted to it
- (c) To facilitate assistance to the affected developing country Parties on request, particularly those in Africa, in the compilation and communication of information required under the Convention
- (d) To coordinate its activities with the secretariats of other relevant international bodies and conventions
- (e) To enter under the guidance of the COP into such administrative and contractual arrangements as may be required for the effective discharge of its functions
- (f) To prepare reports on the executions of its functions under the Convention and present them to the COP
- (g) To perform such other secretariat functions as may be determined by the COP

Note 2: Accounting policies

The following are the main accounting policies of the UNFCCC:

- (a) Rules and procedures

The accounts of the Convention are maintained in accordance with its own financial procedures,¹ and with the Financial Regulations of the United Nations and the United Nations System Common Accounting Standards (A/48/530) as recognized by General Assembly resolution 48/216 C of 23 December 1993 and subsequent revisions.

Under the financial procedures adopted by the COP the Executive Secretary prepares the administrative core budget for the following biennium and submits it to the COP for its consideration and approval. The approved budget constitutes authority to the Executive Secretary to issue allotments, incur obligations and make payments for the purposes for which the appropriations were approved. For the year 2004, the COP approved a core budget of USD 15,417,307 (or USD 17,495,346 including overheads and adjustment to the working capital reserve) out of which the equivalent of EUR 766,938 is paid by the host Government. The remaining amount is raised by all Parties, which are invited to make contributions based on an adjusted United Nations scale of assessment.

¹ Document FCCC/CP/1995/7/Add.1, decision 15/CP.1, annex.

(b) Accounting convention

The accounts are prepared on the historical cost basis modified to the extent that the cost of all property acquired is charged as an expense in the year of purchase except for the period under review where property donated in kind by the host Government was valued using the average United Nations rate of exchange.

The UNFCCC accounts are maintained on a “fund accounting” basis. Separate funds for general or special purposes may be established by the COP or the Executive Secretary. Each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts.

(c) Income tax refund policy

The UNFCCC salaries are charged to the budget on a net basis during the year in which the services have been rendered. Income tax refunds are charged to the year in which they are made to the staff member.

(d) Unliquidated obligations

Unliquidated obligations are expenditures based on firm obligations entered into but not disbursed in the financial period. Unliquidated obligations for the current period in respect of all UNFCCC activities remain valid for 12 months following the end of the period to which they relate, after which the remaining balance is credited back to the fund.

(e) Cash and term deposits

Funds on deposit in interest bank accounts time deposits and call accounts are shown in the statements of assets and liabilities as cash. All term deposits are placed in line with the United Nations investments policies and guidelines.

(f) Income

- (i) Indicative contributions from Parties to the Convention. Income from indicative contributions is recognized on an accrual basis based on the budget approved by the COP.
- (ii) Voluntary contributions. Voluntary contributions to UNFCCC trust funds, which include funds received under inter-organization arrangements, are recorded as income when received.
- (iii) Interest income. Interest income is based only on amounts received and accrued from cash and term deposits relating to the financial period. Interest due from cash and term deposits made in the financial period but not maturing until future periods is recorded as other accounts receivable (note 7).
- (iv) Miscellaneous income. Refunds of expenditures charged to prior financial periods and net gains on exchange, if any, are credited to miscellaneous income.

- (v) Contributions. All contributions are deposited in bank accounts operated by the UNOG.
- (vi) Translation of currencies. The financial statements of the UNFCCC are presented in United States dollars in accordance with financial regulations and rules of the United Nations (Regulation 6.3.). As per United Nations accounting standards, transactions in other currencies are recorded in United States dollars by applying the United Nations operational rate of exchange at the time of the transaction. Realized exchange losses are charged to the appropriate budgetary account.

Note 3: Expenditures

The total expenditure of USD 28,647,147 in Statement I includes unliquidated obligations of USD 1,618,839.

Salary and personnel costs include salaries and common staff costs of staff members appointed to established posts, salaries of short-term staff, temporary assistance and overtime. They also include fees and travel of external experts, both individual and institutional, which are termed as consultants. Travel includes travel of staff on official mission and of participants. General operating expenses costs include training communications expenses, printing of materials, hospitality, loss on exchange rate, and rental and maintenance of premises. Acquisitions represent goods and supplies acquired by the secretariat. Contributions and grants are payments made to the United Nations for common premises management and the annual contribution to the Intergovernmental Panel on Climate Change, as well as grants provided under the fellowship programme.

Note 4: Prior period adjustments

There were no prior period adjustments during the period.

Note 5: Refund to donors

The refund of USD 501,145 to the Government of Germany on 18 October 2004 represents the unspent balance, from the prior biennium, of the special annual contribution from the Government of Germany (Bonn Fund).

Note 6: Cash and term deposits

	United States dollars
Imprest – Bonn	73 639
Imprest Buenos Aires (COP 10)	165 749
Interest bearing bank deposits maturing within 12 months	<u>17 069 559</u>
Total	17 308 947

Note 7: Other accounts receivable

	United States dollars
Education grant advances	444 801
Travel advances	57 131
Salary advances	9 902
Value added tax	21 997
Accrued interest receivable	107 813
Others	<u>109 982</u>
Total	751 626

Note 8: Other accounts payable

	United States dollars
Repatriation grant payable	30 358
Reserve for appendix D	182 354
Others	<u>32 672</u>
Total	245 384

Note 9: Operating and working capital reserve

A percentage of the total annual expenditure under the voluntary general trust funds is set aside as operating reserves – 15 per cent from the Trust Fund for Supplementary Activities and Trust Fund for the Annual Contribution from the Government of Germany and 10 per cent from the Trust Fund for Participation in the UNFCCC Process. An operating reserve for programme support (Special Account for UNFCCC Programme Support Costs) is maintained at 20 per cent of annual programme support income earned. The working capital reserve is maintained at 8.3 per cent of the total approved budget for 2004 under the core budget (Trust Fund for the Core Budget of the UNFCCC). The reserves are to cover unforeseen shortfalls, uneven cash flows, unplanned costs and other final contingencies. For the reported period there was no need to draw on the reserves and therefore the reserves were reported as being USD 1,369,444 (operating reserve) and USD 1,445,989 (working capital reserve) (Statement II).

Note 10: Programme support

The secretariat retains 13 per cent of the actual expenditures of all established UNFCCC trust funds under a separate account (Special Account for UNFCCC Programme Support Costs) subject to specific exceptions made by the Controller. When a project is shared between UNFCCC and another United Nations agency, programme support charges are also shared between both organizations with the combined amount not exceeding 13 per cent.

Note 11: Nonexpendable inventory

The inventory of nonexpendable property as at 31 December 2004 includes furniture and equipment valued at acquisition cost of USD 3,610,165.

Note 12: Other donations in kind

There were no donations in kind during the period.

Note 13: Other financial implications

In addition to the funds reflected in the above statements in year 2004, UNFCCC received the amount of USD 999,986 from the Government of Argentina for COP 10 held in Buenos Aires. The expenditures, which include USD 623,971 unliquidated obligations, amounted to USD 831,992.

	United States dollars
Income received from the Government of Argentina	999 986
Expenditures	
Travel of staff members to service COP 10	702 425
Security charges	34 128
Logistics and other expenses	55 820
Programme support costs	39 619
Total expenditures	831 992
Balance as at 31 December 2004	167 994

The net payable amount to the Government of Argentina as at 31 December 2004 amounted to USD 167,994. The balance will be refunded to the Government upon closure of the account.
