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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-third Meeting
Geneva, 5-9 July 2004

2003 ACCOUNTS

1. 2002-2003 Multilateral Fund accounts, as presented to the United Nations External Auditors during their 2003 Audit of UNEP accounts, are attached to this document.
2. While the United Nations External Audit of UNEP Accounts for the biennium 2002-2003 has been completed, UNEP will not receive the signed Management Letter containing recommendations until sometime in September 2003.
3. However, in the interest of transparency and wishing to provide the Executive Committee with all the information at hand, UNEP would like to submit the accounts for information only at this time and anticipates a formal presentation of same at the 44th Meeting of the Executive Committee.
4. Advanced Schedules 1.1-1.7 are attached to this document.

Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer

**Statement of income and expenditure and changes in reserves and fund balances
for the biennium 2002-2003 ended 31 December 2003**
(United States dollars)

	2003	2001
Income		
Voluntary contributions	283,821,989	277,719,870
Interest income	18,320,868	42,853,142
Miscellaneous income	12,425,764	639,279
Total Income	314,568,621	321,212,291
Expenditure		
Staff and other personnel costs	5,063,969	3,848,879
Contractual services	975,974	722,393
Travel	361,562	332,957
Operating expenses	671,508	1,554,419
Acquisitions	683,379	356,232
Programme support costs	485,338	376,170
UNEP managed activities	17,832,017	14,178,303
UNDP managed activities	67,666,472	108,102,795
UNIDO managed activities	68,879,982	66,140,986
World Bank managed activities	135,793,574	157,840,408
Total Expenditure	298,413,775	353,453,542
Excess/(shortfall) of income over expenditure	16,154,846	(32,241,251)
Prior period adjustments	196,945	(387,025)
Net excess/(shortfall) of income over expenditure	16,351,791	(32,628,276)
Reserves and fund balances, beginning of period	546,337,421	578,965,697
Reserves and fund balances, end of period	562,689,212	546,337,421

**Statement of assets, liabilities, reserves and fund balances
as at 31 December 2003**

Assets		
Cash and term deposits	73,537,204	96,205,222
Interfund receivable	7,276,955	-
Voluntary pledges receivable	163,566,703	139,764,005
Other accounts receivable	168,938	478,392
Promissory notes	126,945,032	95,184,037
Advances provided to implementing agencies	193,001,241	217,073,573
Deferred charges	18,621	4,618
Total assets	564,514,694	548,709,847
Liabilities		
Interfund payable	-	273,685.00
Other accounts payable	236,248.00	522,520.00
Reserve for obligations	354,375.00	169,564.00
Deferred credits	1,234,859.00	1,406,657.00
Total liabilities	1,825,482.00	2,372,426.00
Reserves and fund balances		
Cumulative surplus	562,689,212	546,337,421
Total reserves and fund balances	562,689,212	546,337,421
Total liabilities, reserves and fund balances	564,514,694	548,709,847

**Statement of cash flow
for the biennium 2002-2003 ended 31 December 2003**

Cash flows from operating activities		
Net excess/(shortfall) of income over expenditure	16,351,791	(32,628,276)
Increase in voluntary pledges receivable	(23,802,698)	157,067,477
(Increase)/decrease in accounts receivable	309,454	(99,537)
Increase in deferred charges	(14,003)	3,114
Increase other accounts payable	(286,272)	367,938
Increase reserve for obligations	184,811	(1,899)
Less: interest income	(18,320,868)	(42,853,142)
Net cash from operating activities	(25,577,785)	81,855,675
Cash flows from investing and financing activities		
Increase in promissory notes	(31,760,995)	(13,411,116)
(Increase)/decrease in net advances provided to/by implementing agencies	24,072,332	105,757,712
Increase/(decrease) in interfund payable	(7,550,640)	(295,326)
Increase/(decrease) in deferred credits	(171,798)	(145,260,010)
Plus: interest income	18,320,868	42,853,142
Net cash flow from investing and financing activities	2,909,767	(10,355,598)
Cash flow from other sources		
Net increase/(decrease) in cash and term deposits	(22,668,018)	71,500,077
Cash and term deposits, beginning of period	96,205,222	24,705,145
Cash and term deposits, end of period	73,537,204	96,205,222

Changes to previous years expenditures as reported by the major implementing agencies.

