

**GENERAL ASSEMBLY  
14<sup>th</sup> session****3 June 2023  
Rio de Janeiro  
Brazil****3– Finance report****Finance report**

Note by the Secretariat

**1. BACKGROUND**

Over the period 2018-2022, the Organization has implemented financial and regulatory measures to ensure business continuity despite the Covid pandemic. Boosted by the change of status project, IALA continued to attract new members and closed its financial years with net consolidated surpluses.

The surpluses were mainly affected to the capital as financial reserves to meet expenses related to the change of status.

**2. AUDIT**

A new external auditor, RSM Paris, was appointed by Council 68, to conduct annual audits in accordance with professional standards applicable in France but also to assist the Organization in its transition to an IGO.

RSM Paris provides for IALA its experts experienced in the non-profit sector. In particular, Carlara Avocats, a French law firm was appointed by the Secretariat to provide legal assistance with respect to the administrative formalities required by French law for the transfer of the rights, interests, assets and liabilities in favour of the new IGO. Carlara Avocats will assist IALA throughout the transition period and until the winding up of the Association is complete.

**3. FINANCIAL STATEMENTS**

The Financial statements which consist of the Balance Sheet, the Income statement and the annex are prepared by the Chartered Accountant KPMG and audited by RSM Paris. The final statutory auditor's reports on the financial statements are available on the IALA website.

**4. MEMBERSHIP CONTRIBUTIONS**

The membership contributions are paid annually in the amount determined by the Council on recommendation from the Finance and Audit Committee. The contributions consist of three different rates depending on the category (National, Industrial or Associate).

The rates for the National members have been increased overall by 3% each year while the contributions for Industrial and Associate members have remained unchanged for five years. Despite some resignations and terminations for non-payment, the number of IALA members has grown by 14% between 2018 and 2022.

**5. BUDGET**

The Organization is funded primarily by assessed contributions from its members, within the framework of a Budget approved by the Council. The budget for expenditure is divided into Personnel costs (on average 66% of the overall budget), running expenses (33%) and investment costs (1%). In December 2022, IALA had 13 permanent staff members and nine consultants.

The unprecedented situation due to the Coronavirus pandemic in 2020 and 2021 has necessitated some adjustments to the budget of expenditure, in particular:

- an increase in the staff training budget in view of maintaining IALA's activities remotely, the staff have been trained in the use of new professional digital tools;
- a decrease in operating expenses with mainly less travel and missions abroad; and
- more investment in IT and videoconferencing systems to organize hybrid meetings.

Activities and international travels resumed in 2022. Execution of the budget has been relatively stable between 2018 and 2022 (90% on average).

## **6. THE WORLD-WIDE ACADEMY'S FINANCES**

Launched in 2012, the World-Wide Academy is managing a separate budget based on an annual work program endorsed by the Academy Board which meets twice a year.

The Academy is independently funded by generous sponsorships received from external donors (see Annex 2). Unused funds are kept as a financial reserve in the respective dedicated fund and carried forward to the following year. Reserves and fund balances were not fully used during the period due to the Covid pandemic which forced the Academy to slow down or postpone its missions abroad. In 2022, activities started to return to pre-pandemic level.

## **7. PROVISIONS**

Provisions are made in the Balance sheet to cover risks and expenses related to the issue of severance pay (€453K in 2022) and staff retirement benefits (€140K). A new provision is made in 2022 for €177K following a litigation with a printing company.

The introduction of new French Financial Regulations ANC n°2018-06 in the 2019 accounts resulted in a more transparent accounting process whereby membership contributions are recognized as income only when they are collected. The move from an accrual accounting system to a cash-based accounting system has an impact on the presentation of the Balance sheet in 2019. The provision for bad debts, used until 2018 to cover the risk of non-payment of contributions has been settled in 2019 for a total amount of +€243K.

## **8. CASH POSITIONS**

The Organization's liquid assets are maintained in separate bank accounts (in Euros and Pounds sterling) in order to differentiate the funds for IALA and for the World-Wide Academy. As of December 2022, the consolidated cash and cash equivalents amount to €4,553K and comprise current operating accounts and various saving accounts.

