

COUNCIL
118th session
Agenda item 12(b)

C 118/12(b)
30 June 2017
Original: ENGLISH

WORLD MARITIME UNIVERSITY

(b) Budget

Note by the Secretary-General

SUMMARY

Executive summary: This document provides information on the budget of the World Maritime University for 2017 and 2018

Strategic direction: 3

High-level action: 3.1.3

Output: 3.1.3.1

Action to be taken: Paragraph 12

Related documents: C 118/12(a) and C 118/12(c)

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 116th session, was provided with information relating to the 2016 and 2017 budget estimates of the University. This document provides an update on the information regarding the revised budget for 2017 and information in relation to the initial budget for 2018.

Revised budget for 2017

2 At its thirty-fourth session, from 23 to 24 May 2016, the Board of Governors adopted the initial budget for 2017 and empowered the Executive Board to review and approve the 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 31 May and 1 June 2017, and were approved by the Board.

3 Annex 1 sets out the 2017 revised budget approved by the Board and reflected a total operational revenue of SEK 150,502,000 which is 17% higher than the SEK 128,218,000 which was initially projected; a total operational expenditure of SEK 121,526,000 which is 5%

higher than the SEK 116,167,000 as reflected in the initial budget for 2017; and an operational surplus of SEK 28,976,000 which is 140% higher than the SEK 12,051,000 as reflected in the initial budget for 2017. The increase in the surplus of SEK 16,925,000 in the 2017 revised budget is the net effect of the increase in the total revenue of SEK 22,284,000 and an increase in the total expenditure of SEK 5,359,000. Table 1 below shows the actual outcome for 2016, the initial and revised budget for 2017 and the major components of revenue and expenditure.

Table 1
Comparison of actual outcome for 2016 and
initial and revised budget for 2017 with
variance and percentage
(in thousands SEK)

	2016	2017		2017 Variance Initial vs Revised	
	Actual Outcome	Initial Budget	Revised Budget	Variance	Percentage
REVENUE					
Donor Contributions	38,688	43,965	50,726	6,761	15%
Fellowships and Fees	52,137	65,926	79,791	13,865	21%
Commercial and Revenue-generating Activities	14,509	16,440	16,014	-426	-3%
Other Revenue	4,126	1,887	3,971	2,084	110%
TOTAL REVENUE	109,460	128,218	150,502	22,284	17%
EXPENDITURE					
Staff and Other Personnel Costs	57,476	68,620	62,718	-5,902	-9%
Travel	4,831	4,154	5,125	971	23%
Supplies, Consumables & Other Running Costs	9,549	10,927	16,963	6,036	55%
Cost of Sales	78	100	100	0	0
Outsourced Services	3,406	3,741	3,604	-137	-4%
Student Direct and Training Cost	23,684	25,077	26,838	1,761	7%
Depreciation Expense	1,836	1,300	3,025	1,725	133%
Other Expenses	4,239	2,248	3,153	905	40%
TOTAL EXPENDITURE	105,099	116,167	121,526	5,359	5%
SURPLUS	4,361	12,051	28,976	16,925	140%
Currency Exchange Differences	8,444	0	0	0	0
NET SURPLUS	12,805	12,051	28,976	16,925	140%

4 The 2017 revised budget reflects the following: the projected intake of 136 new students, 129 continuing students and 4 accelerated students for the M.Sc. Programme for the year; and 29 students for the Ph.D. Programme, making a total student intake of 298 in 2017 at the Malmö campus; and other changes in the work programme and planned activities in 2017.

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 28,976,000, will have a total balance of SEK 98,063,221, as of 31 December 2017. Table 2 below shows the fund balances and movements at 31 December for the years 2014 to 2017.

Table 2
Reserve and Fund Balances
(General Fund)
as of 31 December 2014 to 2017
(in SEK)
(the figures for 2017 are projected figures)

	2014	2015	2016	2017
General Fund Reserve as of 1 January	38,758,094	35,437,341	44,616,332	55,371,967
Surplus	8,376,631	9,178,991	12,804,919	28,976,000
Appropriation from the General Reserve Fund:				
Currency Exchange Difference	-10,430,236	0	0	0
New President Recruitment Cost	-914,436	0	0	0
ERP Cost	-352,712	0	-1,721,007	-2,721,000
Development Cost for the WMU Endowment Fund	0	0	-328,277	-900,000
Total Appropriation	-11,697,384	0	-2,049,284	-3,497,000
General Fund Reserve as of 31 December	35,437,341	44,616,332	55,371,967	79,826,967
Working Capital Fund	7,852,000	8,481,600	8,481,600	8,481,600
Exchange Rate Adjustment Fund	0	0	0	0
Special Reserve Fund*	3,317,011	6,482,294	6,482,294	9,754,564
Total Reserve & Fund Balances, 31 December	46,606,352	59,580,226	70,335,861	98,063,221

* IMO Contribution to the University's reserves

Initial budget for 2018

Overview

6 At its thirty-fifth session, on 31 May and 1 June 2017, the Board of Governors adopted the initial budget for 2018 and authorized 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 2018 is set out in annex 2.

