

REPORT BY THE HONORARY TREASURER FOR THE FINANCIAL YEAR 2019 INCLUDING FORECAST 2020 AND BUDGET 2021

FINANCIAL ACCOUNTS 2019

The accounts of the Actuarial Association of Europe for the financial year 2019 have been communicated to the Membre Titulaire in July this year. The accounts have been reviewed by Grant Thornton, as agreed during the General Assembly in 2013. The Independent Practitioner's Review Report is included as annex to this report and concludes that "nothing has come to our attention that causes to believe that these financial statements are not prepared, in all material respects, in accordance with BE GAAP and the accounting policies disclosed with the financial statements". Grant Thornton, represented by Dirk Van den Broeck, registered auditor, has presented and explained the report during a call on 8 June 2019 and confirmed the fair presentation of the annual accounts.

Summary of the accounts

The net current assets of the AAE end 2019 equal EUR 823.332 (2018: EUR 728.734) an increase of EUR 94.598 compared to 2018. All available assets are invested in two current accounts corresponding with the investment principles of the association.

Income during 2019 was EUR 560.150 (2018: EUR 489.058). Expenditure for the year equals EUR 465.552 (2018: EUR 408.000).

Income and expenditures

Comments on changes between years in excess of EURO 4.000.

INCOME FROM MEMBER ASSOCIATIONS

The number of qualified actuaries for whom the member associations pay the subscription to the AAE has increased in 2019 with 932 to 26.394 (the list with the number of qualified actuaries per member association is available at our website).

Based on the annual fees as agreed by the General Assembly at the meeting in Brussels on 1 October 2010, the income from member associations has increased to EUR 508.525.

ECA 2019

The net income from the ECA has been EUR 39.238 since the event was well booked and sponsored.

AAE MEETINGS

The net costs for AAE meetings in 2019 are EUR 10.526 (2018: EUR 18.370). The 2019 amount includes the 2019 Presidents' Meeting, various committee meetings and the (external) handling of the AAE meeting registrations. The decrease of net cost is due to an increase of income.

THE EUROPEAN ACTUARY

The costs to produce “The European Actuary” magazine have decreased to EUR 7.843 (2018: EUR 11.383). This is the result of lower production cost. The number of publications has been three as in the previous year.

SECRETARIAT SALARY/FEEES

The net effect comprises a decrease to EUR 184.148 (2018: EUR 207.797) due to the CE unfilled in summer and increase reflecting the combination of salary increase and indexation.

SECRETARIAT TRAVEL AND EXPENSES

The decrease to EUR 10.122 (2018: EUR 14.892) is due to less travel.

CHAIRPERSON'S / OFFICER'S EXPENSES

The increase to EUR 68.457 (2018: EUR 41.472) is due to the AAE continuing to strengthen its presence at meetings with European institutions and member associations. The ECA2019 related travel also added to the increase. The reimbursement policy has been strictly applied so that the costs are reflecting the activity.

WEBSITE

The decrease to EUR 137 (2018: Eur 8.833) reflects no developments in 2019.

PROMOTIONAL / SEMINARS

The increase to EUR 8.285 (2018: EUR 4.070) comprises the increase to 4 webinars.

SOLVENCY II PROJECT

The increase to EUR 24.000 (2018: EUR -) is reflecting that AAE pays for the work since 1 July 2019.

ACTUVIEW

The increase to EUR 40.000 (2018: EUR -) reflects the decision to subscribe to Actuvew.

MISCELLANEOUS

Other income and expenditures are in line with the normal daily management of the organisation.

Result and Reserve

The surplus of income over expenditure of EUR 94,598 has been added to the Reserves of the AAE resulting in an amount of EUR 823,331 at year-end.

Following the AAE's finance policy it is the intention to hold a reserve allowing to continue the business for two years. At year-end 2019, the ratio of reserve and expenditure has been 177%.

FORECAST 2020

The accounts for 2020 are updated to the end of August 2020. The forecast takes the changes due to the COVID-19 situation, changes in the secretariat, and the anticipated decisions regarding subscriptions into account. Comments relate to differences to budget 2020 larger than EUR 4.000.

COVID-19

Affects AAE Meetings, Secretariat Travel Expenses, Chairman's and Officers' Expenses, and the fees for Conference Calls.

ANNUAL CONTRIBUTIONS FROM MEMBER ASSOCIATIONS

Are affected by the anticipated decisions regarding subscriptions.

SALARY/FEE/COSTS OF SECRETARIAT

Are affected by the changes in the secretariat.

PROFESSIONAL FEES

Are expected to be slightly lower due to lower demand.

VAT AND SOLVENCY II PROJECT

The changes are due to a reallocation.

BUDGET 2021

The proposed budget 2021 is included as Annex 2 of this report. The budget 2021 is based on the assumption that no other structural changes will occur in the organisation during 2021.

