

## IPA Treasurer's report for 2011–2014 (August 2015)

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### **Introduction**

The Association has enjoyed a period of financial stability in which strong royalty income from *JIPA* has been coupled with efficiency savings driven by the Secretary and Treasurer. As a result we have had a surplus in each year, and our total assets have grown by more than 80% over four years. This is despite the continued decline in the value of the euro against sterling, which has reduced the real value of members' subscriptions by around 15% over the same period.

While the Association should not be complacent, it certainly now has ample reserves to be in position to consider developments of the type mentioned in the Secretary's Report, such as the organisation of IPA workshops in certain non-ICPhS years.

Accounts showing income and expenditure for the four years are attached. No independent audit has been conducted, and the Treasurer takes the view that such an audit would be an unnecessary expense. It is not required by our own Statutes and By-Laws, nor by UK law. As a small private company we are legally exempt from audit by a wide margin and likely to remain so: our assets of approximately £140K amount to less than 4% of the threshold level at which an audit may be required (currently £3.62 million). In the same way, since the Association's finances are essentially simple and transparent, the Treasurer has not engaged the services of a professional accountant. The IPA has no property, no employees, and is not liable for tax, with the result that our accounts are hardly different from our bank statements. The avoidance of unnecessary professional fees results in an annual saving of £3K to £4K and has significantly contributed to the growth of the assets. The Association may, however, wish to clarify (and perhaps to formalise in a By-law) the process by which members could ask for an audit if they believed it was necessary. For example, if a vote were called following a demand for an audit to be conducted, should the vote be over the whole membership, or restricted to the Council or the Executive?

### **Representative figures over four years**

Because payments shown in the accounts are commonly out of step with the activities to which they relate, a more helpful general picture of our financial operation can be gained from average figures over the four years.

#### ***Income***

The average net income from membership subscriptions was approximately £6430 per year, and the average net income from *JIPA* was about £18365 per year. In very broad

terms, therefore, in the years under consideration about three quarters of our income came from *JIPA*, and one quarter from subscriptions.

In years such as 2015 when membership is temporarily boosted by incentives connected with ICPHS, the gross income from subscriptions will naturally increase, but at the same time the net income from CUP is driven down because of the increased cost of purchasing member copies of the journal and online access. Depending upon the balance between Full and Student members among the boosted membership, and on year-by-year fluctuations in royalties, a temporary increase in membership is thus not automatically beneficial in financial terms. Indeed, in February 2015 the Treasurer made an interim forecast that the overall effect of the year's influx of new members would be a net *loss* of approximately £1K. Conditions have subsequently changed, and loss is now unlikely, but it would be wise to make detailed projections of the whole range of possible financial outcomes when any membership incentives are proposed in future.

### ***Liabilities***

The Association's main annual expenditure is a payment to CUP for the copies of each *JIPA* issue supplied to members (and from 2015 for online access). CUP's invoicing practice has varied. In some years they have deducted this payment at source, and paid the Association the net royalties. By contrast, the arrangement at present is that royalties are paid gross, and CUP separately invoices the Association for member copies. In the years under consideration the annual cost of members' copies was in the region of £11 K. This annual liability can be thought of as consisting of three components, corresponding to the three categories of membership (Full, Student, and Life). The IPA is unusual among comparable bodies not only in preserving a Life membership category, but in having a disproportionately large number of such members (currently 181). In 2012, for example, the numbers of Life members and of paying (Full or Student) members were approximately equal. The cost of providing services to our Life members is thus a major factor to be considered in any financial planning. Life members' continued access to *JIPA* must be assured, though, of course, no new income is received from them.

Financial planning to meet the obligations we have towards our Life members is likely to be made even more difficult by the continued rise in price of print copies of the journal, and the possible switch to online-only as the default mode for Full and Student members, which the Treasurer will propose for 2016.

### ***Conference and student support***

On average, the Association spent £2850 per year on conference support in the years 2011-2014 (especially as student awards). This represented about 44% of our subscription income for the years.

In connection with ICPHS2015, twenty-two Student Awards and twenty Gösta Bruce travel scholarships have been allocated. The Student Awards will amount to approximately £7000, which has yet to be discharged (as a direct one-off payment to ICPHS) and thus appears under 'Liabilities' on the current balance sheet. The Gösta Bruce travel scholarships total €5000 (approximately £3500) and funds for them have already been moved. A persistent difficulty for the Treasurer is that of making relatively small international payments without incurring unreasonable costs. On this occasion, by offering a range of cost-effective options, the twenty payments have been made for a total charge of £58, an overhead of less than 2%. (Note that this figure refers to bank charges, not currency losses, which are unavoidable).

