

Finance

ZEP Advisory Council 48, 14th September 2016

Attached to this note is the September ZEP-Communications financial management report. The structure of the financial management report remains unchanged from those developed by the previous secretariat. This covering note provides commentary on a number of key issues.

Services of the Chair and support from a public affairs agency

- At the AC47 meeting it was noted that the 2016 and 2017 EC grant proposal secured by the CCSA included a budget for the services of a Chair and a budget for communications support by a public affairs agency. During assessment of the proposal the Chair's budget was considered out of scope while the budget for communications from a public affairs agency was considered in scope.
- Having reviewed the ZEP finances the ACEC agreed that the services of a public affairs agency should be tendered for the sum contained in the grant proposal (€126,833). The ACEC also discussed retaining the services of the Chair from funds available from the ZEP-C (Total €96,322 over 2016 and 2017). The Chair agreed to the new proposal and the ACEC agreed to assist in managing the Chair's workload given the reduction in available funding.
- To reflect this the forecast 2016 spend on Basic Communications has been reduced from €122,941 to €94,962 as from the 1st August 2016 communications support from a public affairs agency will be provided through the EC grant secured by CCSA. The forecast spend on the Chair services has been increased from €53,667 to €81,997 to reflect the agreement that ZEP-C would fund these services.

Cash Management

- Since the AC47 €24,000 of the ZEP-C 2015 EC grant has now been paid. In addition the HeidelbergCement invoice (€20,000) has been settled.
- The *2016 Contributions* and *2017 Contributions, pre-invoiced* show a number of additional invoices as either outstanding or pending. Further details on the outstanding and pending invoices;
 - EC 2015 Grant (€6,000) – Triarii are the grantee for the 2015 EC support and believe the final payment to be imminent. They are in touch with EC officials to secure payment
 - GE 2016 (€20,000) – the invoice has been approved, issued and payment is expected imminently.
 - EPPSA 2016 (€28,500) – EPPSA have confirmed that they are now in a position to settle their invoice and this has been issued.



- Gassnova 2016 (€30,000) – Graeme Sweeney recently met with the new Gassnova CEO, Trude Sundset, to discuss their continued support of ZEP. The meeting was positive and it is hoped that an invoice will be issued shortly.
- GE 2017 (€20,000) – There has been positive signals that GE will contribute to 2017 ZEP activities.
- As of the 1st September the cash situation at the bank is €13,703.

Actions:

1. Secretariat to continue to monitor the settlement of outstanding and pending invoices.

ZEP-C Creditors

- The contractors to ZEP-C have a total of €105,616 of invoices either outstanding or pending for the period from April 2016 – August 2016. The main creditors are;
 - Ardnacraggan (Energy Services) Ltd: €36,332.68
 - Triarii: €51,750
 - Weber Shandwick: €13,500

Actions:

1. ACEC has agreed process to settle outstanding creditors and this will be actioned as the ZEP-C cash position allows.

Prospective new members

- There is a pressing need to identify new organisations that are willing to financially contribute to the ZEP work. A number of suggestions on potential organisations have been made and these will be followed up. Stakeholders are invited to make any suggestions on possible organisations to approach.

Actions:

1. ZEP stakeholders forward suggestions on organisations that might be willing to contribute to ZEP activities.
2. Secretariat to manage process to engage with prospective contributors.

Net position

- The goal of having ZEP-C accounts in balance by the end of 2017 is still deliverable. The table below shows forecast ZEP-C expenditure and income for 2016 and 2017. The 2016 budget is split into the period to 31st July (the end of the previous funding arrangements) and then from 1st August to the end of the year (The new grant is expected to commence on the 1st August 2016). There is an income assumption of €201,000 for both 2016 and 2017.

| Expenditure | | | | | |
|---|-----------------|-------------------|----------------------------------|------------|--|
| Activity | Budget 2016 (€) | 2016 to 31st July | 2016 expected 1st Aug - 31st Dec | Total 2016 | Budget 2017 |
| Basic Comm & PA | 122,941 | 94,962 | | 94,962 | |
| Admin / auditing | 8,000 | 1,600 | 6,400 | 8,000 | 8,000 |
| Website | 5,000 | 2,850 | 2,150 | 5,000 | 5,000 |
| Legal advice | 2,000 | 2,400 | 1,200 | 3,600 | 2,000 |
| Secretariat | 120,750 | 120,750 | | 120,750 | |
| Chair | 53,667 | 53,667 | 28,330 | 81,997 | 67,992 |
| Contingency | 2,833 | 2,134 | 699 | 2,833 | 2,833 |
| Total expenditure | 315,191 | 278,363 | 38,779 | 317,142 | 85,825 |
| Forecast 2016 + 2017 expenditure | | | | | 402,967 |
| Income | | | | | Forecast 2016+2017 ZEP-C income 402,000 |
| Net profit /loss | | | | | -967 |

