



INTERNATIONAL COUNCIL FOR RESEARCH AND INNOVATION IN BUILDING AND CONSTRUCTION

INFORMATION

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From the CIB Management

Board Report

The Financial Year 2001 / Treasurer Report

by



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Introduction

Article III.5 of the CIB By-Laws stipulates that at each Annual Meeting of the General Assembly a financial report for the term just closing shall be submitted on behalf of the Board. The article also stipulates that audited financial reports concerning the preceding calendar year shall be available at each Annual Meeting of the General Assembly for inspection by interested members.

These notes deal with the calendar year 2001; the data are abstracted from the Financial Report 2001 as approved by the appointed auditor.

In addition these notes include some explanation of the underlying CIB policy as concerns data in the Financial Report 2001.

Result of Operations

On a turnover of Euro 593.946, CIB ended 2001 with a deficit of Euro 104.430.

Financial Position

General Reserve

The Financial Report proposes that the General Assembly charges the deficit to the General Reserve and has been incorporated in the accounts.

The General Reserve as at the year-end thus decreased - including deduction of the 2000 surplus allocation of Euro 47.400 - from Euro 751.537 to Euro 599.707.

The current level of the General Reserve at the end of 2001 means that CIB has continued to meet its stated objective of having a reserve approximately equal to



between one and one and a half times annual ordinary operating expenses, which the principles of prudent management would demand.

Provisions

The use of financial scenarios and special provisions for defined expenditures has continued throughout 2001, they are proving to be useful tools in formulating detailed budgets and future forecasts. Additions to - and deductions from the various provisions, as well as allocation of funds in the provisions, are based on decisions by the CIB Board.

The Financial Report 2001 shows allocations of available funds in these provisions by the Board, for a number of these defined expenditures.

The Provisions, in which significant changes occurred over the last year, are highlighted below.

Developing Countries Fund

During the year an amount of Euro 1.500 was dispensed in assistance from the CIB Developing Countries Fund (DCF) to a CIB Member from a Developing Country, to participate in a CIB event abroad.

The 1999 CIB Financial Report mentioned the CIB Board and its Standing Committees discussing the future applications of the DCF with a view to extending its benefits to the CIB membership, through including the option of giving financial support to projects of special interest to Developing Countries.

From these discussions and the positive result of the 2000 investment portfolio management, it was decided to add an amount of Euro 20.000 to the fund, bringing the total available amount in the fund as at 31st December 2000, to Euro 55.390.

Of this amount, Euro 20.000 was allocated to the writing of a Special Agenda 21 on Sustainable Construction for Developing Countries, while another Euro 20.000 was allocated to execute a study on the Relationship between Sustainable Construction and Informal Settlements in Developing Countries.

From both these allocated amounts, an amount of Euro 10.000 has been paid to the respective entitled organizations, bringing the balance of the total available amount in the fund as at 31st December 2001, to Euro 33.890.

Provision for Special Projects & Expenditures

This provision is formed to finance Special Projects & Expenditures, which are explicitly defined as such by the CIB Board; the majority of which relate to the CIB Pro-Active Approach.

The incidental external contribution made it possible to add - instead of the budgeted Euro 50.000 - an amount of Euro 35.000 to this provision, bringing the

total available amount in the provision as at 1st January 2001 to Euro 184.977.

An amount of Euro 35.000 was allocated to projects that are related to CIB's Priority Themes; including the third one: Re-Engineering Construction.

As a result of various payments from the allocated funds, the total balance available in the fund as at 31st December 2001 is Euro 93.084.

Review of Income and Expenditure

In 1998 it had become clear that the creation of a series of provisions for defined purposes as well as the in-flow of money from sources whose regular recurrence was uncertain, made it advisable to distinguish between Ordinary and Extraordinary Income and - Expenditure.

The Financial Report 2001 has been prepared accordingly.

The underlying objective of the above mentioned distinction is to achieve a situation in which Ordinary Income and ordinary Expenditure balance and so to limit CIB's depending on in principal uncertain Extraordinary Income.

Ordinary and Extraordinary Income Compared

As mentioned above the Financial Report 2001 distinguishes Ordinary and Extraordinary Income and - Expenditure.

The ratio between Ordinary and Extraordinary Income and - Expenditure can be a factor of critical importance in an evaluation of CIB's continued solvency, since forward planning is only realistic if it is based on income and expenditure which can reasonably be expected.