The reported expenditure includes the changes in prior period expenditures as reported by the implementing agencies and treated as part of the current year expenditures.

For easy monitoring of the expenditures reported by the major implementing agencies, (UNDP, UNEP, UNIDO and WB-IBRD), the Treasurer has adopted the practice of recording any changes reported by these agencies against previous period(s) expenditures, as part of the current period transactions.

In this regard, the total expenditures reflected in the current accounts include an amount of US\$20,027,231 relating to previous periods but reported in the current period.

SCHEDULE 1.1 MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL 2003 STATEMENT OF INCOME AND EXPENDITURE (in US\$)			
INCOME	2003	2002	1991- 2003
Agreed contributions	159,588,237	124,233,752	1,662,175,395
Interest income	7,227,409	11,093,459	139,684,731
Miscellaneous income	3,692,014	8,733,750	16,972,920
TOTAL INCOME	170,507,660	144,060,961	1,818,833,046
EXPENDITURE			
UNEP Managed Activities	10,647,678	7,184,339	63,783,534
UNDP Managed Activities	21,689,811	45,976,661	332,149,684
UNIDO Managed Activities	34,766,409	34,113,573	295,776,526
World Bank Managed Activities	70,867,244	64,926,330	526,860,386
Secretariat	4,169,163	4,072,567	37,849,567
Bank Charges and Loss on Exchange	0	0	160,462
TOTAL EXPENDITURE	142,140,305	156,273,470	1,256,580,159
Excess of income over expenditure	28,367,355	(12,212,509)	562,252,887
Prior period adjustments	444,657	(247,712)	436,325
Net excess of income over expenditure	28,812,012	(12,460,221)	562,689,212
Fund balance, beginning of period	533,877,200	546,337,421	0
Fund balance, end of period	562,689,212	533,877,200	562,689,212

Changes to Previous years expenditures as reported by the major implementing agencies.

The reported expenditures includes the changes in prior period expenditures as reported by the implementing agencies and treated as part of the current year expenditures

For easy monitoring of the expenditures reported by the major implementing agencies, (UNDP, UNEP, UNIDO and WEIBRD), the Treasurer has adopted the practice of recording any changes reported by these agencies against previous period (s) expenditures, as part of the current period transactions

In this regard, the total expenditures reflected in the current accounts include an amount of US\$20,027,231 relating to previous periods but reported in the current period

SCHEDULE 1.2		
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL		
2003 STATEMENT OF ASSETS AND LIABILITIES (in US\$)		
ASSETS	31.12.2003	31.12.2002
Cash and term deposits	73,537,204	83,244,519
Voluntary pledges receivable	163,566,703	162,157,853
Inter-fund balance receivable	7,276,955	0
Other accounts receivable	168,938	276,969
Provision for doubtful debt	0	0
Other assets - deferred charges	18,621	57,800
Promissory notes	126,945,032	97,885,068
Operating funds provided to implementing agencies	193,001,241	194,390,768
TOTAL ASSETS	564,514,694	538,012,977
LIABILITIES		
Deferred credits	1,234,859	799,540
Reserve for obligations	354,375	368,110
Inter-fund balance payable	0	2,160,602
Other accounts payable	236,248	802,151
Advances provided by implementing agencies	0	5,378
TOTAL LIABILITIES	1,825,482	4,135,781
RESERVES AND FUND BALANCES		
Financial reserves	562,689,212	533,877,200
TOTAL RESERVES AND FUND BALANCES	562,689,212	533,877,200
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	564,514,694	538,012,981

