

# **Secretariat of the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar, 1971)**

**Notes to the financial statements for the year ended 31 December 2005**

## **1. Activity**

The Convention on Wetlands, signed in Ramsar, Iran, in 1971, is an intergovernmental treaty which provides the framework for national action and international cooperation for the conservation and wise use of wetlands and their resources. There are presently 145 Contracting Parties to the Convention, with 1430 wetland sites, totaling 125 million hectares, designated for inclusion in the Ramsar List of Wetlands of International Importance. The Convention's mission is the conservation and wise use of all wetlands through local, regional and national actions and international cooperation, as a contribution towards achieving sustainable development throughout the world".

Under the treaty, the Contracting Parties agree, inter alia to:

- promote the conservation and wise use of wetlands through international co-operation
- implement the conservation and wise use of wetlands within their territory
- encourage research and exchange of data regarding wetlands
- endeavor to establish and manage reserves for wetlands and to increase waterfowl populations on wetlands
- promote training of competent personnel in the field of wetlands research, management and wardening.

The Convention's Secretariat, which is not a separate legal entity, is constituted under Article 8 of the Convention and administered as an independent unit by and from the offices of IUCN - The World Conservation Union, Gland, Switzerland. The Secretariat's functions include the provision of administrative, technical and scientific support to the Contracting Parties, maintaining a List of Wetlands of International Importance and notifying Contracting Parties of additions to that List.

## **2. Summary of significant accounting Policies and Definitions**

### **i. Currency**

All figures are in thousands Swiss Francs (CHF) unless otherwise indicated.

### **ii. Contributions from Contracting Parties**

Contributions from Contracting Parties are determined in accordance with the UN Scale of assessments for contributions of Member States to the United Nations budget

approved by the UN General Assembly. They are then attributed to the Ramsar budget. Contributions are accounted for on an accruals basis.

**iii. Voluntary contributions and other income**

Any voluntary contributions and receipts of other income are accounted for on a cash basis, when they are received by Ramsar.

**iv. Expenditure**

Expenditure is accounted for on an accruals basis.

**v. Unrestricted Funds**

Unrestricted funds are funds that are not subject to any externally imposed restrictions on their use. The Secretary General is empowered by the Standing Committee of the Convention to designate certain parts of these funds for project purposes.

**vi. Restricted Funds**

Restricted funds are those funds provided by donors with restrictions applying to specific projects, geographical regions, specific activities or other externally imposed restrictions as to their use. These funds are applied only in accordance with the donor agreements.

**vii. Foreign Exchange**

The Secretariat's accounting records are maintained in Swiss Francs which is the reporting currency. Except for fixed assets which are stated at historical values, all assets and liabilities expressed in other currencies are translated at exchange rates ruling at the end of the year. Items of income and expenditure in other currencies are included in the financial statements at the exchange rate prevailing at the date of the transaction. Bank accounts expressed in USD and EURO or other currencies are revalued to Swiss Francs at the year-end rate of exchange.

**viii. Year-end Exchange Rates**

The following are the principal rates of exchange to the Swiss Franc used to revalue the balance sheet accounts at the end of the year.

|           | <u>31 December 2005</u> | <u>31 December 2004</u> |
|-----------|-------------------------|-------------------------|
| US Dollar | 1.3159                  | 1.1318                  |
| EURO      | 1.5585                  | 1.5440                  |

**ix. Provisions against dues receivables from contracting parties**

The management of Ramsar applies a method of provisioning against outstanding dues from contracting parties as follows:

- Outstanding dues from contracting parties for 5 or more years 100%
- Outstanding dues from contracting parties for 4 years 80%
- Outstanding dues from contracting parties for 3 years 60%

- Outstanding dues from contracting parties for 2 years 40%
- Outstanding dues from contracting parties for 1 year 20%

The methodology has been changed from that applied in 2004 and the previous years to provide a better and more realistic estimate of the probable bad debts.

