
Treasurer's Report for the Financial Year 2019

Report compiled by Dr. Maria Rosaria Raspollini, Treasurer of the European Society of Pathology (ESP), based on the final version of the 2019 annual accounts and to be presented to the General Assembly.

The accompanying balance sheet and income statement, as at 31st December 2019, have been fully audited by Finvision certified auditors, and will be deposited according to Belgian legislation. The balance sheet has been approved by the Council of the ESP on 23rd February 2020.

Results

Analytical bookkeeping, which allows setting of income against corresponding costs, has been maintained for the financial year 2019, similarly to previous years.

As decided in 2016 annual accounts, no further use will be made of any appropriation account (allocated funds), as this method lacks the required transparency. As of 2018 the ESP organizes its financial structure on projections and budgets. Annual accounts 2019 still mention a last amount of remaining allocated funds. However, it is expected these should disappear in 2020 accounts.

Total Results

The global 2019 result was a positive sum of 371,502,70 EUR (86,513.20 EUR in 2018).

Income

Income from membership subscriptions decreased slightly from 85,622.00 EUR in 2018 to 72,904.00 EUR in 2019. Limited fluctuations can be expected annually due to minimal changes in membership numbers. The ESP confirms its goal that all members effectively and promptly pay their contributions in order to maintain a fair and transparent organization. As in previous years, members are automatically reminded that non-payment will result in suspension of membership.

Gross income from the European Congresses of Pathology (ECP) has made a positive evolution from 581,913.39 EUR (ECP 2017 Amsterdam) in 2018 to 877.033,52 EUR (ECP 2018 Bilbao) in 2019.

The royalty and editorial incomes from Springer Nature have increased from 12.299,35 EUR and 217.550,27 EUR in 2018 to 19.804,52 EUR and 236.950,00 EUR in 2019 respectively according to contract terms with Springer Nature.

Financial income increased from 10,727.11 EUR in 2018 to 35,619.62 EUR in 2019. The financial income is in line with the total values of defensive portfolio held by the ESP.

As mentioned last year, no further income was generated from EQA programmes, seen the creation of ESPQA which took care of EQA programmes as of 2017. However, ESP had to take care of some costs linked to EQA programmes related to 2016, seen EQA income 2016 also was attributed to the ESP. These “accrued costs” amounted to 650.00 EUR in 2018. No further expenses are present in the 2019 accounts.

In synthesis, gross income increased from 968,494.16 EUR in 2018 to 1.368.912,75 EUR in 2019, mainly due to: increased congress income, an increase of royalties and fees from Springer Nature (Virchows Archiv) as well as net increase in other incomes.

Costs

Property costs (office at Rue Bara) increased slightly from 16.424,12 EUR in 2018 to 18.131,41 EUR in 2019.

Salary costs and social charges increased slightly from 320.637,24 EUR (2018) to 346.777,80 EUR (2019). Taxes are in line with income and present tax rates applicable to non-profit organizations (30%). On the other hand, congress income, membership fees and other types of income from ESP regular activities are tax-free. Depreciations are in line with investments.

In 2019 balance sheet, under the heading “Expenses Archiv”, there are the costs of the subscriptions to Virchows Archiv journal (printed issues) and of the subscriptions to Hematopathology Journal (printed and digital issues) for the years 2017–2019, that amounted to 43.164,08 EUR.

Assets and Liabilities

Net reserves (equity) of the ESP increased significantly (1,558,777.66 EUR in 2018 against 1.947.385,72 EUR in 2019).

Total liabilities to third parties (amounts payable) increased from 93,901.65 EUR (2018) to 120.502,41 EUR due to the higher income and higher withholding tax to be paid. The amount payable to suppliers per 31-12-2019 was also higher.

As mentioned above, as of 2017, net equity is no longer divided into general reserves on the one hand and allocated funds on the other. Specifying allocated funds in the annual accounts was introduced for transparency purposes, however this method is inadequate considering the number of ESP projects in progress.