SCHEDULE 1.3

A. **2003 Expenditures for Account MFL 2336-2211-2661: (Secretariat's Main Account)**

			Approved Budget	Actual Expenditure	Savings/ (Deficit)
10	PROJECT PERSONNEL COMPONENT				
	1100	<i>Project Personnel</i>			
	1101	Chief Officer (D-2)	275,407	246,408	28,999
	1102	Deputy Chief Officer (Economic Cooperation) (P-5)	139,000	150,225	(11,225)
	1103	Deputy Chief Officer (Technical Cooperation) (P-5)	139,000	155,486	(16,486)
	1104	Economic Affairs Officer (P-4/5)	139,000	116,640	22,360
	1105	Environmental Affairs Officer (P-4/5)	139,000	132,352	6,648
	1106	Project Management Officer (P-4/5)	139,000	146,060	(7,060)
	1107	Project Management Officer (P-4/5)	139,000	137,679	1,321
	1108	Information Management Officer (P-3)	122,906	112,310	10,596
	1109	Administrative and Fund Management Officer (P-4)	124,712	128,959	(4,247)
	1110	Senior Monitoring and Evaluation Officer (P-5)	139,000	161,380	(22,380)
	1111	Executive Assistant to Chief Officer (P-2)	58,350	33,336	25,014
	1188	Prior Year's Adjustment			
	1199	<i>Sub-total</i>	1,554,375	1,520,835	33,540
	1200	<i>Consultants</i>			
	1201	Projects and technical reviews etc	150,000	83,776	66,224
	1299	<i>Sub-total</i>	150,000	83,776	66,224
	1300	<i>Administrative Support Staff costs</i>			
	1301	Admin Assistant (G-8)	54,000	51,742	2,258
	1302	Meetings Services Assistant (G-7)	51,096	54,017	(2,921)
	1303	Programme Assistant (G-8)	54,000	62,191	(8,191)
	1304	Senior Secretary (Deputy Chief, Economic Cooperation) (G-6)	40,000	45,835	(5,835)
	1305	Senior Secretary (Deputy Chief, Technical Cooperation) (G-6)	40,000	34,733	5,267
	1306	Computer Operations Assistant (G-7/G-8)	54,000	68,950	(14,950)
	1307	Secretary (to 2 Programme Officers) (G-6)	40,000	49,908	(9,908)
	1308	Secretary/Clerk, Administration (G-5)	34,000	33,691	309
	1309	Registry Clerk (G-4)	32,892	32,524	368
	1310	Database Assistant (G-8)	54,000	43,387	10,613
	1311	Secretary, Monitoring and Evaluation, (G-5/G-6)	40,000	42,872	(2,872)
	1301-11	<i>Sub-total (support staff costs)</i>	493,988	519,851	(25,863)
	1333	Executive Committee -(ExCom 33-35)	600,000	575,993	24,007
	1333	<i>Sub-total (conference servicing)</i>	600,000	575,993	24,007
	1335	Tempory Assistant	50,000	46,916	
	1388	Prior Year's Adjustment	-	-	0
	1388	<i>Sub-total</i>	-	0	0
	1399	<i>Sub-total</i>	1,143,988	1,142,761	(1,856)

