FINANCE REPORT TO THE OCTOBER 2022 COUNCIL MEETING PRESENTED BY SUE GUILLIATT

**NATIONAL NEWS**

The 2022 accounts of NAFAS were presented at the AGM earlier this month, the highlights are as follows:

* Overall, the consolidated accounts show a loss for the year of £85,940 compared to a surplus of £31,999 the previous year
* Of this loss £85,659 (2021 - £4,721) arose in the charity and £281 (2021 – Surplus £36,720) in NAFAS Enterprises
* Post year end the remaining £135,000 of the Government backed covid loan was repaid following the sale of Osbourne House
* Osbourne House was sold for £4,090,044 net of costs and the profit on sale of £2,659,441 will be booked in the 2023 accounts

Copies of the accounts are available on the NAFAS website.

**AREA NEWS**

**Bank balances**

Community account £10,655.08

Special Fund £2,219.01

Building Society £6,330.69

Building Society bond £13,289.33

Cash £218.37

The draft accounts for the year ended 30 September 2022 are with the Independent Examiner and will be circulated prior to the AGM when these are signed off.

As you will appreciate the 2022 accounts again will not reflect a normal year and as a result I need to remind members of the following:

* In 2020 we had a surplus of £4,802 on the General Fund as everything effectively stopped in March 2020 and most of our expenditure is incurred in the April to September period.
* When we budgeted for 2021 we had assumed that everything would be up and running in January 2021 and had budgeted for a deficit of £4,855. Matching the exceptional surplus in 2020.
* As it turned out this assumption was incorrect and in fact we made a deficit of £857 in 2021.
* Our budget for 2022 was a deficit of £3,895, which along with the actual deficit of £857 in 2021 gave a total across the 2 years of £4,752 thereby eliminating the surplus of £4,802 in 2020.

The draft accounts for 2022 show a deficit on the General Fund in the region of £4,000 which is in line with our budget of £3,895.

We need to go back to 2020 when our income was “normal” to understand the significant reduction in income we have seen. Affiliation fees back then were £8,276 and room hire was £885 a total of £9,161 in 2020 compared to 2022 when affiliation fees were just £4,385, an overall reduction of £4,775.

I am ignoring 2021 in this analysis as we only charged £1 affiliation fee per member as part of a package to help clubs financially so is not representative.

The £4,775 reduction in income is explained as follows:

* In 2020 we had 3056 members compared to 2,295 in 2022, a reduction of 761 members.
* In 2020 each of these members paid affiliation fees of £2.70 per member so this gives a reduction in income of £2,055 (£2.70 per member x 761 reduction in members).
* In 2022 we kept the affiliation fees at £1.90 rather than increasing these back to £2.70 to help clubs financially. This represents a reduction in income of £1,835 (2,295 existing members at 80p per member).
* To also help clubs financially we also waved the room hire in 2022 giving an additional reduction in income of £885.
* These three items, the £2,055 (loss of 761 members), £1,835 (reduction of 80p per existing members) and £855 (reduction in room hire) total the £4,775.

When I reported to the 2021 AGM I did say that the reductions and contributions the Area made could not continue and amounts may need to increase to previous levels.

The initial budget for the Area for 2023 showed a deficit on the General Fund of £3,825.

When we look at reducing any deficit there are three options:

1. Increase income
2. Decrease costs
3. Combination of 1 & 2

Affiliation fees consist of 2 parts the amounts we collect on behalf of NAFAS and amounts we collect for the North East Area. For 2022 this was £6.10 on behalf of NAFAS and £1.90 for the Area, a total of £8 per member. This compares to £8.80 per member in 2020.

We collect these fees between October and 31 March the following year.

As previously reported the CEO of NAFAS has confirmed that whilst there will be no increase in affiliation fees for this period and these remain at £6.10 per member there will be an increase to £7.50, an increase of £1.40 per member, for the amounts we will collect on behalf of NAFAS between October 2023 and 31 March 2024.

The Area Executive considered what we could do to help clubs whilst looking at the financial position of the Area itself and the Area Executive’s financial responsivities. We have therefore considered option 3, that is a combination of an increase in income and a reduction in costs.

As a result for 2023 we will implement the following:

* Room hire to stay at £0 per club as any increase disproportionally impacts smaller clubs more than the larger ones.
* The North East Area share of the affiliation fees to increase from £1.90 per member to £2.40 per member which is still 30p per member less than in 2020 and less than the £2.50 in 2014 when we had 4,010 members. This would potentially increase our income by £1,150.
* It would not be right to simply increase the affiliation fees without demonstrating the steps being taken to reduce our expenditure.
* To reduce costs we plan to move to having 3 face to face Council meetings a year rather than 4 and the fourth replaced by a zoom meeting. April, July and October will remain face to face meetings and January will be via zoom commencing in January 2023.
* The costs of Council meetings are the hire of the Hall and audio equipment along with the travel costs of the Executive, Representatives and Deputies. It is estimated that this costs in the region of £650 per meeting and will only increase going forward.
* The Executive normally meet face to face every month and we plan to reduce this to 10 face to face meetings with zoom meetings the other 2 months. This is estimated to save around £500. We may look to do more by zoom but as 2023 is a change-over year we will have a new Chairman and new 2nd Vice Chairman face to face meetings are considered appropriate in the short term.
* When fuel rocketed in price in line with NAFAS guide-lines we increased the mileage allowance we pay from 35p per mile to 45p per mile. Fuel has more recently come down from a peak of around £1.98 a ltr to around £1.62 ltr so we propose to reduce the allowance back to 35p per mile. Whilst the saving is difficult to quantify as costs fluctuate depending on where people live, where events are held and who attends what this has the potential to save around £900.
* These cost saving proposals could result in a £2,000 cost saving which is in the region of £1 per member.
* Overall, the proposed increase in income and reduction in costs could reduce any deficit by £3,000.

This summary will be included in the minutes and Peter will also post on the Area website.

Affiliation fee forms for 2023 will be sent out electronically after this meeting and also posted to the Area website.

SG