A negative result of 10.500 EUR is expected in 2021 taking into account prudent assumptions for membership developments and the contribution level decided in September 2019 with anticipated revision in October 2020.

5-year projection

The 5-year projection is based on the trends observed in recent years and assume that no further structural changes in the organisation will be introduced. It is anticipated that AAE will end its Solvency II project at the end of 2021 and continues its Actuvew subscription. The projected reserve slightly decreases to 160% of an annual expenditure.

APPROVAL OF FINANCIAL STATEMENTS 2019 AND BUDGET 2021

In accordance with the Statutes, the General Assembly is invited to approve the audited financial statements for the year 2019 and the budget for 2021.

APPROVAL OF ANNUAL FEE 2022

In accordance with the Statutes, the General Assembly is invited to approve to maintain the annual fee for 2022 at EUR 20 per full member per Member Association.

For additional information and questions please contact Monique Schuilenburg.

Lutz Wilhelmy
Honorary Treasurer
September 2020

THE ACTUARIAL ASSOCIATION OF EUROPE (AAE)

Statement of Income and Expenditure
for the year ended 31 December 2019

	2019 <u>EURO</u>	2018 <u>EURO</u>
<u>INCOME</u>		
Annual contributions due from National Associations	508.525	482.845
ECA	39.238	-
AAE Meetings	12.387	6.213
	<u>560.150</u>	<u>489.058</u>
<u>EXPENDITURE</u>		
ECA	-	365
AAE Meetings	22.913	24.583
The European Actuary	7.843	11.383
Salary / fee costs of Secretariat	184.148	207.797
Secretariat travel & expenses	10.122	14.892
Brussels office - rent/utilities	16.504	16.262
Professional fees	24.359	25.703
Chairman's / Officers' expenses	68.457	41.472
IT Support	8.993	8.697
Conference calls	8.285	7.354
Website	137	8.833
Promotional Seminar	8.505	4.070
Publication	27.328	24.806
Taxes: Swiss/Belgian	-	1.283
VAT	10.430	7.642
Solvency II Project	24.000	-
Actuview	40.000	-
Bank charges	852	136
Depreciations	2.676	2.722
	<u>465.552</u>	<u>408.000</u>
Total income	560.150	489.058
Total expenditure	<u>465.552</u>	<u>408.000</u>
Surplus of income over expenditure	<u>94.598</u>	<u>81.058</u>

For identification purposes only



Grant Thornton
Bedrijfsrevisoren
Réviseurs d'entreprises

THE ACTUARIAL ASSOCIATION OF EUROPE (AAE)

Balance Sheet at 31 December 2019

	2019	2018
	<u>EURO</u>	<u>EURO</u>
NON CURRENT ASSETS	3.419	6.094
<i>Tangible Fixed Assets</i>	<i>3.419</i>	<i>6.094</i>
Acquisition value	12.723	12.723
Accumulated depreciations	-9.305	-6.629
CURRENT ASSETS	872.624	768.907
<i>Trade Receivables</i>	-	-
<i>Cash at bank</i>	<i>872.624</i>	<i>768.907</i>
Caisse d'Epargne current account	742.834	451.586
Caisse d'Epargne term deposit account	-	-
VISA Card	117	117
BNP Paribas Current Account	129.673	317.204
Cash	-	-
<i>Accrual interest to receive</i>	-	-
CURRENT LIABILITIES	52.711	46.267
<i>Accruals Invoices to receive</i>	<i>52.711</i>	<i>46.267</i>
NET CURRENT ASSETS	823.332	728.734

REPRESENTED BY:

Reserves at 31 December prior period	728.734	647.676
Surplus of income over expenditure	94.598	81.058
Reserves at Year end	823.332	728.734

For identification purposes only



Grant Thornton
Bedrijfsrevisoren
Réviseurs d'entreprises

THE ACTUARIAL ASSOCIATION OF EUROPE (AAE)**Valuation Rules at 31 December 2019****Basis of accounting**

The financial statements have been prepared under the historical cost convention.

Income

Income from members comprises amounts receivable for annual contributions invoiced, registration fees for colloquia and other services provided.

Other income includes income receivable from outside the membership such as bank interest and sponsorships.

Income and related accounts receivable are recognized based on the accrual principle.

Foreign Currencies

Assets and liabilities in FX currencies are translated into Euros at the FX rate ruling at the balance sheet date.

Tangible fixed assets

The cost of equipment acquired for use by the Secretary and other employees with

- *an expected usefull life of more than 1 year; and*

- *an acquisition value of more than 200 EUR*

is recognized as an asset and is written of on a linear basis over following period:

- *Computer and IT equipment: 3 years*

- *Furnitures: 5 years.*

Equipment with an acquisition value of less than 200 EUR is directly expensed.

