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Agenda item 11(b)

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**WORLD MARITIME UNIVERSITY**

**(b) Budget**

**Note by the Secretary-General**

**SUMMARY**

<i>Executive summary:</i>	This document provides information on the budget of the World Maritime University for 2016 and 2017
<i>Strategic direction:</i>	3
<i>High-level action:</i>	3.1.3
<i>Output:</i>	3.1.3.1
<i>Action to be taken:</i>	Paragraph 14
<i>Related document:</i>	C 116/11(a)

1 Article 38 of the Charter of the World Maritime University (WMU) stipulates that the budget of the University, as approved by the WMU Board of Governors (referred to below as "the Board of Governors" or "the Board"), shall be transmitted to the Council together with the report of the Board of Governors. The Council, at its 114th session, was provided with information relating to the 2015 and 2016 Budget Estimates of the University. This document provides an update on the information provided regarding the Revised Budget for 2016 and information in relation to the Initial Budget for 2017.

**REVISED BUDGET FOR 2016**

2 At its thirty-third session, on 17 and 18 May 2015, the Board of Governors adopted the Initial Budget for 2016 and empowered the Executive Board to review the approved amendments to the budget and to make such adjustments as it deemed necessary to ensure the efficient functioning of the University. The adjustments and any required changes, since the last session of the Executive Board, were reported to this year's session of the Board of Governors, on 23 and 24 May 2016, and were approved by the Board.

3 The 2016 Revised Budget, as approved by the Board, projects a total operational revenue of SEK 113,204,000, which is 3% higher than the SEK 109,884,000 in the 2016 Initial Budget; a total operational expenditure of SEK 106,994,000, which is 2% higher than SEK 100,734,000 in the 2016 Initial Budget; and a surplus of SEK 6,516,000, which is 29% lower than the SEK 9,150,000 in the 2016 Initial Budget and is set out in annex 1. The decrease in the surplus of SEK 2,940,000 in the 2016 Revised Budget is the total effect of the increase in the total revenue of SEK 3,320,000 and an increase in the total expenditure of SEK 6,260,000. The table below shows the breakdown of the 2016 Revised Budget by major components of revenue and expenditure with comparative figures for 2016 Initial Budget, Actual 2014 and 2015 Financial Outcome.

**Table 1**  
**Comparison of actual outcome for 2014 and 2015**  
**and initial and revised budget for 2016**  
**(in thousands SEK)**

<b>Category</b>	<b>2014 Actual Outcome</b>	<b>2015 Actual Outcome</b>	<b>2016 Initial Budget</b>	<b>2016 Revised Budget</b>
<b>Revenue</b>				
Donor Contribution	36,971	37,358	36,176	41,475
Fellowships and Fees	49,079	44,778	51,825	53,402
Commercial & RGA	19,035	13,953	19,484	16,440
Other Revenue	17,480	3,523	2,399	1,887
<b>Revenue from Operation</b>	<b>122,565</b>	<b>99,612</b>	<b>109,884</b>	<b>113,204</b>
<b>Expenditure</b>				
Staff & Other Personnel Costs	55,215	51,775	54,875	58,634
Travel	4,206	3,710	5,301	4,324
Supplies and Consumables	10,927	10,565	8,746	13,501
Cost of Sales of Inventory	917	81	51	100
Outsourced Services	2,810	3,386	3,628	3,742
Student Direct and Training	25,566	21,486	22,152	22,152
Currency Exchange Difference	0	-3,733	0	0
Depreciation	1,550	1,780	3,459	1,300
Other Expenses	12,997	1,383	2,522	2,248
<b>Expenditure from Operation</b>	<b>114,188</b>	<b>90,433</b>	<b>100,734</b>	<b>106,994</b>
<b>Surplus/(Deficit)</b>	<b>8,377</b>	<b>9,179</b>	<b>9,150</b>	<b>6,210</b>

4 The 2016 Revised Budget reflects the following: the projected intake of around 138 new students and six accelerated students to the M.Sc. programme at WMU's Malmö campus for the year, which is higher than the previously projected intake of 100 new students and none for accelerated students; the projected 150 students in the Postgraduate Diploma Programme under the University's Outreach compared to the 196 students in the 2016 Initial Budget; and other changes in the work programme and planned activities in 2016.

