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**FINANCE COMMITTEE**  
**70<sup>th</sup> session**  
**Rome, 29 September 2011**

UNIDROIT 2011  
AG/Comm. Finances (70) 3  
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**Item No. 5 on the Agenda : Adjustments to the budget for the 2011 financial year**

(prepared by the UNIDROIT Secretariat)

<i>Summary</i>	<i>Explanation of the adjustments proposed by the Secretariat to the 2011 Budget</i>
<i>Action to be taken</i>	<i>Opinion to be transmitted to the General Assembly at its 69<sup>th</sup> session.</i>
<i>Related documents</i>	<i>UNIDROIT 2011 - Accounts of receipts and expenditure for the 2010 financial year; UNIDROIT 2011 - AG/Comm. Finances (70) 8</i>

1. It is customary for the Secretariat to submit, first, to the Finance Committee and then to the General Assembly each autumn a document indicating any adjustments that may need to be made to the Budget for that financial year, on the basis of the Accounts available for the previous financial year, the partial accounts available for that financial year and any other modifications due to exceptional circumstances.

2. At the time of writing, the Secretariat considers that it is necessary to introduce a few adjustments to the budget for the 2011 financial year, as indicated in the notes to the revised budget contained in the Annex to this document. However, the Secretariat does not anticipate a need to request supplementary funding or to reduce the expected balance to be carried over from the financial year 2011 to the financial year 2012 (see document UNIDROIT 2011 – AG/Comm. Finances (70) 8), since the Secretariat expects to be able to offset the anticipated shortfall in receipts (€ 45,892.00) by expenditure cuts (€ 79,991.04).

3. *The Finance Committee is invited to review the proposed adjustments to the Budget for the financial year 2011, as set out in Appendix, and to recommend their approval by the General Assembly, at its 69<sup>th</sup> session.*

**APPENDIX**

**ADJUSTMENTS TO THE BUDGET FOR THE 2011  
FINANCIAL YEAR**

**RECEIPTS (in Euro)**

	<b>2011</b>		
	<b>Budget</b>	<b>Actual receipt</b>	<b>Balance</b>
<b>Income</b>			
Estimated balance on 1 January 2011 <sup>1</sup>	20,000.00	1,108.00	-18,892.00
<b>A) Ordinary Receipts:</b>			
<b>Contributions of member States</b>			
Italian Government <sup>2</sup>	197,000.00	150,000.00	-47,000.00
Other member States	1,825,250.00	1,825,250.00	0.00
Extra-statutory contribution from member States (China)	0.00	20,000.00	20,000.00
<b>Other Receipts</b>			
Interest	5,000.00	5,000.00	0.00
Contribution to overhead expenses	15,000.00	15,000.00	0.00
Sale of publications	65,475.00	65,475.00	0.00
Various receipts	30,000.00	30,000.00	0.00
<b>Total ordinary receipts</b>	<b>2,157,725.00</b>	<b>2,111,833.00</b>	<b>-45,892.00</b>
<b>B) Extraordinary Receipts</b>			
<b>Various receipts</b>			
Total extraordinary receipts			
<b>Total of receipts</b>	<b>2,157,725.00</b>	<b>2,111,833.00</b>	<b>-45,892.00</b>

**EXPLANATORY NOTES TO THE ADJUSTED RECEIPTS**

<sup>1</sup> The final accounts for the 2010 financial show a lower balance than originally anticipated, which was mainly due to a shortfall in receipts in the year 2010.

<sup>2</sup> The Secretariat expects to receive a contribution equal to the actual contribution paid by the Italian Government in 2010.

