



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 | 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 (memorabilia...) | 2 500 | 2 000 | -20% | Less sales of memorabilia |
| 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 | | |