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## RESOURCE MANAGEMENT

### (c) Report on Investments

#### Note by the Secretary-General

#### SUMMARY

<i>Executive summary:</i>	This document reports on the investment of the Organization's monies during 2005
<i>Action to be taken:</i>	Paragraph 9
<i>Related documents:</i>	None

#### General Introduction

1 Article IX of the IMO Financial Regulations provides that the Secretary-General shall report periodically to the Council on the investment of the Organization's monies not needed for immediate requirements.

2 In his 2001 report, the External Auditor recommended the constitution of an Investment Committee, with a view to ensuring that the Organization receives the best returns on its investments. Following consideration by the Council Intersessional Working Group on Accounts and Audit and, as recommended by the Group and endorsed by the Council, the Secretary-General has engaged an International Oil Pollution Compensation Fund (IOPCF) Treasury Management Adviser to give periodic advice on the management of the Organization's monies. The Organization's investments continue to be made with the United Kingdom major banks, with Triple A ratings, on the basis of a listing of institutions recommended by the Adviser.

#### Investments and interest earned in 2005

3 The cash balance in the General Fund as at 1 January 2005 was £3,720,097, which included advance payments of 2005 assessments of £176,954. The level of funds available in the General Fund for short-term investments as bank deposits throughout the year depends on the monthly flow of contributions from Member States; actual monthly disbursements incurred for approved expenditure; and transfers to other funds approved by the Assembly. The level of funds available in the General Fund for short-term investments is shown in the annex to this document, which also shows the amount held in interest-earning treasury deposits at the end of each month during 2005.

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4 The Printing Fund commenced the year 2005 with a cash balance of £3,686,592. During 2005, total transfers from that Fund, amounting to £1,250,000, were made to the Headquarters Capital Fund and the Technical Co-operation Fund in accordance with Assembly resolution A.942(23). Sales of publications remained at a high level throughout the year under review.

5 The bank base interest rate at 1 January 2005 was 4.75%. It was reduced to 4.50% in September 2005. The average interest rate paid for short-term sterling deposits during 2005 was 1.49%, which represented an increase on the average of 0.50% during 2004.

6 The table below sets out the interest earned in 2005 in respect of the various funds of the Organization with comparative figures for the previous four years.

		2001	2002	2003	2004	2005
(a) General Fund*	£	324,131	280,748	175,109	171,600	305,922
(b) Headquarters Capital Fund	£	81,959	66,733	56,211	87,323	64,063
(c) Printing Fund	£	247,470	107,733	57,209	84,256	160,109
(d) Technical Co-operation Fund	£	373,240	407,724	358,547	243,408	167,638
(e) Termination Benefit Fund	£	60,960	50,988	49,175	41,602	34,622
(f) Training and Development Fund	£		5,312	6,312	4,849	6,083
Total	£	1,087,760	919,238	702,563	633,038	738,437

\* The General Fund maintains all investments in respect of the regular budget and the Working Capital Fund.

7 The total interest earned for 2005 in the General Fund amounted to £305,922 and comprised:

	£
(a) interest on contributions receipts	209,472
(b) interest on opening cash balances	4,484
(c) interest on Working Capital Fund Cash balance	<u>91,966</u>
	<u>305,922</u>

8 The Contributions Incentive Scheme, which commenced in 1988, provides for interest earnings on contributions to be returned to Member States in proportion to the timing of payment of their current year's contributions. The interest earned on contributions receipts during 2005 of £209,472 is available for distribution in the year 2007 and is dependent on the availability of a cash surplus in the General Fund as at 31 December 2006.

### Action requested of the Council

9 The Council is invited to take note of the information contained in this document.

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**ANNEX****TOTAL AMOUNT INVESTED IN 2005**

	General Fund*	Headquarters Capital Fund	Printing Fund	Technical Co-operation Fund	Termination Benefit Fund	Training & Development Fund
<b>2005</b>	£	£	£	£	£	£
31 January	4,319,830	976,534	1,790,650	2,099,875	431,873	140,248
28 February	10,101,582	980,966	1,798,789	2,109,399	433,836	140,885
31 March	7,878,169	1,347,298	1,814,366	3,918,267	1,034,014	130,070
30 April	10,041,085	1,352,387	1,821,227	4,835,529	1,037,925	130,562
31 May	7,135,179	1,486,935	3,586,388	4,407,452	915,059	122,363
30 June	7,265,951	1,493,334	3,601,822	4,426,419	918,997	122,889
31 July	6,487,527	1,595,652	3,544,835	4,420,785	920,533	126,205
31 August	8,106,416	1,601,660	3,558,178	4,016,428	923,999	126,681
30 September	6,885,226	1,588,904	3,453,810	3,663,037	628,249	120,218
31 October	5,300,105	1,417,638	3,466,213	3,676,192	630,505	145,650
30 November	4,157,140	1,591,714	4,323,406	2,920,852	599,211	123,721
31 December	3,596,140	1,796,197	4,359,315	2,390,847	600,895	124,068
Interest Earnings 2005	305,922	64,063	160,109	167,638	34,622	6,083

\* The General Fund maintains all investments in respect of the regular budget and the Working Capital Fund.