

# INFORMATION

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From the CIB Management

## The Financial Year 2002



by

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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 2002; the data are abstracted from the Financial Report 2002 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 2002.

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### CONCLUSIONS

The financial year 2002 first of all reflects the trends of the worldwide economic situation from a general point of view and for the specific situation of research in construction.

For the second year the stock market conditions obliges CIB to report a negative result on the income from investment portfolio.

The general decrease of available research funds, in particular in the construction field, is probably the main reason for two specific phenomena:

- the number of cancellations which overcomes the number of new memberships and the consequent limited growth in the incomes from the membership fees;
- the increase of the unpaid membership fees as at 31 December, which causes some inconvenience to CIB cash flow, in terms of negative interests.

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During the year, a sensitive incidental expenditure was dedicated to get legal and administrative advice on topics (VAT, taxation, pension rights) where it was necessary for CIB to improve the knowledge and the rule application, for avoiding future problems. The analysis that has been carried out led to establish a further incidental expenditure due to the compensation of all late entries into the pension fund of current CIB staff.

The increasing costs of the fixed personnel (close to 63 % of the regular incomes) with a strong link with Dutch inflation rate, together with the parallel decrease of the General Reserves (this year for the first time under the current established safety level of 1-1.5 times the operating costs) justify the need of rethinking CIB financial policy adopting a multi-year approach to synchronise membership fees and salary increases.

Concerning the personnel, it has to be noted that the several changes occurred both in CIB temporary and full-time staff, risk to compromise the effectiveness of the action of the Central Secretariat.

In the 2002 a monitoring action of CIB state of income / expenditure has been started by means of quarterly report. The first year experience showed that this instrument can be useful, provided that its content is progressively aligned with the standard of the general financial report and its distribution takes place by the right deadline.

The small deficit recorded over the total budget realization of this year is essentially due to the positive situation of incidental incomes coming from CIB programs (for the time being: PeBBu) and the great variability of the incidental incomes over the last three years has to be a point of reflection for the management bodies of CIB.

## **Acknowledgements**

As usual, in conclusion of this report, it is absolutely important to recognize 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 that 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 and Secretary General would like to record their appreciation that much of this is undertaken without any charge to CIB. The Treasurer would also like to thank the Secretary

General and the Officer Manager for their essential help not only in the preparation of this Report, but also for the constant work done during the year on these matters. 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.