5 The General Fund Reserve and the three other funds (the Working Capital Fund, the Exchange Rate Adjustment Fund and the Special Reserve Fund), after taking into account the projected surplus of SEK 6,210,000 will have a total balance of SEK 63,932,509 as at 31 December 2016. The table below shows the fund balances and movements at 31 December for the years 2013 to 2016.

**Table 2**  
**Reserve and Fund Balances**  
**(General Fund)**  
**as at 31 December 2013 to 2016**  
**(in SEK)**  
*(the figures for 2016 are projected figures)*

Fund	2013	2014	2015	2016
<b>General Fund Reserve as at 1 January</b>	35,424,644	38,758,094	35,437,341	44,616,332
Surplus	4,631,050	8,376,631	9,178,991	6,210,000
Appropriation from the General Reserve Fund:				
Currency Exchange Difference	0	-10,430,236	0	
New President Recruitment Cost	0	-914,436	0	
ERP Cost	-1,297,600	-352,712	0	-4,173,000
Development Cost for the Endowment Fund	0	0	0	-850,000
Total Appropriation	-1,297,600	-11,697,384	0	-5,023,000
<b>General Fund Reserve as at 31 December</b>	<b>38,758,094</b>	<b>35,437,341</b>	<b>44,616,332</b>	<b>45,803,332</b>
<b>Working Capital Fund</b>	<b>6,488,000</b>	<b>7,852,000</b>	<b>8,481,600</b>	<b>8,481,600</b>
<b>Exchange Rate Adjustment Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Special Reserve Fund*</b>	<b>0</b>	<b>3,317,011</b>	<b>6,482,294</b>	<b>9,647,577</b>
<b>Total Reserve &amp; Fund Balances, 31 December</b>	<b>45,246,094</b>	<b>46,606,352</b>	<b>59,580,226</b>	<b>63,932,509</b>

\* Financial assistance from IMO towards building the University's reserves.

## INITIAL BUDGET FOR 2017

### Overview

6 At its thirty-fourth session, on 23 and 24 May 2016, the Board of Governors adopted the Initial Budget for 2017 and empowered the Executive Board to review the approved amendments to the budget and to make such adjustments as it deemed necessary to ensure the efficient functioning of the University. The Initial Budget for 2017 is set out in annex 2.

7 The Initial Budget for 2017 projects a total operational revenue of SEK 128,218,000 which is 13% higher than the SEK 113,204,000 in the 2016 Revised Budget; a total operational expenditure of SEK 116,167,000, which is 9% higher than the SEK 106,994,000 in the 2016 Revised Budget; and a surplus of SEK 12,051,000, which is 94% higher than the SEK 6,210,000 in the 2016 Revised Budget. The table below shows the 2017 Initial Budget revenue and expenditure for 2017 by major components of revenue and expenditure with comparative figures for the Initial and Revised Budget for 2016.