## **9. CASH-RESERVE**

The end-of-year cash-reserve is a good indicator of IALA's financial strength. It demonstrates IALA's capacity to self-finance its operations over a period of time and its ability to face unexpected expenses in connection with the future change of status. The IALA's cash-reserve has been maintained at a minimum of 12 months of operations over the period.

## **10. ACTION REQUESTED OF THE GENERAL ASSEMBLY**

The General Assembly is invited to take note of the information provided in this document and its annexes.

## ANNEX 1 – CONSOLIDATED FIVE-YEAR REVIEW

	2022	2021	2020	2019	2018	Variation 2018-2022
<b>Volume Data</b>						
<b>Number of members (units)</b>	<b>337</b>	<b>320</b>	<b>315</b>	<b>300</b>	<b>295</b>	+ 14%
National	93	90	88	87	85	+ 9%
Industrial	164	156	155	146	147	+ 12%
Associate	80	74	72	67	63	+ 27%
<b>Annual rates (€)</b>						
National	18 200	17 160	16 660	16 170	15 700	
Industrial	6 350	6 350	6 350	6 350	6 350	
Associate	3 070	3 070	3 070	3 070	3 070	
<b>Financial Data (in €)</b>						<b>Notes</b>
<b>Income Statement</b>						
Operating income	3 766 248	3 311 214	3 692 033	3 637 178	3 730 615	
Operating expenses	3 534 837	2 938 715	3 436 991	3 489 272	3 890 647	1
<b>Operating result</b>	<b>231 411</b>	<b>372 499</b>	<b>255 042</b>	<b>147 906</b>	<b>(160 032)</b>	2
Financial income	21 974	8 302	9 731	17 823	17 377	3
Financial expenses	7 184	2 712	1 284	4 190	2 971	4
<b>Financial result</b>	<b>14 790</b>	<b>5 590</b>	<b>8 447</b>	<b>13 633</b>	<b>14 406</b>	
Extraordinary income	31 589	31 589	31 713	31 589	331 391	5
Extraordinary expenses	12 843	7 785	38 695	11 917	4 517	
<b>Extraordinary result</b>	<b>18 746</b>	<b>23 804</b>	<b>(6 982)</b>	<b>19 672</b>	<b>326 874</b>	
<b>Income tax</b>	<b>2 751</b>	<b>1 106</b>	<b>2 144</b>	<b>1 064</b>	<b>1 250</b>	
Total income	3 819 811	3 351 105	3 733 477	3 686 590	4 079 383	
Total expenses	3 557 615	2 950 318	3 479 114	3 506 443	3 899 385	
<b>Net result for the period</b>	<b>262 196</b>	<b>400 787</b>	<b>254 363</b>	<b>180 147</b>	<b>179 998</b>	
<b>Balance Sheet (at December 31)</b>						
<b>Assets</b>						
Fixed assets	1 584 209	1 720 760	1 821 387	2 008 681	2 185 620	
Current assets	4 817 766	4 049 961	3 889 007	4 382 447	3 953 288	
<b>Total assets</b>	<b>6 401 975</b>	<b>5 770 721</b>	<b>5 710 394</b>	<b>6 391 128</b>	<b>6 138 908</b>	
<b>Liabilities</b>						
Association funds and reserves	3 398 219	2 997 433	2 743 070	2 562 922	2 951 653	6
Result of the year	262 196	400 787	254 363	180 147	179 998	
Investments grants	625 952	657 541	689 130	720 719	752 308	7
Dedicated funds	429 010	240 869	621 346	272 073	11 345	8
Provisions for risks and charges	770 909	627 734	537 549	746 447	652 467	
Debts and liabilities	915 689	846 357	864 936	1 908 820	1 591 137	9
<b>Total liabilities</b>	<b>6 401 975</b>	<b>5 770 721</b>	<b>5 710 394</b>	<b>6 391 128</b>	<b>6 138 908</b>	

1. More expenses in 2018 with the IALA Conference organized in South Korea

2. 2021 was impacted by the pandemic: less WWA sponsorships were received but less expenses have been incurred

3. Interests on the 2021 and 2022 bank accounts were recorded in 2022

4. Mainly exchange rate differences on transactions

5. Part of the 1€M French Subvention is transferred to the capital each year for €31K.

In 2018, regularisation of IMC flow recording for €299K. Since 2019, the IMC fund is administered by IALA.

