



**Report on the management of the BIML
for the financial period 2001 – 2004**

The external auditors' reports for the financial years 2000, 2001, 2002 et 2003 are attached to this report. This document's annexes detail the financial estimates for 2004.

1 PRESENTATION IN THE STYLE USED PREVIOUSLY

a) General comments

The table shown in Annex 1 (figures converted to Euros) summarises the results for these financial years and presents the estimates for the year 2004, comparing the results and estimates for 2004 with the budget voted by the 10th Conference for the financial year 2000 and that voted by the 11th Conference for the financial years 2001 to 2004.

Comparison of the budget voted and that realised shows the following deviations:

- differences in the estimated receipts, due to caution in the forecasts made in 1996 for the financial year 2000 and in 2000 for the financial years 2001 to 2004 (Member State contributions, sales of publications and tax reimbursements being higher than predicted);
- a slight decrease in voluntary contributions compared with those estimated (Corresponding Members' subscriptions and contributions to the Translation Centre);
- a difference in publication and correspondence costs (Bulletin and printing of publications, postage expenses) which were lower than estimated;
- a difference in the meetings expenses (CIML Meetings and Conference, as well as Technical Committee and Subcommittee meetings organised and paid for by the Bureau) which were overall higher than estimated;
- exceptional expenses higher than estimated, taking account of the decisions of the 11th Conference.

Overall, except for financial years 2002 and 2003, where specific exceptional expenses caused deficits (study, digitisation of publications, rental contract termination penalties), the realisation of the budget has resulted in an operating result which conforms with the budgetary estimates, allowing for the above deviations.

b) Details of exceptional expenses

The exceptional expenses for the financial period 2000 to 2004 were as follows:

- For the record, the extra salary expenses caused by the increased number of personnel during the change of the Bureau's Director in 2001 and 2002 were charged directly to the Reserve Fund, according to the CIML's decision.
- The exceptional expenses for 2000 consist mainly of the costs of organising a OIML/WTO/SDM seminar at the end of 2000 (17 800 €), of which 13 200 € were reimbursed by the French Government.

- The exceptional expenses for 2001 comprise:
 - loans to personnel of 60 370 €
 - costs of temporary personnel for 7 924 € to convert OIML publications to electronic documents (this work was conducted in 2002).
- The exceptional expenses for 2002 comprise:
 - loans to personnel of 36 000 €
 - costs of temporary personnel for 33 660 € (completion of the digitisation of OIML publications),
 - costs and fees for the study conducted by Mr. Birch (conducted in 2003), for 19 439 €
- The exceptional expenses for 2003 comprise:
 - loans to personnel of 53 000 €
 - the completion of Mr. Birch's study, for 17 133 €
 - penalties for the termination of the photocopier rental contract for 20 714 € The new photocopiers, bought by the Bureau for 67 k€ (included in the immediate depreciations of equipment in the "Office" accounts), save 30 k€ per year in rental fees.
- The estimated exceptional expenses for 2004 include the cost of works to extend and convert the BIML's premises, so as to provide office space for the extra member of staff to be recruited in 2005 to implement the MAA, to provide an office which may be used by the President and Vice-Presidents when they are at the BIML, and to redevelop the BIML's Documentation Centre. These works are estimated at 75 000 €

Exceptional expenses also included provisions for bad debts, of 163 k€ at the close of the financial year 2002, plus 4 k€ in 2003. These provisions for bad debts are a burden on the 2002 results, but they should have been allocated progressively in the past as they arose. In this way, the item "Net Member States' debts", which appears on the assets from the end of 2002, is from then on representative of the value of this asset.

1 PRESENTATION IN THE FORM OF REVENUE AND EXPENSES

a) Rules adopted

Annex 2 (also in Euros) presents the results proforma, according to the proposed future accountancy rules proposed to the Conference in the draft revision of the *Financial Regulations*:

- Loans to personnel and the repayments of these loans are excluded from the expenses account since they represent transfers between items of the assets (personnel debts are a new asset account).
- Works which results in an increase in value of the building (for example, an increase in the office space) are depreciated over ten years.
- Fixed assets are depreciated over five years, and three years for IT equipment (these depreciations have been roughly estimated, but will be accurately assessed when the new *Financial Regulations* are implemented).
- Expenses which are contractually partially reimbursed by a partner (for example grants) are reduced by the amount of this reimbursement. The latter will no longer appear as "miscellaneous revenue" but in a suspense account.
- The additional endowment to the Reserve Fund, voted by the 11th Conference, has been added to the personnel expenses when necessary.

This annex presents the following accounts according to the standard format: operating revenue and expenses, operating result, - financial revenue and expenses, current result extraordinary revenue and expenses, net accounting results. In particular, the Translation Centre has been considered as extraordinary revenue.

b) Comments

For the operating account, this second annex shows the stability of the balanced budget: the operating result, averaging 15 k€ is modulated by the variation in meetings expenses and by the cost of printing and distributing the Recommendations and Documents approved by the CIML.

Financial charges are zero (the OIML does not borrow), and the financial revenue is stable at around 37 k€(equivalent to three Member State base contributory shares).

The extraordinary revenue (Translation Centre) is stable at 12 k€(equivalent to one Member State base contributory share).

The miscellaneous expenses are on average in the order of 10 to 12 k€ to which is added, for the financial period 2001 – 2004, the following exceptional expenses:

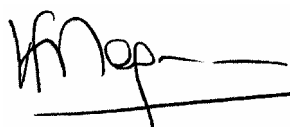
- study on the benefits of legal metrology to the economy and society (37 k€);
- conversion of OIML publications for publication on the internet (42 k€);
- photocopier rental contract termination penalties (21 k€);
- non-depreciable works to improve the BIML's premises (40 k€). The depreciation over ten years of the depreciable part of these works, or 3.5 k€ per year, is included in the annual accommodation expenses.

These works on the BIML's premises, which are necessary in 2004, will create a deficit of 40 k€ in 2004 (3 % of the financial year's expenses). It should be noted that this deficit is of the same order as the additional endowment to the Pension Fund, voted at the 11th Conference, and which will not be extended to the financial period 2005 – 2008.

c) Evolution of the Reserve Fund

The Reserve Fund has been reduced, principally due to the provisions for bad debts recorded in 2002 and 2003, at the same time as the assets item "Member States' debts" was reduced. The Reserve Fund is no more than 1 232 k€ at the end of 2003, or 94 % of the operating costs, compared with 135 % at the beginning of the financial period, and is estimated that it will be 1 150 k€ at the end of 2004, or 86 % of the operating costs.

However it must be noted that the Reserve Fund will have to be assessed, together with the assets, when the new *Financial Regulations* are implemented



J.F. Magaña
BIML Director