Budget management: Expenditure against 2016 budget

| Activity | Contractor | Budget 2016 | Comments | To date Spent | Comments | To Date Committed | Comments |
|---------------------------|-------------------------------------|------------------|---|------------------|---------------------------------------|-------------------|----------|
| Basic Communications & PA | Weber Shandwick | € 122 941 | | € 94 962 | Jan-Jul16 cf. ERG workplan 2016 | | |
| Ad Hoc Communications | Weber Shandwick | € 0 | Nothing decided yet | | | | |
| Administration / Auditing | Adams accountants / Nijs & Partners | € 8 000 | | € 1 600 | Jan-Jul16 | | |
| Website maintenance | Karakas | € 5 000 | | € 2 850 | maintenance, hosting 2016 | | |
| Legal advice | Lawsquare | € 2 000 | | € 2 400 | Legal Advice re. tender text of Jan16 | | |
| Secretariat | Triarii | € 120 750 | Jan-Jul16 (no external sponsoring yet) | € 120 750 | Jan-Jul16 | | |
| Chair | Ardnacraggan Energy Services | € 53 667 | Jan-Jul16 | € 59 333 | Jan-Aug16 | | |
| Contingency | | € 2 833 | Estimate (no provision for meeting room rent) | € 2 134 | Multiburo mailbox, banking, etc. | | |
| Total 2015 | | € 315 191 | | € 284 029 | | € 0 | |

Spent: Actually paid or contractually due for delivered work
 Committed: Based on signed contracts, yet to be approved invoices or founded estimates

Spent + Committed € 284 029
 Remaining total budget € 31 162

Cash management of ZEP Communications VZW / ASBL*Income situation*

| Category | Source | Outstanding invoices | Comments | Pending invoices | Comments | Received payments | Comments |
|--|--------------------|----------------------|-------------------------------------|------------------|-----------------------------------|-------------------|----------------------------|
| 2015 contributions | OEM | | | | | € 13 000 | GE |
| 2016 contributions | EC | € 6 000 | ZEP-C 2015 grant liability fund | | | € 114 000 | ZEP-C 2015 grant "advance" |
| | O&G | | | | | € 90 000 | BP, Statoil, Shell |
| | OEM | € 20 000 | GE | | | | |
| | Others (confirmed) | € 28 500 | EPPSA 2016 | | | € 32 500 | TCE, HeidelbergCement |
| | Others (expected) | | | € 30 000 | Gassnova | | |
| 2017 contributions, pre-invoiced | O&G | | | | | € 90 000 | BP, Statoil, Shell |
| | OEM | | | € 20 000 | GE | | |
| | Others (confirmed) | | | | | € 12 500 | TCE |
| General | VAT return | € 8 831 | Jul-Aug 16 invoices received in Vat | € 3 043 | Apr-Jul16 invoices to be received | € 5 186 | 16Q2 |
| Total outstanding / pending ZEP-C | | € 63 331 | | € 53 043 | | | |

Cash situation (of 9 August 2016)

| | | |
|---|--|-----------------|
| Current account (KBC - Business compact rekening) | | € 13 610 |
| Savings account (KBC - Spaarrekening) | | € 93 |
| Actual cash at bank and in hand | | € 13 703 |

Expenditure situation

| Source | Outstanding invoices | Comments | Pending invoices | Comments |
|--|----------------------|---------------------------------------|------------------|------------------------------|
| Short term creditors | € 82 417 | TRIARII May to Jul & AES - Apr to Jul | € 23 199 | WS - Jul & ADAMS & AES - Aug |
| Outstanding invoices in spent to date, to be paid | € 82 417 | | € 23 199 | |

Cash boundaries

Minimum virtual financial position (all creditors paid, no more income)
 Maximum virtual financial position (all creditors paid, all income realised)

€ 91 913-
 € 24 461

Forecast 2016

| | |
|-------------------|--|
| € 133 821- | Starting point 2016 (= Left over budget 2015) |
| 2016 Total Spent | Comments Relative to budget |
| € 94 962 | No more 2016 ZEP-C spend forecast |
| € 0 | |
| € 8 000 | |
| € 5 000 | |
| € 3 600 | est.: directors' change yet to be implemented |
| € 120 750 | Grantee to take over Aug-Dec16 |
| € 81 997 | Additional expenditure for Chair to end of year |
| € 2 833 | |
| € 317 142 | Total budget spent 2016 |

| 2016 Total Income | Comments |
|-------------------|----------|
| € 120 000 | |
| € 90 000 | |
| € 20 000 | |
| € 61 000 | |
| € 30 000 | |

| | |
|------------------|-------------------------------------|
| € 321 000 | Total forecasted income 2016 |
|------------------|-------------------------------------|

| | |
|-------------------|---|
| € 129 964- | Forecasted Left over budget 2016 |
|-------------------|---|

Comments

- More negative starting point 2016 due to EC 2015 grant way later than anticipated
 - 2016 cash call in Dec15 and pushing Q4 suppliers compensated for resultant cash deficit e/o 2015
 - 2017 cash call in Feb16 to compensate for resultant cash deficit in 16Q1, together with grant lasting at least until Jul16
 - New 100% EC funded Secretariat, expected Aug16-Dec17, to take over bulk of spending
 - Total forecasted Left over budget 2016 comparable to starting point but very limited spending in 2017, due to EC funded Secrecrariat, allows returning to black e/o 2017