6. €300K have been allocated to the Reserve in 2020 and 2021 to anticipate the cost of the IALA 2023 Conference

7. Depreciation of the €1M grant received from the French Government in 2011

8. Balance of the World-Wide Academy dedicated funds

9. In 2019, cancelation of the membership fees receivable (-€812K) + cancelation of provision for bad debts (+€243K)

**ANNEX 2 – WORLD-WIDE ACADEMY FINANCIAL OVERVIEW (in Euros)**

<b>REVENUES</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Notes</b>
IFAN	695 000	0	695 000	695 000	660 000	1
France	20 000	20 000	20 000	20 000	20 000	2
Republic of Korea	110 807	112 174	115 114	122 303	113 100	3
Malaysia	100 000	100 000	100 000	100 000	100 000	
Singapore	0	0	66 331	64 687	0	4
IMO	69 815	16 829	6 500	31 529	20 395	
Trinity House	25 000	57 058	0	0	11 162	5
Japan Aids to Navigation Association (JANA)	22 210	0	19 105	21 193	8 884	6
Australian Maritime Safety Authority (AMSA)	6 899	0	0	45 879	0	7
Steve Nell's Scholarship (IMC)	0	0	0	10 000	10 000	8
Revenues from course registration fees	61 031	58 000	11 500	73 927	60 850	9
Sponsors for Disaster Recovery Fund	32 400	0	0	0	0	10
Financial income	2	0	24	225	296	
<b>Total</b>	<b>1 143 166</b>	<b>364 061</b>	<b>1 033 574</b>	<b>1 184 744</b>	<b>1 004 688</b>	
<b>EXPENSES</b>						
Education & training	334 579	150 713	183 183	264 145	239 615	
Capacity building	132 089	87 330	168 253	240 722	301 397	
Research & development	2 365	4 694	32 782	5 120	0	
Other Academy related	130 479	126 063	103 657	105 891	124 299	
Permanent staff costs	355 513	375 738	196 427	308 646	340 362	
<b>Total</b>	<b>955 025</b>	<b>744 538</b>	<b>684 301</b>	<b>924 524</b>	<b>1 005 672</b>	
<b>Income against expenditure</b>	<b>188 141</b>	<b>(380 477)</b>	<b>349 273</b>	<b>260 220</b>	<b>(985)</b>	
<i>Reserve from previous year</i>	<i>240 869</i>	<i>621 346</i>	<i>272 073</i>	<i>11 345</i>	<i>8 785</i>	11
<i>Available fund carried forward to next year</i>	<i>429 010</i>	<i>240 869</i>	<i>621 346</i>	<i>271 565</i>	<i>7 801</i>	

1. IFAN sponsorship for 2021 was cancelled due to a reduction in activities during the pandemic
2. Annual subvention granted from the French Ministry of the Sea
3. In addition to the annual sponsorship, Rep. of Korea sponsored part of the WWA Safety of Navigation seminar in July 2019
4. Singapore sponsorship for 2021 was not drawn up due to a reduction in activities during the pandemic
5. €27,715 for the 2020 grant paid in January 2021 + €29,342.50 for the 2021 grant
6. Costs related to ASEAN VTS TRAINING held each year in Malaysia (MATRAIN)
7. Sponsorship for the Risk Management course in Australia from 21 to 25 November 2019
8. A Scholarship in Steve Nell's name was established to support maritime AtoN education in Africa region
9. Impact of the Covid pandemic in 2020
10. AMSA's contribution to the Disaster Fund established in 2022 by Council 75
11. Negative results of dedicated funds are not carried forward to the next year which explains the differences in the reserves