**EXPENDITURE (in Euro) <sup>1</sup>**

<b>Expenditure</b>	<b>Budget</b>	<b>Actual Expend.</b>	<b>Balance</b>
<b>Chapter 1 – Reimbursement of expenses</b>			
Art. 1 (Governing Council and Permanent Committee)	50,000.00	37,760.65	12,239.35
Art. 3 (Administrative Tribunal) <sup>2</sup>	0.00	23,874.94	-23,874.94
Art. 4 (Auditor)	3,500.00	3,641.00	-141.00
Art. 5 (Committees of Experts)	55,000.00	50,000.00	5,000.00
Art. 6 (Official journey of representatives and staff)	28,000.00	20,000.00	8,000.00
<b>Total</b>	<b>136,500.00</b>	<b>135,276.59</b>	<b>1,223.41</b>
<b>Chapter 2 – Salaries and allowances</b>			
Art.1 (Salaries of Categories A, B and C staff and consultant)	1,212,875.00	1,200,000.00	12,875.00
Art. 2 (Remuneration for occasional collaborators)	20,000.00	20,000.00	0.00
<b>Total</b>	<b>1,232,875.00</b>	<b>1,220,000.00</b>	<b>12,875.00</b>
<b>Chapter 3 – Social security charges</b>			
Art. 1 (Insurance against disablement, old age and sickness)	390,000.00	360,000.00	30,000.00
Art. 2 (Accidents' insurance)	8,500.00	8,471.60	28.40
<b>Total</b>	<b>398,500.00</b>	<b>368,471.60</b>	<b>30,028.40</b>
<b>Chapter 4</b>			
Compensation retired members of staff	<b>2,500.00</b>	<b>2,500.00</b>	<b>0.00</b>
<b>Chapter 5</b>			
Publications' printing costs	<b>31,500.00</b>	<b>25,000.00</b>	<b>6,500.00</b>
<b>Chapter 6 – Administrative expenses</b>			
Art. 1 (Stationery)	21,000.00	15,000.00	6,000.00
Art. 2 (Telephone, fax and Internet)	23,000.00	23,000.00	0.00
Art. 3 (Postage)	25,000.00	15,000.00	10,000.00
Art. 4 (Representation)	4,650.00	2,000.00	2,650.00
Art. 5 (Interpreters)	27,500.00	20,000.00	7,500.00
Art. 6 (Miscellaneous)	6,700.00	2,000.00	4,700.00
<b>Total</b>	<b>107,850.00</b>	<b>77,000.00</b>	<b>30,850.00</b>
<b>Chapter 7 – Maintenance costs</b>			
Art. 1 (Electricity)	12,500.00	7,000.00	5,500.00
Art. 2 (Heating) <sup>3</sup>	20,000.00	29,885.77	-9,885.77
Art. 3 (Water)	7,000.00	6,000.00	1,000.00
Art. 4 (Insurance of premises)	11,500.00	11,000.00	500.00
Art. 5 (Office equipment)	22,000.00	20,000.00	2,000.00
Art. 6 (Upkeep of building, local taxes)	20,000.00	20,000.00	0.00
Art. 7 (Labour costs) <sup>4</sup>	27,000.00	36,000.00	-9,000.00
<b>Total</b>	<b>120,000.00</b>	<b>129,885.77</b>	<b>-9,885.77</b>
<b>Chapter 9 – Library</b>			
Art. 1 (Purchase of books)	82,000.00	82,000.00	0.00
Art. 2 (Binding)	9,000.00	7,000.00	2,000.00
Art. 3 (Software)	22,000.00	20,600.00	1,400.00
<b>Total</b>	<b>113,000.00</b>	<b>109,600.00</b>	<b>3,400.00</b>
<b>Chapter 10</b>			
Promotion of Unidroit instruments	5,000.00	0.00	<b>5,000.00</b>
<b>Chapter 11</b>			
Legal co-operation programme	10,000.00	10,000.00	<b>0.00</b>
<b>Total actual expenditure</b>	<b>2,157,725.00</b>	<b>2,077,733.96</b>	<b>79,991.04</b>

## EXPLANATORY NOTES TO THE ADJUSTED EXPENDITURE

<sup>1</sup> Savings in expenditure have been achieved – or are expected to be realised – under most chapters of the budget as a result of various factors, including, in some cases, tight expenditure control by the Secretariat: lower attendance of meetings by participants whose travel costs the Secretariat is liable to reimburse; assumption of travel costs by third parties; extra-statutory contributions to cover meetings costs; retirement of staff members; cancellation of meetings; inventory control etc. The figures provided in this document are in most cases merely best estimates by the Secretariat and should not, at this point in time, be understood as a guarantee that a certain amount of savings will indeed be realised. For ease of reading, the Secretariat refrains from providing detailed explanation on the particular nature of every such savings. The Secretariat points out, however, that in many instances savings have been achieved or sought solely for the purpose of coping with the anticipated shortfall of receipts and at the cost of full implementation of the Work Programme.

<sup>2</sup> On 23 December 2010, a former staff member of UNIDROIT whose contract has not been renewed following the discontinuation of the extra-statutory contribution by the member State that had provided funding for her post, filed a suit with the Administrative Tribunal alleging violation of the terms of her appointment and demanding the following: (a) € 186,507.24 as salary difference on the basis of inadequate classification of her post for the entire duration of her contract (2006-2010); (b) € 10,544.60 as unpaid family allowance; (c) € 30,000 as moral damages for denial of adequate post classification; (d) € 5,000 as reimbursement of legal cost and expenses. The Tribunal rejected the applicant's main pleas, but awarded her (a) € 11,444.05 as unpaid family allowance, with interests; (b) € 5,000 as damages; and (c) € 1,666.67 as cost reimbursement. The total award represented less than 10% of the sum demanded by the applicant. The cost of the procedure, which are to be borne by UNIDROIT, amount to € 5,764.22. None of these expenses, which have been fully settled by the Secretariat, had been foreseen at the time the 2011 budget was adopted.

<sup>3</sup> The higher expenditure was due to indispensable repair and maintenance work in the heating system of villa Aldobrandini. The expenditure is not recurrent.

<sup>4</sup> The higher expenditure resulted from the need to upgrade the daily cleaning and up-keeping of the UNIDROIT premises and to extend regular service to the holdings of the UNIDROIT library. The current contractor was hired in the second half of 2010, which is why this higher level of expenditure had not been anticipated at the time the draft 2011 budget had considered by the Finance Committee at its 68<sup>th</sup> session (Rome, 13 October 2010). The draft budget for the 2012 financial year already takes the current level of expenditure into account.