			Approved Budget	Actual Expenditure	Savings/ (Deficit)
	1600	<i>Travel on Official Missions</i>			
	1601	Mission costs	160,000	109,316	50,684
	1699	<i>Sub-total</i>	160,000	109,316	50,684
1999	COMPONENT TOTAL		3,008,363	2,856,688	148,592
20	SUB-CONTRACTS COMPONENT				
	2100	<i>Sub-Contracts with UN Agencies:</i>			
	2101	Information materials	30,000	3,076	26,924
	2102	Treasury services		100,300	(100,300)
	2199	<i>Sub-total</i>	30,000	103,376	(73,376)
	2300	<i>Sub-Contracts with Profit Making Institutions</i>			0
	2301	Corporate Consultancies	0	0	0
	2399	<i>Sub-total</i>	0	0	0
2999	COMPONENT TOTAL		30,000	103,376	(73,376)
30	MEETINGS PARTICIPATION COMPONENT				
	3300	<i>Assistance to Participants from Developing Countries</i>			
	3301	Travel of Chairman / Vice-Chairman	30,000	(1,692)	31,692
	3302	Executive Committee meetings - 2003	225,000	193,604	31,396
	3303	Informal Sub-group meetings	30,000	14,648	15,352
	3399	<i>Sub-total</i>	285,000	206,560	78,440
3999	COMPONENT TOTAL		285,000	206,560	78,440
40	EQUIPMENT COMPONENT				
	4100	<i>Expendables</i>			
	4101	Office stationery etc	15,000	14,211	789
	4102	Software & Computer expendables	9,000	6,228	2,772
	4199	<i>Sub-total</i>	24,000	20,439	3,561
	4200	<i>Non-expendable Equipment</i>			
	4201	Computer, printers etc.	10,000	4,879	5,121
	4202		5,000	3,112	1,888
	4299	<i>Sub-total</i>	15,000	7,991	7,009
	4300	<i>Rental of premises</i>			
	4301	Rental of office premises	310,000	313,136	(3,136)
	4399	<i>Sub-total</i>	310,000	313,136	(3,136)
4999	COMPONENT TOTAL		349,000	341,566	7,434
50	MISCELLANEOUS COMPONENT				
	5100	<i>Operations and Maintenance</i>			
	5101	Computers, printers etc	9,000	3,415	5,585
	5102	Office premises	9,000	2,768	6,232
	5103	Rental of Photocopiers	15,000	12,928	2,072
	5104	Telecommunications equipment	9,000	6,975	2,025
	5105	Miscellaneous equipment rentals	12,000	0	12,000
	5199	<i>Sub-total</i>	54,000	26,086	27,914
	5200	<i>Reporting Costs</i>			

		Approved Budget	Actual Expenditure	Savings/ (Deficit)
	5201			
	5202	20,000	10,545	9,455
	5299	20,000	10,545	9,455
	5300			
	5301	40,000	33,639	6,361
	5302	15,000	12,066	2,934
	5303	5,000	3,253	1,747
	5305	38,000	2,018	35,982
	5399	98,000	50,976	47,024
	5400			
	5401	10,000	8,760	1,240
	5499	10,000	8,760	1,240
5999	COMPONENT TOTAL	182,000	96,367	85,633
99	PROJECT TOTAL	3,854,363	3,604,557	246,723
	<i>Programme Support Costs</i>	266,287	265,289	998
	GRAND TOTAL	4,120,651	3,869,846	247,721

B. 2003 Expenditures for Account MFL 2336-2212-2661: (Monitoring and Evaluation)

		Approved Budget	Actual Expenditure	Savings/ (Deficit)
	1201	241,000	216,875	24,125
	1601	50,000	49,443	557
	4101	0	0	0
	4201	5,000	1,000	4,000
	5105	0	0	0
	5201	0	0	0
	5301	2,000	479	1,522
	ACCOUNT TOTAL	298,000	267,796	30,204

C. 2003 Expenditures for Account MFL 2336-2213-2661: (Technical Audits: Production Sector)

	2300			
	2301	61,000	4,846	56,154
	ACCOUNT TOTAL	61,000	4,846	56,154

D. 2003 Expenditures for Account MFL 2336-2720-2661: (Information Strategy)

		Approved Budget	Actual Expenditure	Savings/ (Deficit)
	1201	13,000	11,126	1,874
	4102	21,750	11,397	10,353
	4201	23,000	4,150	18,850
	5105	0	0	0
	ACCOUNT TOTAL	57,750	26,673	31,077
	TOTAL FOR ALL ACCOUNTS	4,537,401	4,169,162	334,079

SCHEDULE 1.4			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
UNDP Managed Activities in 1991 - 2003 (in US\$)			
INCOME	2003	2002	1991-2003
Cash transferred from the Multilateral Fund	24,892,179	36,406,606	348,566,587
Promissory notes	0	31,150,012	31,150,012
Interest and miscellaneous income earned and retained	807,267	1,038,312	36,718,319
TOTAL INCOME	25,699,446	68,594,930	416,434,918
TOTAL EXPENDITURE	18,098,504	49,390,356	332,149,684
EXCESS OF INCOME OVER EXPENDITURE	7,600,942	19,204,574	84,285,234
NET EXCESS OF INCOME OVER EXPENDITURE	7,600,942	19,204,574	84,285,234
Fund balance, beginning of period	76,684,292	57,479,718	0
Add excess of income over expenditure	7,600,942	19,204,574	84,285,234
Fund balance, end of period	84,285,234	76,684,292	84,285,234

