

**Report to the APPU EC by the Finance Committee
Meeting of 21 Jun 2010 – Bali Indonesia**

Observations

1. The Finance Committee composed of Australia, People's republic of China, India, Japan, Korea, Pakistan and Thailand met on 21 June 2010 to review the APPU Bureau administrative budget. The APPU was represented by the Director.

The Finance Committee approved the agenda and noted its Doc 2, which summarised elements from the Constitution and General Regulations of the APPU and the role of the Executive Council and the APPU Bureau in relation to budget matters. The document provides an explanation of the role of the Finance Committee on behalf of the Executive Council and guides it in its examination of budget matters.

The Committee further noted the report of the 2009 Finance Committee meeting.

2. The Committee confirmed the reappointment of Australia as Chairman of the Finance Committee.
3. The Committee noted and considered the auditor's report by IAC Audit (Thailand) Ltd for the period ending 31 December 2009 – EC Doc 5 Annex 1. The provision of the report and examination by the Committee provided assurance that the expenditure and receipts were duly accounted and complied with the requirements under Article XVIII.
4. In reviewing the draft 2011 Budget, the committee noted that budget estimate for 2011 (US\$111,427) exceeds the 2010 budget estimate by approximately US\$19,200. It was noted that major increases in the proposed budget related to:
 - Directors salary – approx US\$2,200
 - Directors income tax - approx US\$2,000
 - Directors retirement tax – approx US\$8,500
 - General operations – approx US\$3,500
5. The inclusion of the Directors retirement tax has been anticipated for inclusion in the annual budget process to ensure that appropriate funds are available when required. This inclusion was supported to provide an accurate budget estimate and provide transparency. It was further noted that annual provisioning of this item was appropriate and good accounting practice, rather imposing the entire cost at future time. The office of the Director has committed to confirm the legal requirements for the provision and presentation of such amounts for future reference.

It was noted that the increase in the 'General operations' budget is a result of not providing an accurate estimate in 2010. It was noted that actual expenditure for 2009 should have been used as the basis of estimation, rather than any other basis.

All other increases in budget estimate were considered within normal budget range.

6. The committee noted that the 2011 budget has been based on the receipt of a higher member contribution unit (US\$1,500) and that this increase, coupled with the small fee for the management of the APP accounts (US\$5,000) would more than cover the proposed budget.

It is intended that any surplus funds would be directed to the APPU Reserve Fund.

Additionally, it was noted that such an increase in the member contributions should result in a freeze on any further increase considerations until the next APPU Congress.

7. In reviewing the proposed 2011 budget, a number of members supported the approach of increasing the current expenditure limit imposed on the APPU office within the current General Regulations (US\$80,000). This issue will need to be addressed and discussed at the next Congress.

Recommendations

The Finance Committee recommends the following:

1. The revised budget estimate of US\$111,427 be considered for approval
2. The current Contribution Unit rate of US\$1,350 be raised to US\$1,500 for 2011 and maintained until the next APPU Congress, at which time any further review could be considered.
3. The APPU membership be encouraged to fulfil their financial obligations in the payment of prescribed Contribution shares

Sam Curro
Chairman – Finance Committee

23 June 2010