

9 – FINANCE AND AUDIT COMMITTEE REPORT

9.2 – Budget for 2021

Note by the Secretariat

INTRODUCTION

The 2021 budget is presented in Annex 9.2.1 and was established on the assumption that the global economic situation would return to normal by the middle of the year.

With a view to better monitoring the budget, a different presentation is set out in accordance with the audited financial statements. This approach makes the budget more realistic and transparent. Some significant changes are introduced to this key document, specifically all income and expenses, including financial and non-recurring elements are now budgeted as they have a direct impact on the final result.

The 2021 budget also implies a new structural adjustment concerning depreciation of assets which will now appear under “other operating costs”.

OPERATING INCOME

The expected total income for 2021 amounts to K€2,476.

In respect of the new Financial Regulations introduced in the 2019 accounts, membership contributions are only recognized as income when they are cashed. The forecasts have been therefore revised downwards to reflect the reality of payments (-3%).

With the budget being strictly based on the actual payments of members, it is essential to reach the targeted collection rate of 85%, below which the income statement would not be balanced in 2021.

OPERATING EXPENSES

The 2021 total expenditure budget amounts to €2,153.

With respect to personnel costs, the departure of one staff member in the administrative section is anticipated as well as her replacement.

Variable operating costs (travel, events etc.) have been reduced resulting from the foreseen impact of the global pandemic (-9% in total).


Concerning investment costs, from 2021, the budget will only concern assets which will not be depreciated, either because their value is less than 600€ or because their estimated useful lives are less than one year. This document shows under “other operating costs”, the depreciation accounted every year as an expense.

Provisions were also estimated for a total amount of K€115, including a new provision for charges of K€35 in anticipation of the costs of the next Conference in Brazil in 2022.

THE COUNCIL IS INVITED TO

Note the creation of a Conference provision in the accounts and **Approve** the budget for 2021.



	IALA			Comments on 2021 budget
	2020 BUDGET	PROPOSED 2021 BUDGET	%	
INCOME STATEMENT				
Operating income				
Membership contributions	2 275 506	2 207 722	-3%	Based on a targeted collection rate of 85%
Contributions in arrear (2018-2020)	250 000	100 000	-60%	Estimated debts as of 31st Dec 2020 (K€200) - 50%
Publications & advertising	21 000	12 000	-43%	3 possible advertising in the 4 annual E-news (digital version only in 2021)
Seminars & workshops:	15 000	75 000	+400%	3 physical workshops are planned in the 2nd half of 2021
Miscellaneous (memorabilias...)	2 500	2 000	-20%	Less sales of memorabilias
World-Wide Academy	80 000	80 000	+0%	Annual Secretariat support
Total	2 644 006	2 476 722	-6%	
Operating expenses				
Personnel costs				
Salaries & consultant fees	873 000	835 000	-4%	Retirement of one staff member
Taxes & social security charges	559 000	539 500	-3%	65% of total salaries
Abondements to Staff saving schemes	56 000	49 320	-12%	
Other staff costs	59 800	47 500	-21%	
Operating costs				
Running expenses	287 500	264 700	-8%	Revision of contracts due to the pandemic
Contingencies	17 500	20 680	+18%	Legal fees (assistance regarding change of status' project - staff rights)
Corporate flat rental	120 000	137 000	+14%	Increase due to new housing support for a staff + inflation
Car expenses	27 000	27 000	+0%	Leasing contract payments + maintenance for 3 vehicles
Building costs	53 000	53 000	+0%	Co-ownership fees + building taxes
Events (workshops, meetings, Council...)	182 500	64 000	-65%	Events during 1st half of 2021 should be virtual
Travel costs - Missions	70 000	50 000	-29%	Budget allocation for 2nd half of 2021
Publications	61 500	26 580	-57%	In 2021, the Bulletin will be available only in digital format-no more paper version
Investment costs				
IT equipment, website dev. & software	80 000	35 000	-56%	Assets < €600€ or used in the year (such as licenses)
Furniture & Other equipment	16 000	4 000	-75%	
Total	2 462 800	2 153 280	-13%	
Operating result (from budget)	181 206	323 442		
Other operating income				
Voluntary contributions (WWA sponsorships)	0	0		Concerns the Academy's accounts
Reversals of amortization, depreciation & provisions, transfers of	0	58 000		Transfer of charges relates to benefit in kind on salaries
Total	0	58 000		
Other operating expenses				
Depreciation and amortization of non-current assets	0	210 000		Yearly depreciation of all IALA assets acquired over the years
Provisions for contingencies, liabilities	0	115 904		K€65 for IMC + €859 for retirement + K€15 for staff indemnities + K€35 for Conf
Other expenses	0	700		Correspond to possible adjustments of calculations
Total	0	326 604		
Interest and other financial income	0	15 000		Annual interests on bank accounts
Interest and other financial expenses	0	1 000		Exchange losses on foreign currency transactions
Financial result	0	14 000		
Non-recurring income	0	31 589		Part of the 1M€ subvention transferred every year to the result
Non-recurring expenses	0	20 000		Charges for previous year paid in 2021 (Bulletin, claims, auditors fees etc...)
Non-recurring result	0	11 589		
Income tax		1 100		Almost same amount every year
Commitment on allocated resources		0		Unused WWA dedicated funds to be carried forward to the next year
Total projected income		2 581 311		
Total projected expenses		2 501 984		
Projected Benefit or (loss)		79 327		