

The Financial Situation

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Every year the financial situation of our Society is examined by external auditors, KPMG Fides Peat. In November last year they presented their report on the year 1987 and in Table 1 the profit and loss account (in condensed form) from that report is compared with the three preceding years. It will be seen there that the years 1987 and 1985 ended with a loss, the years 1986 and 1984 with a profit.

The CHARGES are subdivided into 4 items:

Salaries including salaries and social charges and auxiliary salaries; *Europhysics News* including printing, editorial expenses and distribution; Cost of the secretariat including travel expenses, rent, maintenance, telephone, mailing, office material, duplication, general administration, printing of the EPS poster and promotion of publishing activities; Expenses for committees etc. including expenses for Executive Committee meetings, Council, Divisions and the production of *Europhysics Conference Abstracts (ECA)*.

The INCOME is subdivided into the well known membership categories, gifts and donations, the income from *Europhysics News* and different other incomes including revenue from advertisements, sales of publications and exchange differences.

One sees that our Society oscillates between making a profit and making a loss, but at the beginning of 1988, the accumulated losses reached a height of 155 k SFR.

For this year, the rise in unit fee allows us to show a profit of 6380 SFR, which will make little further impression on our accumulated losses.

Why a lower surplus in 1989 than in 1988? Every year EPS has its financial surprises. In 1986 the HEPP (High Energy and Particle Physics) Division donated a substantial sum to the Society (see first Table). Last year the German Physical Society realised it had more members than were known to the Secretariat in Geneva and it made up the difference. Moreover, 1988 expenses were much lower than expected as the Council meeting in Dresden was cheaper, there was no meeting with the Associate Members and Division Chairmen and no EPS poster was printed.

So what to do?

Reduce expenses: The Advisory Committee on Finances went with a toothcomb through the expenses and could not indicate any item to be reduced without stopping some of our main activities.

Increase income: The income of EPS can be divided into the three main membership categories: 1. Member Societies, 2. Associate Members, 3. Individual Members. Category 1 (268 k SFR) provides the main income of the Society, but is essentially fixed. Category 2 (185.3 k SFR) can increase if a considerable effort is put in by Individual Members to convince industrial firms to join the Associate Members for which the minimum fee is now only 2 k SFR. The last category 3 (144.5 k SFR) is the most promising. Before the great clean-up of non-paying members, EPS had more than 5000 Individual Ordinary Members. At the moment, EPS has of the order of 3000 paying IOM's. Based merely on the old potential of 5000 physicists it must be possible to double the present number. If each IOM brings in only one colleague as a present to the 20th birthday of the EPS, EPS can look forward with optimism to the next twenty years.

Profit & Loss account (From External Auditors Reports)				
As at 31 December	1987	1986	1985	1984
CHARGES				
Salaries	460 175.75	356 837.80	328 830.25	306 662.85
Europhysics News	144 836.50	137 463.10	149 128.65	132 444.45
Cost Secretariat	141 068.50	138 483.30	118 170.75	115 882.68
Expenses for Committees etc.	65 169.22	48 519.80	47 416.10	49 932.55
	811 249.97	681 304.00	643 545.75	604 922.53
INCOME				
Membership fees Art. 4a)	11 220.00	9 084.00	8 880.00	8 520.00
Membership fees Art. 4c)	123 772.00	108 870.00	93 760.00	99 000.00
Membership fees Art. 4e)	2 926.00	1 683.00	320.00	220.00
Membership fees Art. 4d)	10 065.00	7 962.50	5 350.00	3 850.00
Membership fees Art. 4b)	245 108.20	249 105.40	224 663.00	222 314.00
Associate Members	177 318.00	166 786.86	175 378.70	171 646.60
Gifts & Donations	0.00	23 800.00	0.00	0.00
Europhysics News	40 086.40	45 463.40	44 490.30	47 354.10
Different other income	65 166.93	78 821.38	57 091.83	61 126.27
	675 662.52	691 576.54	609 933.83	614 030.97
Reversal Special Development Fund			10 000.00	
	675 662.53	691 576.54	619 933.83	614 030.97
Net Profit (Loss)	(135 587.44)	10 272.54	(23 611.92)	9 108.44

Budgets for 1987, 1988 and 1989 *			
	1987	1988	1989
CHARGES			
Salaries	460 175.75	350 000.00	370 000.00
Europhysics News	144 836.50	147 280.00	148 500.00
Cost of Secretariat	141 068.40	125 000.00	134 500.00
Cost Committees etc.	39 677.00	28 000.00	34 000.00
	785 757.75	650 280.00	687 000.00
INCOME			
Membership fees Art. 4a)	11 220.00	10 164.00	10 080
Membership fees Art. 4c)	123 772.00	123 200.00	124 800.00
Membership fees Art. 4d)	10 065.00	8 800.00	9 600.00
Membership fees Art. 4b)	245 108.20	260 000.00	268 000.00
Associate Members	177 318.00	185 300.00	186 000.00
Gifts & Donations	0.00	0.00	0.00
Europhysics News	40 086.40	42 104.00	46 400.00
Different other income	65 166.93	56 000.00	48 500.00
	672 736.53	685 568.00	693 380.00
Net Profit (Loss)	(113 021.22)	35 285.00	6 380.00

How did this happen?

We are all well aware of the success of the latest EPS venture, the launching of *Europhysics Letters* in 1987. To be able to do this however EPS had to invest in extra manpower. This can be seen from the difference in salaries between 1987 and 1986 of more than 100 k SFR. This was a temporary situation and those costs are now carried by the journal. However there was a continuing problem and to cover the creeping losses, the Executive Committee proposed to Council to increase the unit fee from 11 to 12 SFR. Council agreed to this proposal last March and the rise becomes effective in 1989.

How did we fare in 1988 and what will happen this year?

In Table 2 the budgets for the years 1987, 1988 and 1989 for convertible currency only are presented and compared. The net loss for 1987 in this Table is lower than in the first Table because amortization, normally included in the profit and loss account, does not appear in the budget.

The year 1988 ended with a profit of 35 k SFR which will be used to reduce our debts.