ZEP Advisory Council 52

13th September 2017

Agenda Item 2: Secretariat update

2.a. Finance update

Appended to this paper is the ZEP financial update.

2.b. ZEP-c financial report

Appended to this paper is the ZEP-c financial report.

2.c. Nominations to the Advisory Council

The meeting will be notified of two nominations to the Advisory Council and the voting process.

European Zero Emission Technology and Innovation Platform

ZEP Secretariat,
Carbon Capture and Storage Association
6th Floor, 10 Dean Farrar Street, London, UK
www.zeroemissionsplatform.eu

ZEP Advisory Council 52

13th September 2017

Agenda Item 2.a: Finance update

Attached to this note is the 31st August ZEP-Communications financial management report. This covering note provides commentary on developments since the finance report to the AC51.

Income

- Payment of 2017 invoices has now been made by the Port of Rotterdam (€12,500) and Total (€30,000). This brings the 2017 received income to €165,000. Delivering balanced ZEP-C accounts by the end of the period 2016 to 2017 is forecast to require €201,000 of income for both years. There is currently a shortfall of €36,000 of income in 2017.
- As raised previously discussions have commenced with other potential sponsors, ExxonMobil - €30,000, Gassnova - €20,000 and MHPS / MHI - €20,000. Of these the income from Gassnova has the highest potential to be realised.

Expenditure

- The income received has enabled the payment of €33,996 of outstanding invoices from Ardnacraggan (Energy Services) Ltd. This leaves outstanding invoices totalling €28,330 for services from March 2017 to July 2017.
- It was agreed at the AC51 meeting that the process to begin invoicing for 2018 would be initiated after summer to allow for a cash reserve to ensure that ZEP-C has sufficient reserves to meet any early 2018 invoices.

Net position

- The budgets for 2016 and 2017 and the forecast outturns for the same period are shown in tables 1 and 2 (see below). These show that on current projections ZEP-C is forecast to have a budget deficit of -€37,313 over the two year period.
- The attached ZEP-C financial management report is attached to this note. This shows that at the start of 2017 ZEP-C had a “left over budget” from 2016 of -€135,747. (ZEP-C started 2016 with -€133,821). Based on a forecast of receiving €205,000 of income in 2017 the report indicates that ZEP would start 2018 with -€11,768 (“Forecasted left over budget 2017”).
- The secretariat has discussed with the accountants why the “Forecasted left over budget 2017” figure in the financial management report does not reconcile with the budget numbers in table 1 and 2. In short the numbers will not reconcile precisely as they are derived from different sources. The “Forecasted left over budget” number is derived from the auditor’s report and is the “Net equity” position of ZEP. The auditor’s report is based on Generally Accepted Accounting Principles (GAAP) and so is different from the budgets and financial management reports which represent the cash position of ZEP. Under GAAP a key difference is that all of the income and expense is entered for the period it is incurred and is independent of invoicing and payment.

- On the assumption that 2018 income (€165,000) and expenditure (€81,021) matches that currently realised for 2017 then ZEP-C would have a surplus of €83,979.

Table 1: Budgeted income and expenditure

Activity	Budget 2016	Budget 2017
Basic Comm & PA	122,941	
Admin / auditing	8,000	8,000
Website	5,000	5,000
Legal advice	2,000	2,000
Secretariat	120,750	0
Chair	53,667	67,992
Contingency	2,833	2,833
Total expenditure	315,191	85,825
	Forecast 2016 + 2017 expenditure	**401,016**
	Forecast 2016+2017 ZEP-C income	**402,000**
	Net profit /loss	**984**

Table 2: Outturn income and expenditure

Activity	2016	2017 (forecast)
Basic Comm & PA	95,318	
Admin / auditing	6,368	5,200
Website	2,850	860
Legal advice	2,400	4,136
Secretariat	120,750	
Chair	81,997	67,992
Contingency	2,609	2,833
Total expenditure	312,292	81,021
	2016 + 2017 expenditure	**393,313**
	2016+2017 ZEP-C income	**356,000**
	Net profit /loss	**37,313**

ZEP Communications financial management report *31/Aug/2017*

Forecast 2017

€ 135 747-	**Starting point 2017 (= Left over budget 2016)**

Budget management: Expenditure against 2017 budget

Activity	*Contractor*	*Budget 2017*	*Comments*	*To date Spent*	*Comments*	*To Date Committed*	*Comments*	*2017 Total Spend*	*Comments Relative to budget*
Administration / Auditing	Adams accountants / Nijs & Partners	€ 8 000		€ 2 979				€ 5 200	
Website maintenance	Karakas	€ 5 000		€ 860				€ 860	
Legal advice	Lawsquare	€ 2 000		€ 2 068				€ 4 136	
Chair	Ardnacraggan Energy Services	€ 67 992		€ 45 328				€ 67 992	
Contingency		€ 2 833		€ 1 501				€ 2 833	
Total 2017		**€ 85 825**		**€ 52 736**		**€ 0**		**€ 81 021**	**Total budget spent 2017**

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

Spent + Committed	€ 52 736
Remaining total budget	€ 33 089

Cash management of ZEP Communications VZW / ASBL

Category	**Source**	Outstanding invoices	Comments	Pending invoices	Comments	Received payments	Comments		
2017 contributions	O&G					€ 120 000	BP, Statoil, Shell, Total	€ 120 000	
	OEM							€ 0	
	Others (confirmed)					€ 45 000	TCE, PoR, HeidelbergCement	€ 45 000	PoR and total support confirmed
	Others (Potential)			€ 40 000			Gassnova, MHPS	€ 40 000	Discussions commenced on support, income est.
General	VAT return	€ 1 358	VAT declar 2017/01+02+03+04+05+	€ 617	Invoices 2017 to be rec.	€ 512	REIMBURS 16Q4		
Total outstanding / pending ZEP-C				**€ 40 617**				**€ 205 000**	**Total forecasted income 2016**

Cash situation (of 4 September 2017)

Current account (KBC - Business compact rekening)			€ 11 439
Savings account (KBC - Spaarrekening)			€ 101
Actual cash at bank and in hand			**€ 11 540**

€ 11 768-	**Forecasted left over budget 2017**

Expenditure situation

Source		*Outstanding invoices*	*Comments*	*Pending invoices*	*Comments*
Short term creditors		€ 28 330	ARDNACRAGGAN	€ 9 223	ADAMS+NIJS
Outstanding invoices in spent to date, to be paid		**€ 28 330**		**€ 9 223**	

Cash boundaries

Minimum virtual financial position (all creditors paid, no more income)	**€ 26 013-**
Maximum virtual financial position (all creditors paid, all income realised)	**€ 14 604**