Table 1. Total Ordinary and Extraordinary Income and Expenditures 1999 – 2001 in Thousands of Euro

Year	1999	2000	2001
Total Ordinary Income	508.7	519.8	517.8
Total Extraordinary Income	96.6	328.3	76.1
Total Income	605.3	848.1	593.9
Total Ordinary Expenditure	564.5	574.2	574.9
Total Extraordinary Expenditure	24.3	217.6	123.6
Total Expenditure	588.8	791.8	698.5

The relatively higher amount for Extraordinary Income for the year 2000 as compared to the years 1999 and 2001, results from the inclusion in 2000 of Euro 194.767 from investment portfolio management.

The ratio and the expected future ratio in the above table have motivated the Board to start a revision of the CIB Financial Policy.

Ordinary Income in 2001

CIB's regular sources of Ordinary income are Membership Fees invoiced, Interest on Investments and Revenue from Sales of Publications.

Table 2. Total Ordinary Income (from regular sources) 1999 – 2001 in Thousands of Euro

Year	1999	2000	2001
Membership fees invoiced	470.9	482.1	470.3
Interest on investments	31.1	31.8	34.5
Sales of publications	6.6	5.9	13.0
Total	508.6	519.8	517.8

Membership Fees Invoiced

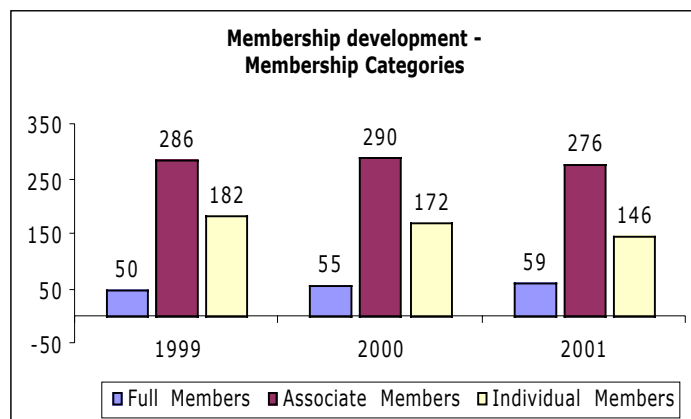
As concerns the income from membership fees invoiced, each of the three years 1997 - 1999 showed a significant growth in the number of new members joining CIB and a trend whereby the majority of new members opted for fee membership categories with a lower fee, i.e. Associate or Individual.

The chart below represents the number of Members per Membership Category as per the year-end for the

years 1999, 2000 and 2001. As reported last year, it again shows that the above-mentioned trend seems to have been broken.

Another notable factor in this context is the relatively high amounts that had to be credited and written off in 2001 for unpaid membership fees in 2000, as compared to previous years.

Chart 1. Number of Members per Membership category 1999 – 2001



Interest on Investments

The interest received from this type of investment - as shown in above Table 1 – was slightly higher than last years, which is the result of interest from fixed deposit accounts.

Revenue from Sales of Publications

The publishing operation has never yielded a significant financial contribution and the year 2001 results proved no exception, although the turnover as compared to previous years again increased substantially.

In fact the CIB Publications Committee is on record as formally stating that financial return is secondary to scientific progress in this Sector.

However in an effort to improve this result, a number of new activities were initiated - e.g. the setting up of a more pro-active planning system and introduction of a new set of guidelines - in this sector of CIB's operations.

As last year, the net result of the operation improved for the year as compared to the preceding year.

Extraordinary Income in 2001

Share of Surplus Bouwcentrum Pension Fund

A large item in Extraordinary Income in 2001 was Euro 40.501, representing a correction to the estimated

2000 share of the surplus made by the Bouwcentrum Pension Fund.

Pro Active Approach donations

As a result from the efforts to attract external donations in support of the CIB Pro Active Approach, a total amount of Euro 13.800 was received during the year from RGD - The Netherlands.

Projects CIBdf eligible costs

CIBdf and CIB have expressed their wish to formalise the arrangement for the completion of certain contract work, on terms and conditions to be set out in an agreement. In this context "contract work" means certain work as to be described in the agreement, to be completed by CIB for the CIBdf in terms of provisions to be contained in the agreement.

