

**Financial report of the BIML Director****I - FINAL ACCOUNTS FOR 2006**

The final OIML accounts for 2006, which have been assessed by the external accountant (whose report is being sent separately), show the following result:

PROFIT AND LOSS ACCOUNT	2005	2006
OPERATING INCOME		
Member State contributions	1 262k€	1 275 k€
Other operating income	131k€	100 k€
TOTAL OPERATING INCOME	1 393k€	1 375 k€
OPERATING CHARGES		
Staff charges	928 k€	1 032 k€
Travel and meetings	172 k€	203 k€
Depreciation	50 k€	59 k€
Endowment to Provisions	114 k€	164 k€
Other operating charges	235 k€	148 k€
TOTAL OPERATING CHARGES	1 499k€	1 605 k€
OPERATING RESULT	-106k€	-230 k€
Financial income	22k€	16 k€
Financial charges	0k€	0 k€
FINANCIAL RESULT	22k€	16 k€
Extraordinary income	74k€	8 k€
Extraordinary charges	-222k€	-37 k€
EXTRAORDINARY RESULT	-148k€	-29 k€
NET SURPLUS / DEFICIT	-232 k€	-243 k€

Comments

- The operating income decreased by 18 k€, mainly due to a decrease in income from the OIML Certificate System and the MAA.
- The increase in staff charges was due to two factors: one staff member was part time in 2005 and became full time in 2006, and one position which was vacant during most of 2005 was filled in March 2006. This increase was almost offset by efforts to save on other operating charges. The staff charges plus other operating charges globally increased by 17 k€(1.5 %).
- Travel and meetings costs increased by 31 k€. This is due to an exceptional increase of 8 k€ for the recruitment of an Assistant Director (travel of the candidates), to increased activity with the liaison organizations (ILAC, ISO, WTO) and to increased support provided to TCs/SCs.

- Depreciation increased by 9 k€(recent renovation work in the BIML premises),
- The endowment to provisions increased by 50 k€, due to an increase in the endowment to the provision for pensions. A separate report will be given on the OIML Pension System.
- Financial income decreased by 6 k€ due to the low interest rate (2 %) in the EURO zone countries.

These factors amount to 131 k€, so that despite the decrease of about 120 k€ in the extraordinary expenses (50th anniversary of the OIML in 2005), the final deficit was rather similar to the deficit of 2005.

Other operating income	2005	2006
Corresponding Member fees	54 k€	55 k€
Subscriptions to the Bulletin	6 k€	5 k€
Sales of publications	0 k€	0 k€
OIML Certificates	27 k€	19 k€
Tax refund	0 k€	0 k€
Translation Center	16 k€	16 k€
MAA - DoMCs	28 k€	2 k€
Miscellaneous	0 k€	3 k€
Total other operating income	131 k€	100 k€

Staff charges	2005	2006
Salaries	664 k€	747 k€
Allowances	40 k€	40 k€
Social Security charges	147 k€	166 k€
Family allowances	25 k€	26 k€
MAA Staff charges	0 k€	0 k€
Pensions	51 k€	52 k€
Total staff charges	928 k€	1032 k€

Travel and meetings	2005	2006
Travel and accommodation	92 k€	164 k€
Receptions	0	17 k€
Meeting costs	81 k€	21 k€
Total travel and meetings	172 k€	203 k€

Depreciations and provisions	2005	2006
Endowment to the Pension Fund	164 k€	215 k€
Use of a provision (pensions)	- 51 k€	- 52 k€
Depreciation	50 k€	59 k€
Total depreciations and provisions	164 k€	223 k€

Other operating charges	2005	2006
Premises	57 k€	59 k€
Office	82 k€	29 k€
Bulletin	51 k€	32 k€
Printing	0 k€	0 k€
Documentation	21 k€	15 k€
Correspondence	24 k€	13 k€
Miscellaneous	0 k€	0 k€
Total other operating charges	235 k€	148 k€

Extraordinary charges	2005	2006
Reception - OIML 50th Anniversary	186 k€	
Expert studies	16 k€	37 k€
Others	20 k€	
Total extraordinary charges	222 k€	37 k€

II - ANALYTICAL ACCOUNTS

The analytical accountancy records external charges directly chargeable as follows:

- Presidential Council: Meetings of the Presidential Council, special meetings organized by the CIML President (travel, accommodation, receptions).
- CIML Meetings
- Follow-up of TCs/SCs
- OIML Certificates
- Bulletin
- Publications
- RLMOs
- Liaisons
- MAA
- Developing countries
- Seminars and Conferences

The repartition of the human resources over the different domains of activity was as below:

Domain of activity	2005	2006
Presidential Council	0.5	0.6
CIML Meeting	1.2	1.1
Follow-up of TCs/SCs	1.3	2.1
OIML Certificates	0.2	0.2
Bulletin	0.3	0.3

Domain of activity	2005	2006
Publications	0.6	0.8
RLMOs	0.1	0.2
Liaisons	0.3	0.5
MAA	0.9	0.6
Developing Countries	0.3	0.2
Seminars and Conferences	0.1	0.3
Administration and secretariat	4.2	4.1
Total	9.9	10.8

The analytical accounts gave the following results concerning the costs of the various domains of activity.

