

Appendix H

FINANCIAL STATEMENT

Financial year 2004/05 saw a continuation in the reduction of the UK's contribution to ING operations as planned for under PPARC's restructuring plan for ground based facilities. This was a result of the UK's membership of the European Southern Observatory (ESO) and the consequent need to make savings in other parts of the UK's ground based programme. Nevertheless, the overall financial position for the observatory was healthy and enabled not only a full operational programme to be carried out but also an interesting programme of enhancement and development projects. However, it should be noted that, as part of the restructuring plan, the 1.0m Jacobus Kapten Telescope (JKT) had been withdrawn from service in semester 2003B. The approved funding for ING's Joint Programme during financial year 2004/05 provided a requisitions budget of €3317k, including receipts for repayment services provided to other observatories at the Roque de Los Muchachos Observatory (ORM). As a result of careful financial management, the observatory managed to hold back approximately €600k. This money was "banked" with PPARC to be called forward in the future to help offset the significant budgetary reductions planned from 2005 onwards. The resulting allocations and associated expenditure are set out below under the main budget headings (staff costs associated with the international posts at ING are excluded).

Financial year 2004/2005

Budget centre	Allocation €k	Expenditure €k
Operations		
Administration and management	112.1	90.5
Astronomy support	71.1	67.0
Conferences	5.0	0.8
Engineering support	388.0	340.2
Local staff	1154.0	1157.0
ORM operations	613.5	659.7
Sea-level infrastructure and services	225.0	192.2
Students	21.0	16.2
SUBTOTAL	2589.8	2524.5
Enhancements and developments	358.0	157.9
TOTAL	2947.5	2682.4

Financial year 2005/06 saw the final phase of the planned reduction of the UK's contribution to ING's budget. As a result, the funds approved by the international partners through the ING Board totalled €2149.5k. The observatory therefore requested the first portion, €365k, of the "banked" funds be carried forward. This addition, plus funds received from the EU and repayment services mean that the total cash budget available increased to €2769.5k. In addition, during the year, it became clear that there would be sizable underspend against UK staff costs and €350k were therefore transferred from this budget to requisitions. This was distributed between the various activities as set out below. Due to delays in the delivery of goods and equipment, the year closed with approximately €140k unspent, although this sum had been fully committed. Details of the expenditure between the various activities is also set out in the table below.

Financial year 2005/2006

Budget centre	Allocation €k	Expenditure €k
Operations		
Administration and management	88.8	82.7
Astronomy support	40.0	41.0
Conferences	15.0	17.0
Engineering support	359.0	331.0
Local staff	1333.8	1344.0
ORM operations	647.3	743.4
Sea-level infrastructure and services	190.8	226.3
Students	21.7	19.9
SUBTOTAL	2696.5	2805.3
Enhancements and developments	404.8	158.4
TOTAL	3101.3	2963.7