

Treasurer's Report for the Year Ending 30 September 2021

The Financial Statement had been sent out to members with the pre AGM documentation and was shared on screen during the Report. The Treasurer summarised by saying that the u3a finances were in good shape.

The Statement is in the same format as last year with a summary of the entire u3a (including Groups) on the first page and fuller details of each constituent part in the Notes on subsequent pages. The summary shows that overall income and expenditure reduced for the second year in a row, down from around £70,000 to £30,000 as the impact of the Coronavirus was felt for the entire year instead of just the final 6 months as was the case last year. The overall surplus was around £4,000 due to further reductions in costs, fuller details of which later, and reserves as shown in the Balance Sheet stand at some £55,000.

General Fund

Despite a fall in membership numbers of around 240, subscription income shows a small increase to £10,925 due to the higher subs of £7.00 per head compared to £6.00 in the previous year. The other main income stream was the Gift Aid claim which has reduced slightly as it is based on 2020 subs which were lower than those in 2019.

As regards costs, the largest one as always is the payment to the Third Age Trust which accounts for £3.50 of every membership fee received. At £5,208, this is a fair bit lower than last year as the Trust changed the basis of how this is calculated to reflect the impact of falling membership numbers across many if not all u3as. Instead of using the number of members in the previous year (so the 2020 payment was based on 2019 membership), this year's charge was based on the actual membership when the payment was requested (April 2021) which was significantly lower than it would have been in April 2020 thus saving around £1,300. The other major cost is the Licence for using the Beacon system which is £1 per member and this has also reduced in line with lower membership numbers.

Postage and printing costs have been reduced from around £2,000 to just over £900, mainly by not issuing the usual Handbook and only issuing 3 Newsletters instead of the usual 4 due to the lull in activities. Other expenses are largely in line with the previous year except for Meeting costs which have virtually disappeared for obvious reasons (just moving the AGM to Zoom has saved over £400).

The overall result of the above is a significant surplus of some £4,460 which has increased the General Fund reserves to just over £19,000. Clearly, this was not at all as expected in September 2020 when it was decided to increase the subs from £6.00 to £7.00 for the 2021 year, but at that time a number of things were uncertain that influenced that decision.

- Firstly, it was still undecided over whether or not to issue the usual Handbook. In the event it was decided not to produce it but ramp up the content of the Newsletters

instead - this saved around **£900** based on previous years' printing and distribution costs.

- Secondly, there were still hopes of having the AGM as normal (albeit in a new venue given the Armstrong Hall issues), but later in the year with restrictions tightening again, it became clear that this was not a practical option and the meeting would have to be held on Zoom instead. This saved at least **£400** based on previous years.
- Furthermore, there were also hopes that by the following September, the situation would have improved sufficiently to hold the usual Leaders Lunch but, again, nearer the time it became apparent that this was not feasible. This was therefore a further saving of around **£400**.
- These three aspects together saved around **£1,700** in costs compared to a 'normal' year.
- As well as this, in Spring 2021, TAT advised of their decision to change the basis of calculating their annual payment, which saved a further **£1,300** making **£3,000** in all.
- Without these savings, the projected surplus would have been **less than £1,500**.
- But, finally, it was also borne in mind that the 2021 membership renewals were the first to actually take place during the Covid restrictions, so a drop in numbers was likely to be seen. As mentioned earlier, this reduction was a fairly significant 240 members which at £6.00 a head would have meant a drop of **£1,400** in income, enough to have more or less wiped out the reduced projected surplus.
- This explains why the decision to seek the modest increase to £7.00 a head appeared reasonable at the time, and subsequent events have conspired to produce a far larger surplus than could reasonably have been expected.

In the light of the actual outcome, consideration was given last Autumn to possibly reducing the subs back to £6.00 for this year but this was decided against on the basis that an increase of the Third Age Trust payment to £4.00 per head would be due in April 2022 and also it was hoped that activities could soon be restarting in earnest involving the resumption of things like Welcome Meetings and a Leaders Lunch which would need funding. Also it was known from past Financial Statements that with subs at £6.00, shortfalls were seen for a couple of years running (at a time when membership numbers were considerably higher than at present, noting that 2022 renewals have again shown a reduction) and any recurrence of such a situation would not be welcome. Consequently, subs were maintained at the same level as last year.