SCHEDULE 1.5			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
UNEP Managed Activities in 1991 - 2003 (in US\$)			
INCOME	2003	2002	1991-2003
Cash transferred from the Multilateral Fund in 1998 recorded in 2002	0	1,800,000	1,800,000
Cash transferred from the Multilateral Fund in 2001 recorded in 2002	0	2,230,159	2,230,159
Cash transferred from other donors in prior periods posted to UNEP in error reversed in 2002	0	(237,040)	(237,040)
Cash transferred from the Multilateral Fund in 2002-2003	7,936,424	11,378,340	19,314,764
Total transfers	7,936,424	15,171,459	70,151,521
Interest earned and retained	410,315	632,720	4,382,530
TOTAL INCOME	8,346,739	15,804,179	74,534,051
TOTAL EXPENDITURE	10,879,032	7,098,386	63,949,397
EXCESS OF INCOME OVER EXPENDITURE	(2,532,293)	8,705,793	10,584,654
Prior period adjustments	0	(580)	(36,036)
NET EXCESS OF INCOME OVER EXPENDITURE	(2,532,293)	8,705,213	10,548,618
Fund balance, beginning of period	13,080,911	4,375,698	0
Add excess of income over expenditure	(2,532,293)	8,705,213	10,548,618
Fund balance, end of period	10,548,618	13,080,911	10,548,618

Note: The figures presented take into account any prior period adjustments reported by Implementing agencies.

SCHEDULE 1.6			
MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL			
UNIDO Managed Activities in 1991 - 2003 (in US\$)			
INCOME	2003	2002	1991-2003
Cash transferred from the Multilateral Fund	23,588,553	28,776,501	285,018,794
Interest and miscellaneous income earned and retained	588,458	824,555	23,871,322
TOTAL INCOME	24,177,011	29,601,056	308,890,116
TOTAL EXPENDITURE	37,879,011	31,000,972	295,776,527
EXCESS OF INCOME OVER EXPENDITURE	(13,702,000)	(1,399,916)	13,113,589
NET EXCESS OF INCOME OVER EXPENDITURE	(13,702,000)	(1,399,916)	13,113,589
Fund balance, beginning of period	26,815,589	28,215,505	0
Add excess of income over expenditure	(13,702,000)	(1,399,916)	13,113,589
Fund balance, end of period	13,113,589	26,815,589	13,113,589

Note: The figures presented take into account any prior period adjustments reported by Implementing agencies.

SCHEDULE 1.7

MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

World Bank Managed Activities in 1991 - 2003 (in US\$)

INCOME	2003	2002	1991-2003
Cash transferred from the Multilateral Fund	74,243,362	42,231,532	424,138,430
Promissory notes encashed*	3,619,394	6,729,026	164,678,757
Promissory notes transferred, net of encashments			0
Interest and miscellaneous income earned and retained (investment income)	3,892,206	6,206,417	55,620,158
TOTAL INCOME	81,754,962	55,166,975	644,437,345
TOTAL EXPENDITURE	70,867,244	64,926,330	526,860,386
EXCESS OF INCOME OVER EXPENDITURE	10,887,718	(9,759,355)	117,576,959
NET EXCESS OF INCOME OVER EXPENDITURE	10,887,718	(9,759,355)	117,576,959
Fund balance, beginning of period	106,689,241	107,892,528	0
Add excess of income over expenditure	10,887,718	(9,759,355)	117,576,959
Fund balance, end of period	117,576,959	98,133,173	117,576,959

*Promissory notes information provided by World Bank accounts.

Note: The figures presented take into account any prior period adjustments reported by Implementing agencies.