**Table 3**

**Comparison of initial and revised budget for 2016 and the initial budget for 2017  
(in thousands SEK)**

<b>Category</b>	<b>2016 Initial Budget</b>	<b>2016 Revised Budget (A)</b>	<b>2017 Initial Budget (B)</b>	<b>Variance (B – A)</b>	<b>% Variance</b>
<b>Revenue</b>					
Donor Contribution	36,176	41,475	43,965	2,490	6%
Fellowships and Fees	51,825	53,402	65,926	12,524	24%
Commercial & Revenue Generating Activities	19,484	16,440	16,440	0	0%
Other Revenue	2,399	1,887	1,887	0	0%
<b>Revenue from Operations</b>	<b>109,884</b>	<b>113,204</b>	<b>128,218</b>	<b>15,014</b>	<b>13%</b>
<b>Expenditure</b>					
Staff & Other Personnel Costs	54,875	58,634	68,619	9,985	17%
Travel	5,301	4,324	4,154	-170	-4%
Supplies and Consumables	8,746	13,501	10,927	-2,574	-19%
Cost of Sales of Inventory	51	100	100	0	0%
Outsourced Services	3,628	3,742	3,742	0	0%
Student Direct and Training	22,152	23,145	25,077	1,932	8%
Depreciation	3,459	1,300	1,300	0	0%
Other Expenses	2,522	2,248	2,248	0	0%
<b>Expenditures from Operations</b>	<b>100,734</b>	<b>106,994</b>	<b>116,167</b>	<b>9,173</b>	<b>9%</b>
<b>Surplus/(Deficit)</b>	<b>9,150</b>	<b>6,210</b>	<b>12,051</b>	<b>5,841</b>	<b>94%</b>

8 A higher total revenue in the 2017 Initial Budget than in the 2016 Revised Budget by SEK 15,014,000 is the net effect of:

- .1 funding for the Ocean Policy Research Institute;
- .2 the increase in Fellowships and Fees on the accrued 11 months financial impact of the higher number of students intake in 2016; and
- .3 a decrease in contributions accounted for the funding made in the marketing and development of the Endowment Fund considered only in 2016 and none in 2017.

9 The 2017 Initial Budget would also require an increase in the total expenditure than in the 2016 Revised Budget by SEK 9,916,000, which is primarily attributed to an:

- .1 increase in staff and other personnel costs to cover the yearly salary increment of all staff and the full year term staff cost in 2017 of five recruited staff who were budgeted for less than a full year staff cost in 2016;
- .2 full costing of the effect of the job classification outcome;

- .3 the cost of the newly recruited staff in the Ocean Policy Research Institute;
- .4 the cost associated with the recruitment of new Director level post for Finance and Operation; and
- .5 the additional subscription fee for the new Enterprise Resource Programming (ERP) system.

### Student Body

10 The student intake at the Malmö campus is projected at 141 new students, 132 continuing students and seven accelerated students for the M.Sc. programme; and 28 Ph.D. new and continuing students, yielding a total student enrolment of 308 in 2017 at the Malmö campus. The table below shows the comparative figures for the actual outcome for years 2014 and 2015, the Revised Budget 2016, and the 2017 Initial Budget.

**Table 4**  
**Malmö campus and Outreach Programme**  
**Student figures**

<b>Student Intake</b>	<b>Actual 2014</b>	<b>Actual 2015</b>	<b>Revised Budget 2016</b>	<b>Initial Budget 2017</b>
M.Sc. Programme Malmö (annual intake of the year)	101	108	132	141
M.Sc. Programme Malmö (graduates of the year)	117	101	108	132
Accelerated (intake and graduates of the same year)	7	6	6	7
Ph.D. Programme Malmö (intake and continuing)	25	28	28	28
<b>Total Malmö</b>	<b>250</b>	<b>243</b>	<b>274</b>	<b>308</b>
M.Sc. Programme Shanghai (annual intake)	26	27	27	27
M.Sc. Programme Dalian (annual intake)	49	46	46	46
Postgraduate Diploma Programme (annual intake)	30	126	150	150
<b>Total Outreach</b>	<b>105</b>	<b>199</b>	<b>223</b>	<b>223</b>
<b>Grand Total</b>	<b>355</b>	<b>442</b>	<b>497</b>	<b>531</b>

11 The projected students of 308 at the Malmö campus under the M.Sc. and Ph.D. Programmes are considered realistic in 2017 with assurances and confirmed agreement from sponsors. The total student intake at the Malmö campus will be supplemented by the yearly enrolment in the Outreach Programme of 73 students in Shanghai and Dalian Maritime campuses; 20 students under the Postgraduate Diploma Programme in Marine Insurance; and 130 students in the Distance Learning Programme, thus making a sound enrolment figure of 531 students globally.

