

# Report on the Financial Position of IUPAP at 30 March 2018

## 1. Introduction

The financial affairs of the International Union of Pure and Applied Physics (IUPAP) have to be managed by an incorporated body. For that reason we established a Singaporean Company, the International Union of Pure and Applied Physics Singapore Ltd (IUPAP-SG) to open bank accounts, accept payments and pay bills. The Company is required to file annual financial statements with the Accounting and Corporate Regulatory Authority (ACRA) and to file income tax returns with the Inland Revenue Authority of Singapore (IRAS). So the financial report of IUPAP-SG is the official financial statement of IUPAP. Because this financial statement is required to be on an accrual basis, recording income when dues are invoiced, and expenses when a commitment is made for the payment, rather than when money enters and leaves the bank accounts of the Company, it can be misleading regarding the extent to which the company has money to pay its bills and has been effective in collecting its dues. For this reason, IUPAP has a tradition of also reporting to in terms of its budgeted income and the related cash based expenditure. The official annual accounts may also be misleading because IUPAP works on a three year program, from one General Assembly to the next. As we have just had a General Assembly you are provided with a document comparing the budgeted and actual income and expenditure for the years 2015 to 2017, and a separate document for the years 2018-2020.

There are thus three documents before you:

1. IUPAP-SG Financial Statements for year ended 31 December 2017
2. IUPAP 2015-2017 budget-cash
3. IUPAP 2018-2020 budget-cash

We will comment on each in turn

Another consequence of this three year cycle is the fact that we do not allow funds to be carried forward from the end of one period into the next, but dues which are paid late are carried back into the triennium in which they were billed. IUPAP regards its bank balance at the end of the triennium, plus late paid dues, as its **reserves**, and plans to live on its income in each three year period during that period.

## 2. IUPAP-SG Financial Statements for year ended 31 December 2017

2017 is the year of the 29th General Assembly. Because voting at a General Assembly requires a relatively up-to-date payment records one may have expected that we would receive a high level of payments in 2017. This was not the case in absolute terms, because most of those members who have delays in paying usually have only one share. Our statutes state that members who are more than 6 years in arrears lose the privileges of membership. To encourage such members to pay their arrears this provision is formerly enacted only after the General Assembly. 6 members ceased to be members, and their dues, with some other dues waived by the Council, were formally written off by the company. This practice is one of the reasons that these official financial accounts do not give a good basis for estimating our ability to meet our commitments.

These accounts show, from the Income and Expenditure statement, a billed income of 566,574 EUR, but the balance sheet shows that 129,433 EUR was still owed to us on 31 December 2017, and had not been written off.

You will see on page 17 of these financial statements that, although we are not a charitable company, Section 11(1) of the income tax act allows us to pay no tax on the dues we receive from our members.

Our bank balance at the end of this period was 1,437,399 EUR, an increase of 105,562 EUR from the 31 December 2016 balance of 1,331,837 EUR, a healthy result for the year.

We have already received 28,481.00 EUR late 2017 dues and we expect to receive at least 29,800 EUR in addition to that.

25,000 USD in our bank account was locked up by the donor, and we could use only the income for prizes for young authors for semiconductor physics. In 2017 we obtained the permission of the donor to use the capital sum for that purpose. Council agreed to put **25,000 EUR** at the disposal of C8, the Commission on Semiconductors. That is not part of our reserves, and so **our reserves now stand at 1,470,680.**

### **3. IUPAP 2015-2017 budget and actuals.**

For you to understand the document, I need to tell you that in 2017 we included the budget for the C&CC meeting in with the General Assembly budget, and we included the costs of the General Report in with the General Assembly.

The big picture is that, over the three year period, we received about 124 K EUR more than we had budgeted for. The budgeted income is not what we bill but what we expect to collect. The increase was largely due to the efforts of our Chef d'Administration, Maitri Bobba, in chasing down the payments, and partly due to the increase in the shares subscribed to by some members. It was in spite of the fact that some governments did not support the payment of the IUPAP dues for reasons associated with their own economy. And we underspent our budgeted expenses by about 179 K EUR. A surplus of about 300 K EUR, to be retained in our reserves. The underspending on the Council and Commission Chairs meeting (37 K EUR) was largely due to the generous support provided by our Brazilian hosts of that meeting and the associated General Assembly. The underspending of a total of 96 K EUR by Commissions and Working Groups was a surprise. We provide very little support to the Commissions and Working Groups — 4090 EUR over the 3 years for Commissions and 2500 EUR per year for working groups — yet even that is not spent. Some of the underspending, for example that for banking and accounting, is consistent in each of the three years, and indicated that our budget provision can be reduced in our budgeting for 2018-2020.

Careful control of our expenses, and persistent work in collecting our income, by Maitri, together with unexpected underspending and generous support for our General Assembly, have let to the favourable financial out come for 2015-2017.

### **4. IUPAP 2018-2020 Budget**

In budgeting for this triennium, we have revised our estimate of the income to reflect recent history, we have increased conference support, kept the allocations for Commissions unchanged, increased that for working groups to allow for the two extra working groups, and allowed 5000 EUR pa for new initiatives. The recommendation is to spend the new initiative allowance for this year and next in support of the International Year of the Periodic Table. The recommended budget in the papers at present may be varied by the Commission on Policy and Finance (C1) when it meets on 2 May, and a new version may be tabled at the C&CC meeting.

Note that, as detailed above, the transfer from reserves of 25 K EUR is to fund C8 young authors prizes as agreed by the donor (IBM). Both that and the ICSU grant for LAAAMP is money in and money out, and does not impact the rest of our activities.

The budgeted outcome is for a very small surplus of about 6 K EUR at the end of 2020. You will all need to be aware of your own expenditure and exercise discipline over it if we are going to achieve that target.