The reported amount has been calculated in accordance with the EU Guidelines for Reporting, as per the start date of the project PeBBu.

Ordinary Expenditure in 2001

According to the differentiation mentioned above of classifying Income and Expenditure as Ordinary or Extraordinary, figures for Ordinary Expenditure in 2001 compared to the two preceding years were as set out in Table 3 below.

Table 3. *Items of Ordinary Expenditure 1999 - 2001 in Thousands of Euro*

Year	1999	2000	2001
Personnel	349.4	366.5	338.9
Office	115.2	95.7	110.3
Travel and representation	32.3	32.3	40.0
CIB Information Bulletin	25.3	40.3	30.8
Publications	14.6	10.5	12.3
Homepage	6.1	0.5	9.2
Marketing & Promotion activities	12.2	3.4	7.3
Research Managers Meeting	-	5.0	-
GS Fellowship	-	7.0	7.0
Addition to the Provision for Doubtful Debts	9.4	13.0	18.9
Total	564.5	574.2	574.7

Personnel Costs

The major item of Ordinary Expenditure in 2001 was Personnel, the largest single component being salaries and directly related costs for all staff at the General Secretariat.

The decrease in Personnel costs in 2001 as compared to preceding years is caused by not having an Assistant Secretary General employed for about half of the year.

Office Costs

It was stated in 1998 that it is essential for CIB to maximize its operational efficiency by applying modern office procedures in the areas of automation and to project itself as a dynamic international organization through the World Wide Web.

The warning was given that to achieve this will inevitably affect Office Costs, which will continue to be carefully monitored against the requirement to provide a positive and responsive service to the Membership at the lowest cost.

In 1999 overall Office costs were down in by 23.5% as compared to 1998 and in 2000 compared to 1999 by another 16.9%, which demonstrated that a continuous and substantial progress has been made towards the objective of cutting costs.

This was caused by the implementation of more efficient procedures in general and by further optimizing the use of electronic communication in particular.

The 2001 increase is mainly caused by an increased addition to the provision for replacement of equipment and incidental higher auditor's fee.

Members are referred to the Financial Report 2001 for a detailed breakdown of Office Costs.

CIB Information Bulletin

The decrease in costs for the year 2001 related to the Information Bulletin as compared to 2000, is due to the fact that - although with an increased number of photo's and illustrations and a substantially increased volume - during the year only three issues were distributed, while for 2000 five issues were distributed.

Extraordinary Expenditure

The Financial Report 2001 lists two major items of Extraordinary Expenditure.

These are:

- an addition of EUR 39.606 to the Provision for Future Pension Payments; and
- an addition of EUR 35.000 to the Provision for Special Projects and Expenditures.

As reported in the notes to the Balance sheet as at 31st December 2001, the way the current pension scheme is applied in the past is under review now. The pension liabilities for the past years may increase. No conclusions and calculations are available yet, therefore no liability for these possible pension costs is accounted for in the balance sheet as at 31 December 2001.

Investment portfolio

Investment portfolio (Bonds & Shares) management over the year had a negative end result of Euro 15.246. The major part being revaluation of shares, due to last September tragic events in New York. The general decline of financial markets was high, however the relatively low risk composition of the CIB investment portfolio - maintaining approximately 80% in low risk bonds and 20% in lower risk investment funds - kept the result to the reported level.

The Auditor's Report for 2001 is on display at the General Assembly, for any Member who may wish to



examine a comprehensive breakdown of CIB's investment portfolio.

Acknowledgements

By way of concluding this Report from the Treasurer and Secretary General there should be a firm statement of recognition that a series of tables and data provides only a very inadequate reflection of the Membership inputs to CIB's activities. In reality for most Members what they pay as the annual membership fee is but a part and sometimes only a relatively small part of their total contribution to CIB.

None of the other responsibilities which they shoulder (provision of Coordinator, Organization of or participation at a meeting, preparation or publishing documents) appear in CIB's accounts. Nevertheless, they represent considerable expenses by those members and the benefits are enjoyed by many others. Not least on behalf of those who derive these advantages, the Treasurer also wishes to record their appreciation that much of this is undertaken without any charge to CIB. He also wishes to thank the Administrative Committee Members, the Board and the Staff of the General Secretariat who have enabled him to discharge his function.