**Differences between 2017 Initial Budget and 2016 Revised Budget***Revenue*

12 As shown in annex 2, the projected total revenue of SEK 128,218,000 in the 2017 Initial Budget is higher than the projected total revenue of SEK 113,204,000 in the 2016 Revised Budget. The difference of SEK 15,014,000 is accounted for as follows:

- .1 SEK 2,490,000 net increase in Donor Contribution represents:
  - .1.1 contributions of SEK 7,640,000 towards the funding of the Ocean and Policy Research Institute;
  - .1.2 SEK 6,790,000 decrease in the funding of the new ERP which is a one-off investment cost in 2016; and
  - .1.3 a decrease in contribution of SEK 850,000 towards the funding for the marketing and development structure of the Endowment Fund as allotment is only for 2016; and
- .2 SEK 12,524,000 increase in Fellowships and Fees is mainly due to a higher number of student intakes in 2016 and a much improved projected student intake in 2017.

*Expenditure*

13 As shown in annex 2, the projected total expenditure of SEK 116,167,000 in 2017 Initial Budget is higher than the projected total expenditure of SEK 106,994,000 in the 2016 Revised Budget. The difference of SEK 9,173,000 is accounted as follows:

- .1 SEK 9,985,000 increase in Staff and Other Personnel Costs accounts for:
  - .1.1 additional staff cost relating to full year salaries and allowances of five staff recruited during 2016;
  - .1.2 staff cost of five staff to be recruited in 2017 for Ocean and Maritime Policy Research Institute;
  - .1.3 salary increment for Professional Staff, and inflationary salary increase for the General Service Staff; and
  - .1.4 cost associated with the recruitment and establishment of the position of Chief of Finance and Operation;
- .2 SEK 170,000 decrease in Travel represents the adjustment required for the cost allocated to the launching of the Endowment Fund-raising activities in 2016;
- .3 SEK 2,574,000 net decrease in Supplies, Consumables & Other Running Costs covers the additional organizational and operational cost of the Ocean Policy Research Institute; the subscription fee for the new ERP system; and, the reduction of the one off implementation cost for the new ERP incurred only in 2016; and

- .4 SEK 1,932,000 increase in Student Direct and Training Costs is the corresponding cost for the higher student intake in 2016 covering the 11 months period of presence in 2017, and a much higher number of new student intake in 2017.

**Action requested of the Council**

14 The Council is invited to take note of the information contained in this document, to comment, as it may deem necessary and to:

- .1 note the University's Revised Budget for 2016 and Initial Budget for 2017 as set out in annexes 1 and 2;
- .2 welcome the efforts by the University's management to attract additional income; and
- .3 reiterate its appreciation to those Governments and organizations that supported the University financially, and through the provision of fellowships, and, in particular, to the Government of Sweden and the City of Malmö.

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## ANNEX 1

Revised Budget for 2016  
(in thousands of SEK)