Accordingly, starting from 2017, individual budgets for each project are being created and followed on a daily basis to enhance transparency. Allocated funds (35,774.54 EUR by the end of 2019) will progressively disappear in annual accounts, while expenses for the various projects will be presented as ‘project costs’ directly into the profit and loss accounts.

The office at Rue Bara and office furniture are both under equity, with a present value of 259,045.73 EUR.

Total financial assets are distributed between bonds and saving accounts, on the one hand, and investments in equities and shares on the other, in a 90:10 ratio (a defensive strategy considering the current economic situation).

An interest free loan of 100.000,00 EUR has been granted to ESPQA Foundation.

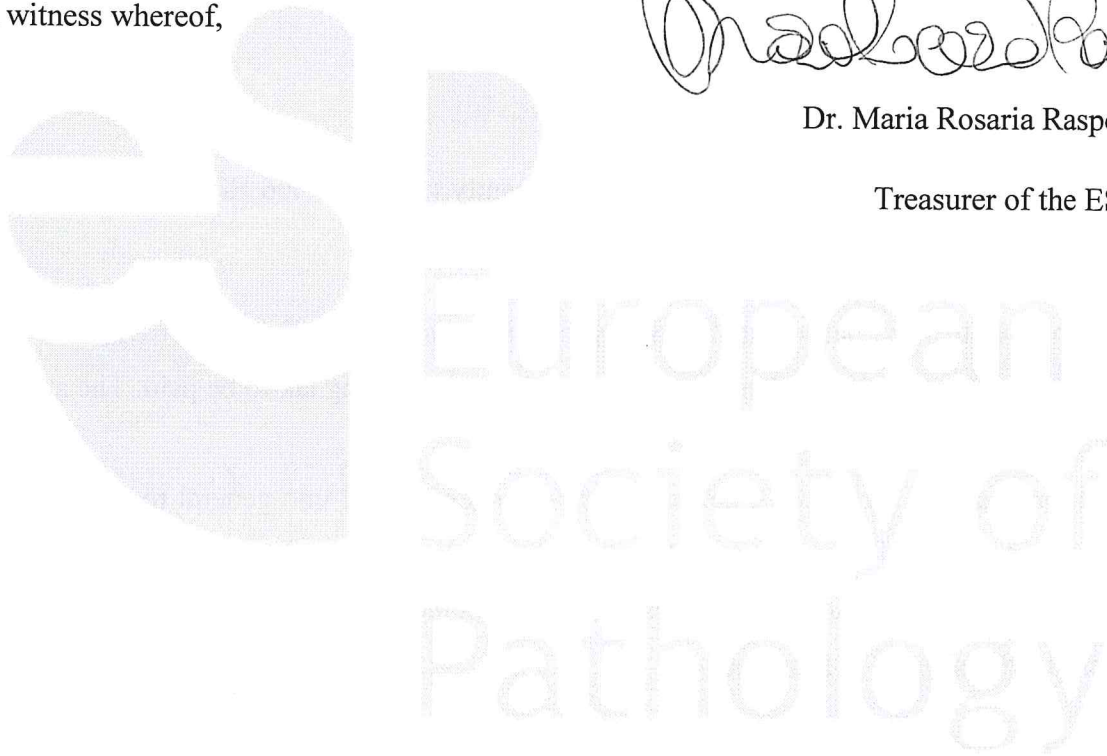
These accounts have been compiled taking into account all transactions in 2019, up to 31/03/2020, insofar as they may influence the 2019 net result. However, as far as multiple long-term activities (EQA, EScoP, etc.) are concerned, some costs or income can appear well after the commencement of activities. It is therefore inevitable that some 2019 costs or income might appear in the 2020 or even in the 2021 accounts.