For identification purposes only



Grant Thornton
Bedrijfsrevisoren
Réviseurs d'entreprises



Actuals 2018, 2019, Budget 2020, Forecast 2020, Comparison
Budget 2021, Forecasts 2022-2025

	2018 actual	2019 actual	2020 Budget	2020 Forecast	2019 Forecast minus Budget	2019 Forecast vs. Budget	2021 Budget	2022 Forecast	2023 Forecast	2024 Forecast	2025 Forecast
2020											
Annual Fee	Euros 20	Euros 20	Euros 20	Euros 20	Euros 20	Euros 20	Euros 20	Euros 20	Euros 20	Euros 20	Euros 20
Number of Members	24'198	25'475	26'000	26'394	394	2%	26'500	27'000	27'500	28'000	28'500
IFoA risk mitigation (# member:				3'209	3'209	na	3'400	3'600	3'800	4'000	4'200
INCOME											
Annual contributions from MA	482'845	508'525	518'964	462'776	-56'188	-11%	462'000	468'000	474'000	480'000	486'000
ECA	0	39'238	0	0	0		10'000	0	0	10'000	0
AAE meetings	6'213	12'387	8'000	0	-8'000	-100%	8'000	8'200	8'405	8'615	8'831
The European Actuary	0	0	0	0	0		0	0	0	0	0
Interest received	0	0	0	0	0		0	0	0	0	0
Total Income	489'058	560'150	526'964	462'776	-64'188	-12%	480'000	476'200	482'405	498'615	494'831
EXPENDITURE											
ECA	365	0	0	0	0	0%	0	0	0	0	0
AAE Meetings	24'583	22'913	25'000	5'000	-20'000	-80%	25'000	25'625	26'266	26'922	27'595
The European Actuary	11'383	7'843	14'500	14'500	0	0%	14'500	16'000	16'400	16'810	17'230
Salary/fee costs of Secretariat	207'797	184'148	210'000	165'000	-45'000	-21%	144'000	147'600	151'290	155'072	158'949
Secretariat travel & expenses	14'892	10'122	20'000	5'000	-15'000	-75%	15'000	15'375	15'759	16'153	16'557
Brussels office - rent/utilities	16'262	16'504	16'000	16'000	0	0%	16'000	16'400	16'810	17'230	17'661
Professional Fees	25'703	24'359	30'000	30'000	0	0%	25'000	25'625	26'266	26'922	27'595
Chairman's / Officers' expense	41'472	68'457	45'000	30'000	-15'000	-33%	70'000	71'750	73'544	75'382	77'267
IT support	8'697	8'993	10'000	10'000	0	0%	10'000	10'250	10'506	10'769	11'038
Conference calls	7'354	8'285	8'000	30'000	22'000	275%	8'000	8'200	8'405	8'615	8'831
Web Site	8'833	137	8'000	8'000	0	0%	8'000	8'200	8'405	8'615	8'831
Promotional seminar/webinar	4'070	8'505	12'000	12'000	0	0%	12'000	12'300	12'608	12'923	13'246
Publications (incl. EU newslett	24'806	27'328	5'000	5'000	0	0%	15'000	15'375	15'759	16'153	16'557
Taxes Swiss/Belgian	1'283	0	1'500	2'000	500	33%	2'000	2'050	2'101	2'154	2'208
VAT	7'642	10'430	8'000	20'000	12'000	150%	15'000	8'000	8'200	8'405	8'615
Solvency II Project		24'000	60'000	48'000	-12'000	-20%	48'000	0	0	0	0
Actuview		40'000	50'000	50'000	0	0%	60'000	90'000	90'000	90'000	90'000
Bank Charges	136	852	200	200	0	0%	200	205	210	215	221
Depreciations	2'722	2'676	2'800	2'800	0	0%	2'800	2'800	2'800	2'800	2'801
Total Expenditure	408'000	465'552	526'000	453'500	-72'500	-14%	490'500	475'755	485'329	495'142	505'202
Income -/- Expenditure	81'058	94'598	964	9'276	8'312		-10'500	445	-2'924	3'473	-10'371
Balance BOY	647'676	728'734	799'456	823'332	23'876	3%	832'609	812'109	812'554	809'630	813'103
Balance EOY	728'734	823'332	800'420	832'609	32'189	4%	822'109	812'554	809'630	813'103	802'732
Coverage Ratio (Exp. / Balance)											
Coverage Ratio (Exp. / Balance)	179%	177%	152%	184%			168%	171%	167%	164%	159%
Target Coverage Ratio	200%	200%	200%	200%			200%	200%	200%	200%	200%
Excess Reserves	-87'265	-107'772	-251'580	-74'391			-158'891	-138'956	-161'028	-177'181	-207'672