7 The initial budget for 2018 projects a total operational revenue of SEK 154,678,000 which is 3% higher than the SEK 150,502,000 in the 2017 trending budget; a total operational expenditure of SEK 129,054,000 which is 6% higher than the SEK 121,526,000 in the 2017 trending budget; and an operational surplus of SEK 25,624,000 which is 12% lower than the SEK 28,976,000 in the 2017 trending budget. Table 3 below shows the 2018 initial budget revenue and expenditure by major components with comparative figures for revised budget 2017 and actual outcome 2016. Annex 2 shows the breakdown of the 2018 initial budget by operational units.

Table 3
Comparison of initial and revised budget for 2016 Actual Outcome and the Revised
Budget for 2017 and Initial Budget 2018
(in thousands SEK)

Revenue and Expenditure	In thousands of Swedish Crown				
	2016 Actual	2017 Revised Budget (A)	2018 Initial Budget (B)	Variance Amount (B – A)	Variance %
Revenue :					
Donor Contribution	38,688	50,726	54,311	3,585	7%
Fellowship and Fees	52,137	79,791	80,382	591	1%
Commercial & RGA	14,509	16,014	16,014	0	0
Other Revenue	4,126	3,971	3,971	0	0
Revenue from Operations	109,460	150,502	154,678	4,176	3%
Expenditure :					
Staff & Other Personnel Cost	57,476	62,718	73,355	10,637	17%
Travel	4,831	5,125	5,225	100	2%
Supplies and Consumables	9,549	16,963	13,071	-3,892	-23%
Cost of Sales of Inventory	78	100	100	0	0
Outsources Services	3,406	3,604	3,604	0	0
Student Direct and Training	23,684	26,838	27,021	183	1%
Depreciation	1,836	3,025	3,025	0	0
Other Expenses	4,239	3,153	3,653	500	16%
Expenditures from Operations	105,099	121,526	129,054	7,528	6%
Surplus/(Deficit) from Operation	4,361	28,976	25,624	-3,352	-12%

8 A higher total revenue in the 2018 initial budget than that in the 2017 revised budget by SEK 4,176,000 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 2017;
- .3 a decrease in contributions accounted for the funding of the ERP system in 2017 and none in 2018; and
- .4 a decrease in the funding in the development and upgrading of the computer and e-learning laboratories IT equipment in the University and the Research Institute.

9 The 2018 initial budget expenditure is SEK 7,528,000 more than the 2017 revised budget expenditure. This is primarily attributed to:

- .1 an SEK 10,637,000 increase in Staff and Other Personnel Cost accounts for: (a) increase of SEK 11,137,000 for full year staff costs of 4 staff members recruited during 2017; increase in staff costs for personnel to be recruited for the Ocean Policy Research Institute; salary increment for Professional staff, and inflationary salary increase for the General Service Staff; (b) decrease in consultancy cost of SEK 500,000 for the one-off activity of the Advisory Group on the development of the Ocean Policy Research Institute;

- .2 an SEK 100,000 increase in travel allocated for the research activity for the Ocean Policy Research Institute, as well as for the travel-related cost for the WMU Endowment Fund activities for the year;
- .3 an SEK 3,892,000 net decrease in supplies, consumables and other running cost accounts related to: (a) SEK 209,000 additional running and operational cost of the Ocean Institute; (b) SEK 2,721,000 deduction of the implementation budget cost of the ERP system in 2017 and none in 2018; (c) deduction of SEK 1,380,000 for the cost incurred for the hostel in converting rooms and replacing worn out beds which is an expense of 2017 and none in 2018;
- .4 a net increase in student direct and training cost of SEK 183,554 corresponds to costs for the higher student intake in 2018 of 7 students of SEK 348,554 and decrease in the staff language training cost allotment of SEK 165,000 in the 2017 budget year and none in 2018; and,
- .5 increases in other expenses of SEK 500,000 allocated for the other operational cost for the Research Institute.

Student body

10 The student intake at the Malmö campus is projected at 136 new students, 129 continuing students and 4 accelerated students for the M.Sc. Programme graduates for the year; and 29 students for the Ph.D. Programme, making a total student population of 305 in 2018 at the Malmö campus. Table 4 below shows the comparative figures for the actual student numbers for the year 2016, and trending numbers for 2017.

Table 4
Malmö campus and Outreach Programme
Student figures

11 The number of students projected in the Malmö campus, Outreach Programme and Postgraduate Diploma Programme are based on the realistic assumption of identified sponsors and trending development on enrolment in 2017. The total students at the Malmö campus of 305 is supplemented by the yearly enrolment in the Outreach Programme of 60 students in Shanghai and Dalian Maritime Universities, and 156 students under the Postgraduate Diploma Programme through the Distance Learning Programme for a total of 535 students in 2018.

