

# TREASURER'S REPORT

ANNUAL GENERAL MEETING 2023

## OVERVIEW

This report presents an overview of BELMAS financial affairs and reports on the Society's financial position for the financial year ending 31 December 2022 to the Annual General Meeting. This includes reporting on events that have occurred which have had an impact on the financial position and reporting on events that are known to the Board of Trustees which have or are likely to have an effect on the Society and its operation over the coming financial year.

## FINANCIAL POSITION AT YEAR END 2022

BELMAS financial statements for the year 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022 were compiled by our appointed auditor Hawsons Chartered Accountants and were available in advance of the AGM for review. The auditor is of the opinion that BELMAS financial statements give a true and fair reflection of the state of our financial affairs and are in accordance with relevant accounting practice and charity legislation.

|   |                |
|---|----------------|
| Income                                  | 333,720        |
| Expenditure                             | 416,234        |
| Net movement                            | (82,514)       |
| Funds brought forward (from 2021)       | 485,230        |
| <b>Reserves carried forward to 2023</b> | <b>402,716</b> |

The audit reports that BELMAS ended the 2022 financial year with funds of £402,716, despite a deficit of £82,514 for the 2022 financial year. This position is above our reserves policy, which is set at 12 months operating cost, with the Board continuing to monitor reserves against the newly implemented Risk Register and BELMAS agreed strategy objectives.

## SIGNIFICANT FINANCIAL EVENTS TO REPORT FROM 2022

### Annual Conference

2022 revealed a significant loss of £104,000 from the conference event. Given our reserves position, alongside careful financial planning for the remainder of 2022 and for 2023, BELMAS has not been placed in a precarious financial position as we have remained within our reserves policy and without issue to our going concern for 2023. However, the Board of Trustees understand that BELMAS cannot incur such significant loss in any future year as this would place the Society in a precarious financial position going forward. Therefore, action has been undertaken to reduce expenditure in key areas for 2023 and to ensure the 2023 conference expenditure is carefully monitored. These actions are reported in detail via the Executive Officer's report to the AGM and significantly reduce the risk of future deficits in 2023.

Overall, as part of the BELMAS strategy (2023-2026), financial sustainability is a key objective for the Society. BELMAS has historically taken the view to subsidize the conference from excess reserves given the continued high performance of the BELMAS journals and the royalty income they contribute. However, the Board have discussed the year on year forecast reduction in royalty income, the contract renewal in 2026, and the need to ensure that the conference model is sustainable going forward. This includes opportunities to move closer towards a self-sufficient conference model through reviewing the format of conference in line with membership preferences, operational efficiencies, our VAT status, and diversifying income streams in future years.

### VAT Status and Liability Settlement

As reported at last year's AGM, BELMAS became aware of an issue related to VAT registration status requiring the settlement of VAT liability on past royalty income with HMRC dating back to 2007. With the support of our publishers (Sage) and Hawsons Chartered Accountants, this liability was settled and our year end position for 2022 is final and accurately accounts for our VAT position with timely VAT returns now undertaken moving forward. The fine for late filing levied by HMRC will be accounted for in the 2023 financial year period (as noted below).

## Banking Processes

Due to recent changes to 'Know your customer' (KYC) anti-fraud money laundering legislation across the finance and banking sector relating to the economic crime and corporate transparency bill, we encountered interruptions to cash flow via access issues to our bank accounts for periods across Summer and Autumn 2022 which resulted in some late payments which were quickly rectified. Upon investigation, several issues with the changes to KYC processes were out of BELMAS control resulting in a complaint to the Financial Ombudsman and a small amount of compensation received from our bank. Part of our financial strategy going forward reviews our banking processes and accounts held to reduce further risks, and despite KYC legislation continuing to have a minor impact on some older accounts, we do not anticipate further interruptions to our cash flow and continue to monitor this closely through cashflow reporting.

## ASPECTS TO NOTE FOR 2023

### VAT Fine

With the VAT liability settled in 2022 as noted above, the fine levied by HMRC for the late filing of VAT will be accounted for in 2023 financial year period. The fine amounts to £24,000 which was reduced from an initial £81,000 after seeking reconsideration based on our actions to immediately report the issue and rectify the situation. Given conservative expenditure forecasting for 2023 and some positive changes to our expected 2023 income forecasts, the fine will be supported by excess reserves and will not have a major impact on the financial position of the Society. The Board can therefore report that the VAT issue is now fully final resolution.

### Trustees Expenses

Given advice from our Auditor, we have reviewed our trustee expenses to ensure that for 2023 we are accounting for trustee's conference expenses correctly, which are to be treated separately from general trustee expenses given the voluntary role trustees who attend conference have in supporting operations and logistics of conference. The Board have also introduced new policies around international conference visits and expenses to highlight maximum spend.

### Strategic Development 2023+

As highlighted earlier, a key strategic objective is to ensure the Society is financially sustainable, which is also linked closely to the two other core objectives in the Strategic Plan (2023-206) around good governance and increasing membership (as detailed in the Executive Officer's report). Part of this work has involved developing our financial policies, procedures and reporting to ensure we have wholly accurate and transparent financial information presented at timely intervals to the Board of Trustees. This has included the creation of the Finance and Resources Committee, with monthly management accounts and forecasts to support ongoing financial sustainability and reduce risk.

### Forecast Surplus Reserves for 2023

Given cautious budgeting and adjusted income for 2023, current forecasts indicate a surplus within the 2023 financial year with a portion of this surplus is already earmarked to pay the VAT fine, as mentioned above. Overall, the Board are committed to remaining within the approved reserves policy and are reviewing any excess reserves to ensure they are targeted to support BELMAS charitable activities and agreed strategic objectives.

## CLOSING REMARKS

The BELMAS Board of Trustees are aware of the ongoing financial risks facing the Society, including the forecast reduction in revenue from Sage royalties. Despite journal performance exceeding income forecasts for 2022, the Board still maintains a cautious and dynamic view regarding income forecasts and will continue to closely monitor the financial position. As the current journal publication contract ends in 2026, BELMAS will seek to maintain and develop this core income stream alongside strategic objectives to grow the membership and maintain financial sustainability.

**Dr Fiona Creaby** | BELMAS Honorary Treasurer