**x. Fixed assets**

Fixed asset purchases are capitalized when the purchase price is CHF 500 and above (or the equivalent in other currencies) and when ownership resides with Ramsar. Fixed assets are depreciated over their estimated useful lives on the following basis:

- Office furniture 7 years
- Office equipment 4 years
- Computer hardware/software 3 years

A distinction will be made between Office and Computer Equipment and any future purchase of office equipment will be depreciated over the estimated useful life of 5 years.

**xi. Reserve Fund**

Resolution VI.17 of COP6 established a Reserve Fund to meet unforeseen and unavoidable expenditures. The Reserve Fund shall not have implications for the core budget.

The Fund's source of income shall be: i) savings which result from limiting expenditures or efficiencies realized within the budget of the previous fiscal year; ii) payment of Contracting Party subscriptions that had been written off as bad debts; and iii) interest earned on funds received, with the approval of the donor.

The resources kept in the fund are limited to a maximum of one-twelfth of the core budget of the current fiscal year.

In accordance with the decision of the 6<sup>th</sup> meeting of the Conference of the Parties establishing the Reserve Fund, the entirety of the core funds balance is attributed to the Reserve Fund. Contributions relating to periods prior to 1994 are accounted for through the Reserve Fund.

## **4. Exchange gain/(loss)**

An exchange gain of CHF 135K was resulted during the year mainly due to the appreciation of the US Dollar against the Swiss Franc. Exchange gains and losses directly attributable to projects are dealt with under the respective projects. The above figure is after allocation of the gains attributable to projects and has been credited to core funds.

## **5. Provision for Staff Termination and Repatriation**

Provisions for staff termination are amounts set aside to cover Ramsar Convention in case of unplanned termination of staff contracts either leading to legal costs or redundancy payments or other costs not otherwise budgeted for. Management recommends a target of 10% of

annual salary, which at the end of 2005 was estimated at CHF 131K. Provision for staff repatriation covers the estimated cost of repatriation of all international staff currently on the payroll.

|                                  | <u>2005</u> | <u>2004</u> |
|----------------------------------|-------------|-------------|
| Provision for Staff Termination  | 131         | 147         |
| Provision for Staff Repatriation | 72          | 88          |
|                                  | -----       | -----       |
| Total                            | 203         | 235         |
|                                  | =====       | =====       |

## 6. Other Receivables

|  | <u>2005</u> | <u>2004</u> |
|--|-------------|-------------|
| Staff travel Advances                  | (2)         | 34          |
| Withholding Tax                        | 18          | 11          |
| Rent guarantees and sundry receivables | 11          | 8           |
| Prepaid Contribution Medwet            |             | 57          |
| Prepayment Standing Committee          | -           | -           |
|  | -----       | -----       |
| Total                                  | 27          | 110         |
|  | =====       | =====       |

## 7. Other Payables

|                                | <u>2005</u> | <u>2004</u> |
|--------------------------------|-------------|-------------|
| Membership prepayments         | 390         | 232         |
| Account Payables and accruals  | 97          | 115         |
| Pension and Insurance Payables | 19          | 46          |
|                                | -----       | -----       |
| Total                          | 506         | 393         |
|                                | =====       | =====       |

## 8. Provision against Receivables from Contracting Parties

|                                   | <u>2005</u> | <u>2004</u> |
|-----------------------------------|-------------|-------------|
| Gross Membership dues Receivables | 578         | 722         |
| Provision against dues in arrears | 252         | 191         |
|                                   | -----       | -----       |
| Net Membership dues Receivables   | 326         | 531         |
|                                   | =====       | =====       |

2005 Provision against dues in arrears is calculated as per the policy stated under 2 (ix).

## 9. Swiss Government Tax Rebates

In order to have one salary scale and one payroll for both Swiss and non-Swiss staff at Ramsar, the practice followed since inception has been to show the taxes payable by non-

Swiss staff as tax rebates by the Swiss Government. These are shown as part of the unrestricted income.

## **10. Contribution from Contracting Parties to the MedWet Initiative**

Contributions from Contracting Parties to the MedWet Initiative are determined by the UN Scale of contributions attributed to the budget approved for MedWet by the Standing Committee.