Category	Central Unit	Academic Malmö	Outreach Programme	PDCs & Conferences	Research, PhDs & Consultancy	Commercial & RGA	2016 Revised Budget	2016 Initial Budget	Variance Increase/-Decrease	% of Variance
<b>Revenue</b>										
Donor Contribution	30,573	10,902	0	0	0	0	41,475	36,176	5,299	15%
Fellowships and Fees	0	44,417	0	0	723	8,847	53,402	51,825	1,577	3%
Commercial & Revenue Generating Activities	0	0	9,959	2,892	2,634	955	16,440	19,484	-3,044	-16%
Other Revenue	1,845	42	0	0	0	0	1,887	2,399	-512	-21%
<b>Revenue from Operation</b>	<b>32,418</b>	<b>55,361</b>	<b>9,959</b>	<b>2,892</b>	<b>3,357</b>	<b>9,802</b>	<b>113,204</b>	<b>109,884</b>	<b>3,905</b>	<b>3%</b>
<b>Expenditure</b>										
Staff and Other Personnel Costs	22,927	27,518	3,783	873	2,695	838	58,634	54,875	3,759	7%
Travel	2,037	1,557	178	232	320	0	4,324	5,301	-977	-18%
Supplies, Consumables & Other Running Costs	10,994	1,005	118	701	102	581	13,501	8,746	4,755	54%
Cost of Sales of Inventory	0	0	0	0	0	100	100	51	49	96%
Outsourced Services	2,062	0	0	0	0	1,680	3,742	3,628	114	3%
Student Direct and Training Costs	351	15,023	20	0	0	8,030	23,145	22,152	993	4%
Depreciation	1,300	0	0	0	0	0	1,300	3,459	-2,159	-62%
Other Expenses	2,107	48	66	17	10	0	2,248	2,522	-274	-11%
<b>Expenditure from Operation</b>	<b>41,778</b>	<b>45,151</b>	<b>4,165</b>	<b>1,823</b>	<b>3,127</b>	<b>11,229</b>	<b>106,994</b>	<b>100,734</b>	<b>6,539</b>	<b>6%</b>
<b>Surplus/-Deficit</b>	<b>-9,360</b>	<b>10,210</b>	<b>5,794</b>	<b>1,069</b>	<b>230</b>	<b>-1,427</b>	<b>6,210</b>	<b>9,150</b>	<b>-2,940</b>	<b>-32%</b>

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**ANNEX 2****Initial Budget for 2017  
(in thousands SEK)**

<b>Category</b>	<b>Central Unit</b>	<b>Academic Malmö</b>	<b>Outreach Programme</b>	<b>PDCs &amp; Conferences</b>	<b>Research, PhDs &amp; Consultancy</b>	<b>Commercial &amp; Revenue Generating Activities</b>	<b>2017 Initial Budget</b>	<b>2016 Revised Budget</b>	<b>Variance Increase -Decrease</b>
<b>Revenue</b>									
Donor Contribution	25,423	10,892	0	0	7,650	0	43,965	41,475	2,490
Fellowships and Fees	0	54,836	0	0	722	10,368	65,926	53,402	12,524
Commercial & Revenue Generating Activities	0	0	9,959	2,892	2,634	955	16,440	16,440	0
Other Revenue	1,845	42	0	0	0	0	1,887	1,887	0
<b>Revenue from Operation</b>	<b>27,268</b>	<b>65,770</b>	<b>9,959</b>	<b>2,892</b>	<b>11,006</b>	<b>11,323</b>	<b>128,218</b>	<b>113,204</b>	<b>15,014</b>
<b>Expenditure</b>									
Staff and Other Personnel Costs	24,386	29,627	3,795	875	9,099	837	68,619	58,634	9,985
Travel	1,867	1,557	178	232	320	0	4,154	4,324	-170
Supplies, Consumables & Other Running Costs	7,170	1,005	118	701	1,352	581	10,927	13,501	-2,574
Cost of Sales of Inventory	0	0	0	0	0	100	100	100	0
Outsourced Services	2,062	0	0	0	0	1,680	3,742	3,742	0
Student Direct and Training Costs	351	16,676	20	0	0	8,030	25,077	23,145	1,932
Depreciation	1,300	0	0	0	0	0	1,300	1,300	0
Other Expenses	2,107	48	66	17	10	0	2,248	2,248	0
<b>Expenditure from Operation</b>	<b>39,243</b>	<b>48,913</b>	<b>4,177</b>	<b>1,825</b>	<b>10,781</b>	<b>11,228</b>	<b>116,167</b>	<b>106,994</b>	<b>9,173</b>
<b>Surplus/-Deficit</b>	<b>-11,975</b>	<b>16,857</b>	<b>5,782</b>	<b>1,067</b>	<b>225</b>	<b>95</b>	<b>12,051</b>	<b>6,210</b>	<b>5,841</b>