In witness whereof,



Dr. Maria Rosaria Raspollini

Treasurer of the ESP



EUROPEAN SOCIETY OF PATHOLOGY
BALANCE SHEET AS PER DECEMBER 31st 2019
The accounts are kept in euro

	December 2018	December 2019
ASSETS		
TANGIBLE FIXED ASSETS	287.883,69	259.045,73
Land	90.480,00	90.480,00
Buildings	146.167,24	129.926,44
Facilities	46.205,52	35.439,47
Technical installations	3.565,47	2.566,55
Office furniture	1.465,46	633,27
FINANCIAL FIXED ASSETS	200,00	200,00
Cash guarantees	200,00	200,00
CURRENT INVESTMENTS	636.530,98	910.391,10
Shares	128.423,44	194.293,63
Fixes income securities	407.446,11	664.765,83
Other investments	100.661,43	51.331,64
CASH AT BANK AND IN HAND	538.761,37	651.026,88
Amro current account	386.593,02	458.791,51
KBC current account	14.563,36	6.683,06
Internet saving account	12.634,85	12.638,39
Internet plus saving account	593,51	593,66
Portfolio management account	124.376,63	172.320,26
DEFERRALS AND ACCRUALS	95.401,62	126.722,01
Loan ESPQA without interest	-	100.000,00
Deferred charges	56.649,20	26.722,01
Credit notes to receive	38.752,42	-
TOTAL ASSETS	1.558.777,66	1.947.385,72

EUROPEAN SOCIETY OF PATHOLOGY
BALANCE SHEET AS PER DECEMBER 31st 2019
The accounts are kept in euro

	December 2018	December 2019
LIABILITIES		
FUNDS	1.319.279,41	1.405.792,61
Unallocated funds	1.283.504,87	1.370.018,07
Allocated funds	35.774,54	35.774,54
RESULT FOR THE PERIOD	86.513,20	371.502,70
Surplus income over expenditure	86.513,20	371.502,70
AMOUNTS PAYABLE	93.901,65	120.502,41
Provision for holiday allowance	29.973,07	31.591,05
Suppliers	339,74	15.379,35
Invoices to be received	804,65	-
Dept to ESPQA	3.395,00	400,00
Withholding tax to pay	59.389,19	73.132,01
DEFERRALS AND ACCRUALS	59.083,40	49.588,00
Deferred income	58.278,00	49.588,00
Accrued costs	805,40	-
TOTAL LIABILITIES	1.558.777,66	1.947.385,72

EUROPEAN SOCIETY OF PATHOLOGY
PROFIT AND LOSS STATEMENT 2019
The accounts are kept in euro

	December 2018	December 2019
INCOME		
Membership fees	85.622,00	72.904,00
Virchows Archiv - royalties	12.299,35	19.804,52
Virchows Archiv - editorial fee	217.550,27	236.950,00
<u>Virchows Archiv - editorial fee 2018</u>	-	21.043,75
Virchows Archiv - Reimb. editorial expenses	49.200,00	50.430,00
Congress profits	581.913,39	877.033,52
IQN Path Expenditure	9.441,00	9.441,00
Grants	-	40.000,00
Various reimbursements	1.741,04	5.686,34
Financial income	10.727,11	35.619,62
TOTAL INCOME	<u>968.494,16</u>	<u>1.368.912,75</u>
EXPENSES		
Purchase of EQA 2016	(650,00) (650,00)	-
Springer Virchows Archiv	-	43.164,08
Property costs	16.424,12	18.131,41
General costs	432.119,60	469.068,30
Salaries and social charges	320.637,24	346.777,80
Financial costs	20.068,62	17.264,36
Depreciations	33.992,19	29.872,09
Taxes	59.389,19	73.132,01
TOTAL EXPENSES	<u>881.980,96</u>	<u>997.410,05</u>
Used amounts allocated funds	-	-
<i>SURPLUS INCOME OVER EXPENDITURE</i>	<i>86.513,20</i>	<i>371.502,70</i>