Social Fund

Note 5 covers the Social Fund through which we have historically run the Open Visits and Talks until these were stopped by the various lockdowns and so on. As shown, these have not yet restarted so there are no figures to report this year and reserves remain at some £2,600.

Interest Groups

Note 6 covers the financial aspects of our Groups and Group Leaders/ Treasurers were thanked for providing their figures for the year promptly so that they could be consolidated into the

overall Financial Statement. This is an important process as it is a requirement of the Charity Commission and also necessary to ensure that the Insurance cover provided by TAT extends to all activities that the Groups undertake.

Obviously, such activities remained significantly curtailed for much of the period under review, but in the summer many Groups did start meeting again which was great to see. Nevertheless, the only Group with any worthwhile figures to report was the Theatre Group so the remaining Groups, many of which did not function at all, have been amalgamated together. The total income across all Groups of £18,500 compares to around £57,000 in the previous financial year and £194,000 in the year before that, which really brings home how much such activities have been affected by the situation over the past 2 years.

As mentioned under Notes 8.3 and 9, some Groups are known to be struggling financially with reduced or uncertain numbers of members attending meetings, thus not always generating enough to cover costs. Group Leaders are aware that the Committee previously extended an offer of help for any Groups affected in this way, providing there was a realistic expectation that the problems were likely to be short term and that stand alone viability could be restored in the not too distant future.

A small number of Groups sought and were provided with financial help in the Autumn 2021 which it was hoped would see them through to Spring 2022. However, since then, of course, the impact of the Omicron variant has been felt so issues may take longer to resolve. As such, it was confirmed that the Committee remained open to any further approaches to keep Groups going pending the return of what is hoped will be more normal times before too long, and Leaders were invited to get in touch with the Treasurer to discuss what help could be provided.

Independent Examination

The Report of Ian Gross, the Independent Examiner, is in draft at the present time pending approval of the Financial Statement by the members. Ian has been invited to continue in the Examiner role for the current financial year and he has accepted this invitation. The independent examination is an important issue and the members of the Committee placed on record their thanks for Ian's thorough and thoughtful attention to this time consuming task, as well as his advice and suggestions on a number of issues.

Questions from the Floor

1. Quentin Killey - with the General Fund reserve considerably in excess of the Reserves Policy, shouldn't we be trying to allow small shortfalls each year to bring these more in line or does the Policy need amendment?

Response - the divergence mentioned was acknowledged and, as stated, was unexpected. However, the Independent Examiner had expressed some concerns two

years ago (when the full extent of the income levels across all Groups - almost £200k - was revealed) over the strength of the u3a Reserves given the need to cover any difficulties encountered by the Groups that could not be covered by their own resources. As such, while not a deliberate strategy, the strengthening of the Reserves was considered welcome and leaves us in a robust position as and when Group activities recommence in earnest. Accordingly, the divergence would in all probability be resolved by an amendment to the Reserves Policy in the near future.

2. Lynn Haigh - noting that Reserves are over £50,000, are these monies invested in any way or simply in bank accounts?

Response - while total cash/bank reserves stood at some £57,000, it was pointed out that almost £36,000 of this was spread amongst the Groups and held in a variety of accounts and some in cash. Much of this was needed for the Groups to function and could not be corralled together to invest. Also, £2,600 was in the Social Fund and thus ring fenced from the u3a General Fund. Allowing for this, the General Fund itself held only £19,000.

It was felt inappropriate for this to be invested in any way that could cause the capital to be at any level of risk for obvious reasons (fully understood by the questioner), and bank deposit rates were so low at the present time that moving funds to our Reserve account (or similar) would generate next to nothing (currently receiving 3p per month on £3,300 in the account). It was acknowledged, however, that if interest rates continue their current upward trend to a significant degree, then this could be reconsidered.

The Treasurer's Report was accepted

Proposed by Quentin Killey,
Seconded by Stan Goodwin

In favour 149, Against 0, Abstentions 5