The Gösta Bruce fund had received no new income between mid 2011 and 2014, but a number of generous donations were received in 2015. Donations are now collected through a dedicated webpage, which greatly simplifies the administration of the fund. In the Treasurer's view, this renders it unnecessary to establish a separate bank account for the fund, as was previously suggested. To do so might in fact be financially disadvantageous, since the account would attract its own allocation of bank charges. In general, it is better to concentrate funds into as few accounts as possible to minimise charges. The Association may however wish to consider the spreading of funds across two banks to protect its assets under the Financial Services Compensation Scheme (which is currently limited to £85000 with any one bank). This has not previously been done.

### **Main achievements**

The main developments during the four-year period have been:

#### ***Online banking***

Beginning in 2012 the majority of the Association's banking has been managed online, which has greatly speeded up the processing of all payments. This is done directly by the Treasurer. Only four paper cheques have been used in the four years since 2011, and the former cumbersome practice of requiring a second signatory to cheques has been discontinued.

### ***Formation of a limited company (incorporation)***

The IPA has acquired the status of a private limited company, forming 'The International Phonetic Association Ltd'. This was necessary on a number of grounds, but from a financial point of view makes it possible to explore more advantageous banking options. Previously, we had little option but to remain with the incumbent bankers (RBS), since our uncertain legal status meant that opening any new accounts would have proved difficult or impossible.

The Articles of Association were drawn up by the specialist London firm of Mazars and have been framed so as to leave the IPA's existing Statutes and By-laws unchanged. The process extended over some 18 months, but the one-off incorporation costs, by special negotiation, are expected not to exceed £3000. Accounts from Mazars have not yet been presented.

### ***Website and membership database***

We have completed the development and successful launch of a new website and online membership system in which members manage their own accounts with secure logins. This entailed the conversion of membership records which were previously held as simple spreadsheets into a new database linked to the website. Almost all existing members were seamlessly migrated into the new system.

The new system relieves the Treasurer and Secretary of the laborious tasks of manually updating the membership list and keeping track of payments, and should result in augmented membership numbers, prompter payment of membership fees, and far fewer time-consuming queries. The financial benefits have been immediate and will be long-lasting. The overall one-off cost of development will be in the region of £2500, much of which has already been met, and is reflected in the balance shown for 2015. A full account of the development of the website is given in a separate report submitted by the Webmaster, Dr Kayoko Yanagisawa, who deserves the Association's gratitude for her exceptional thoroughness and attention to detail in implementing the website.

### **Future**

The Treasurer has been re-elected for a further term and will shortly lay before the Council proposals for a new scale of subscriptions, effective from 2016.

Michael Ashby  
Treasurer

## International Phonetic Association Income and expenditure 2011-2014; Assets June 2015

Income and expenditure, four years ended 31 December 2014 (currencies shown separately)

### Sterling

Income	2014	2013	2012	2011
Sterling subscriptions	635	1426	243	388
Royalties and other CUP receipts	23535	15774	24041	18422
Examination fees	120	50	600	181
Transfer from € account	23758			
Interest earned	584	798	783	711
	<u>48632</u>	<u>18049</u>	<u>25667</u>	<u>19703</u>
<b>Expenditure</b>				
Editorial expenses	2995			5429
CUP member invoices	10646			
Font licences	570		98	
Minor expenses (postage, travel)	305		243	
Accountancy & audit				3000
Exam payments and expenses	522	525		241
ICPhS sponsorship			7250	
Loan to ICPhS		15000		
Student and conference sponsorship	1428		455	2265
Bank charges	60	95	60	65
Transfer to PayPal account	105			
Web hosting & development	611			
Incorporation	72			
	<u>17315</u>	<u>15620</u>	<u>8105</u>	<u>11000</u>
Surplus for year	31317	2429	17563	8703
Surplus brought forward	107777	105348	87785	79082
Surplus carried forward	<u>139093</u>	<u>107777</u>	<u>105348</u>	<u>87785</u>

USD (to dates shown)	31/12	02/02	06/11	01/01
Dollar subscriptions	4185	446	895	
Brought forward	1747	1301	406	
Carried forward	<u>5932</u>	<u>1747</u>	<u>1301</u>	<u>406</u>

Euro (to dates shown)	31/12	02/02	06/11	01/01
Euro subscriptions	13199	3143	11491	
Transfer to £	-30000			
Brought forward	22734	19591	8100	
Carried forward	<u>5932</u>	<u>22734</u>	<u>19591</u>	<u>8100</u>

Assets at 30 June 2015	£	\$	€
Current account	34617	6778	5304
Reserve account	91887		
PayPal	18059		
Current liabilities	-7000	-	-
	<u>137563</u>	<u>6778</u>	<u>5304</u>