Domain of activity (2005 value)	Direct external costs	Direct Staff costs	Total
Presidential Council	10.9k€(7.6 k€)	73.1k€(66.4 k€)	84.0k€(74.0 k€)
CIML Meeting (without the OIML Anniversary)	89.4k€(88.1 k€)	119.9k€(125.7 k€)	209,3k€(213.8 k€)
Follow-up of TCs/SCs	9.2k€(0.7 k€)	193.8k€(125.2 k€)	203,0k€(125.9 k€)
OIML Certificates	-19.3k€(-27.0 k€)	18.0k€(12.3 k€)	-1,3k€(-14.6 k€)
Bulletin	25.7k€(24.0 k€)	30.2k€(30.6 k€)	55,9k€(54.6 k€)
Publications	8.3k€(20.1 k€)	76.6k€(60.9 k€)	84,9k€(81.0 k€)
RLMOs	6.7k€(0.9 k€)	17.3k€(7.5 k€)	24,1k€(8.5 k€)
Liaisons	38.1k€(6.2 k€)	53.6k€(36.3 k€)	91,7k€(42.5 k€)
MAA	14.5k€(-5.4 k€)	57.0k€(77.6 k€)	71,5k€(72.2 k€)
Developing Countries	15.4k€(20.6 k€)	22.9k€(28.4 k€)	38,4k€(49.0 k€)
Seminars and Conferences	5.6k€(0.7 k€)	33.2k€(14.3 k€)	38,8k€(15.0 k€)

Indirect staff costs (Administration and Secretariat), not allocated to specific tasks	276.8 k€(280.0 k€)
General operating costs (Premises, office, etc.)	443.3 k€(304.9 k€)

Comments

- The CIML Meeting costs include:
 - Contribution of the OIML to the meeting costs: 20 000 €
 - OIML reception: 7 700 €
 - Travel and accommodation of the BIML staff (preparation of the meeting and meeting): 40 000 €
 - Travel and accommodation of invited experts (Past presidents, PWGDC Chair, Developing Countries, candidate to the position of Assistant Director): 16 300 €
 - Miscellaneous costs (secretariat rooms, leaflet, invitations, etc.): 5 400 €

- The increase in operating costs is due, for a large part, to the increase in the endowment to the provision for pensions (see I).
- The increase in the follow-up of technical work was quite substantial (from 1.3 to 2.1 technical staff). The cost of this activity increased in the same proportion but allowed the work to be accelerated and enabled a number of essential projects to be completed (liquid metering, gas metering for example).
- The activity related to RLMOs and liaisons increased, in particular concerning liaisons with the BIPM, ILAC, IAF and ISO. The MoUs with these liaisons have been or are being revised.
- Participation in Seminars and conferences also increased, in particular a presentation of OIML activity during the APMP Meeting in New Delhi.
- The MAA workload decreased, as initially planned (from 0.9 to 0.6 persons, including administration and secretariat). However, the issuing of Certificates under the MAA only started in 2007 so the MAA analytical account does not show any income in 2006. A separate report will be given on the MAA implementation and perspectives.

III - PERSPECTIVES FOR 2007 COMPARED WITH 2006

Operating income:

- Increase in the base contributory share minus a decrease of 1 Member State: **12 k€**
- One additional Corresponding Member: **3.5 k€**

Staff charges:

- General inflation (2.5 %) plus increase in the number of staff members (2 %): **45.5 k€**
- One additional Assistant Director during 8 months: **83 k€**
- Increase in social security charges (see provisions for pensions): **41.5 k€**
- Increase in the allowances (see provisions for pensions): **6.5 k€**

Travel and meetings

- Same as in 2006

Provision for pensions

- Most of the active staff members enrolled in the OIML pension system will be transferred to other systems. This should reduce the endowment to the provision for pensions by about **150 k€** compared with 2006.

2007 Result

According to this the 2007 result should be similar to that of 2006, i.e. a **deficit** of about **250 k€**

IV - PERSPECTIVES FOR 2008

The exceptional expense related to one additional Assistant Director will not continue in 2008, reducing the staff charges by 83 k€ compared with 2007.

The increase in the contributory shares of certain countries will come into force, generating an additional income of 270 k€

The 2008 result should then be a **surplus** of about **100 k€**

V ASSETS AND LIABILITIES

The evolution of the assets and liabilities between 2005 and 2006 is the following:

Assets	31/12/2006	31/12/2005
Short term assets	1 434.0 k€	1 546.1 k€
Long term financial assets	75.1 k€	72.4 k€
Building and fittings	152.3 k€	144.8 k€
Equipment and furniture	111.5 k€	85.2 k€
Total assets	1 772.9 k€	1 848.5 k€
Liabilities		
Short term liabilities	131.8 k€	128.8 k€
Long term (provision for pensions)	1 575.8 k€	1 412.2 k€
Capital + Reserve + Result	65.3 k€	307.5 k€
Total liabilities	1 772.9 k€	1 848.5 k€

Comments

- The short term liabilities include
 - advance payments of Member States and Corresponding Members,
 - payments to be made to retired staff under the OIML Pension Scheme,
 - social security charges pertaining to the financial year and not yet paid,
 - reimbursement of some advance payments received.
- The long term liabilities consist of the Provision for pensions
- The capital plus reserves had a noticeable decrease, due to the deficit explained in section 1. However the short term assets decreased by about 100 k€ only (although the deficit was 243 k€) and there is no problem concerning the short and medium term cashflow of the Organization.
- The capital plus reserves should still decrease in 2007 and should be negative (about – 185 k€) at the end of 2007, but they should then be recovered as from 2008.



J.F. Magaña
BIML Director