	Actual 2016	Revised 2017	Initial 2018
M.Sc. Programme Malmö (<i>annual intake of the year</i>)*	129	136	136
M.Sc. Programme Malmö (<i>graduates of the year</i>)**	108	129	136
Accelerated (<i>intake and graduates of the same year</i>)***	6	4	4
Ph.D. Programme Malmö (<i>intake and continuing</i>)	28	29	29
Total Malmö	271	298	305
M.Sc. Programme Shanghai (<i>annual intake</i>)	18	25	25
M.Sc. Programme Dalian (<i>annual intake</i>)	35	35	35
Postgraduate Diploma Programme (<i>annual intake</i>)	156	156	170
Total Outreach	209	216	230
Grand Total	480	514	535

Action requested of the Council

12 The Council is invited to take note of the information contained in this document and to:

- .1 note the University's revised budget for 2017 and initial budget for 2018 as set out in annexes 1 and 2; and to comment as it deems necessary;
- .2 welcome the efforts by the University's management to attract additional revenue; 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.

ANNEX 1

REVISED BUDGET FOR 2017 (IN THOUSANDS OF SEK)

	Central Unit	Academic Malmo	Outreach Programme	PDC's & Conferences	Research, PhDs & Consultancy	Commercial & RGA	2017 Revised Budget	2017 Initial Budget	Variance Increase/-Decrease	% of Variance
Revenue										
Donor Contributions	34,488	15,238	0	0	0	1,000	50,726	43,965	6,761	15 %
Fellowship and Fees	0	69,406	0	0	1,791	8,594	79,791	65,926	13,865	21 %
Commercial & Revenue Generating Activities	0	0	12,769	1,709	581	955	16,014	16,440	-426	-3 %
Other Revenue	3,929	42	0	0	0	0	3,971	1,887	2,084	110 %
Revenue from Operation	38,417	84,686	12,769	1,709	2,372	10,549	150,502	128,218	22,284	17%
Expenditure										
Staff and Other Personnel Costs	26,201	31,295	2,483	938	942	859	62,718	68,620	-5,902	-9%
Travel	2,155	1,557	946	312	155	0	5,125	4,154	971	23%
Supplies, Consumables & Other Running Costs	10,847	1,086	1,537	500	1,367	1,626	16,963	10,927	6,036	55%
Cost of Sales of Inventory	0	0	0	0	0	100	100	100	0	0
Outsourced Services	1,924	0	0	0	0	1,680	3,604	3,741	-137	-4%
Student Direct and Training Costs	350	18,402	11	0	75	8,000	26,838	25,077	1,761	7%
Depreciation Expense	3,025	0	0	0	0	0	3,025	1,300	1,725	133 %
Other Expenses	2,987	58	45	63	0	0	3,153	2,248	905	40 %
Expenditure from Operation	47,489	52,398	5,022	1,813	2,539	12,265	121,526	116,167	5,359	5 %
Surplus/-Deficit from Operation	-8,885	32,288	7,747	-104	-167	-1,716	28,976	12,051	16,925	142 %
Currency Exchange Difference	0	0	0	0	0	0	0	0	0	0
Net Surplus	-8,885	32,101	7,747	-104	-167	-1,716	28,976	12,051	16,925	142 %

ANNEX 2

INITIAL BUDGET FOR 2018 (IN THOUSANDS OF SEK)

	Central Unit	Academic Malmö	Outreach Programme	PDC's & Conferences	Research, PhDs & Consultancy	Commercial & RGA	Ocean Institute	2018 Initial Budget	2017 Revised Budget	Variance Increase /-Decrease
REVENUE										
Donor Contribution	30,073	15,238	0	0	0	0	9,000	54,311	50,726	7%
Fellowship and Fees		69,997	0	0	1,791	8,594	0	80,382	79,791	1%
Commercial & Revenue Generating Activities		0	12,769	1,709	581	955	0	16,014	16,014	0
Other Revenue	3,929	42	0	0	0	0	0	3,971	3,971	0
Revenue from Operation	34,002	85,277	12,769	1,709	2,372	9,549	9,000	154,678	150,502	3%
EXPENDITURE										
Staff and Other Personnel Costs	26,280	32,427	2,557	966	970	885	9,270	73,355	62,718	17%
Travel	2,155	1,557	946	312	155	0	100	5,225	5,125	2%
Supplies, Consumables & Other Running Costs	7,454	1,086	1,537	500	1,368	626	500	13,071	16,963	-23%
Cost of Sales of Inventory	0	0	0	0	0	100	0	100	100	0
Outsourced Services	1,924	0	0	0	0	1,680	0	3,604	3,604	0
Student Direct and Training Costs	350	18,586	11	0	74	8,000	0	27,021	26,838	1%
Depreciation	2,880	0	0	0	0	145	0	3,025	3,025	0
Other Expenses	2,987	58	45	63	0	0	500	3,653	3,153	16%
Expenditure from Operation	44,030	53,714	5,096	1,841	2,567	11,436	10,370	129,054	121,526	6%
Surplus/-Deficit from Operation	-10,028	31,563	7,673	-132	-195	-1,887	-1,370	25,624	28,976	-12%