



## Finance Report to the Annual General Meeting

### Introduction

This report is unusual in that it covers the 2015 accounts for Central Nottinghamshire, South Nottinghamshire and the old Nottinghamshire Division. At the end of 2015 the funds of the two discontinued associations transferred to the division which became the new Nottinghamshire Association (a single association division). The report has been prepared by Jen Illingworth (South Nottinghamshire Treasurer), John Illingworth (Nottinghamshire Division Treasurer) and Roger Tanner (Central Nottinghamshire Treasurer).

### Financial Summary

The audited accounts for the Financial Year ending 31<sup>st</sup> December 2015 show the total Expenditure and Income for the 2015 financial year as follows. (*N.B. The Income and expenditure figures exclude the amounts transferred on closure of the association accounts, to allow members to see the relationship between income and expenditure immediately prior to transfer.*)

	Income	Expenditure	Income/Expenditure Surplus 2015
<b>Central Nottinghamshire</b>	£31,691.96	£25,805.05	£5,886.91
<b>South Nottinghamshire</b>	£33,434.96	£29,305.71	£4,129.25
<b>Nottinghamshire Division</b>	£45,510.72	£35,602.05	£9,908.67

The Statement of Accounts for the two associations (forms 106) and the Statement of Accounts for the Division (form 138) are **attached** and show the final balances **after** transfer. The balances at that stage were **£0.00** for each association and **£151,938.93** for the Division. This became the opening balance for the new Association in January 2016.

An analysis of income and expenditure in 2015 for the 2 associations and the division is **attached** as a spread sheet. The spread sheet also shows a projected budget for the new Nottinghamshire Association for 2016 and 3 projected budgets for 2017. Each of these is based on a different possible subscription fee from January 2017.

### Affiliation Fees

All affiliation fees due to the Division for 2015 have been paid as follows:

Central Nottinghamshire: £12,685.22  
South Nottinghamshire: £12,309.81

At the last AGM we agreed to reduce the affiliation rate to the Division from 10% to 7% of the national subscription. This explains the reduction in affiliation fees compared with 2014. Following the move to a single association division, all subscription income from HQ will come directly to the new association. Affiliation fees therefore become redundant.

It should also be noted that the decision taken at the last AGM, not to require the two associations to pay the arrears of affiliation fees for 2013 now becomes, in a sense, irrelevant. The affiliation funds retained by Central and South Nottinghamshire were part of

the surplus of the two associations upon winding up and have now been transferred to the new Nottinghamshire Association.

### **Office Occupancy Costs**

All of the shared occupancy costs due for the old office on Mansfield Rd, Sherwood 2014 have been received from associations. Although the office was vacated on 25<sup>th</sup> March 2015, there were significant costs incurred in meeting the terms of the lease on vacating the office. These have already been reported to the Division during the year.

Exceptionally in 2015, we were paying costs for part of the year for the old office whilst also meeting the costs of the new office at New Brook House. These transitional costs will not be repeated. Unlike the old office, energy costs, water rates, refuse disposal and cleaning of the communal areas (kitchen, toilets etc.) are all included in the rental of the new office. The only costs are therefore rental at £1,350 per quarter and rates at £800 per annum. There are no 'exit' costs incurred should we wish to vacate the office at some point in the future.

Up to the end of 2015 the office costs were shared with the associations with the necessary transfers being made to division. All costs will now be met by the new Association, removing the bureaucracy of sharing costs.

### **Local Subscription**

At the AGM in 2015 it was agreed to reduce the local subscription for both Central and South Nottinghamshire from 23% to 18% of the National subscription. This decision took effect from January 2016. Subscription income is therefore expected to fall this year by an estimated £13,000

Each of the associations and the division had a surplus of income over expenditure in 2015. Together this surplus amounted to £19,924.83

### **Budget for 2016 and 2017**

The reserves of the new Association at the start of 2016 were **£151,938.93**. This amount is far greater than might be reasonable held as a cushion against unexpected future expenditure. The column on the spread sheet headed "Combined Assoc./Division" removes the internal transactions between the associations and division and the amounts paid by the Nottingham City Association for their share of the old office costs. It therefore represents a reasonable combined record of income and expenditure in 2015. The following column "Budget 2016" is based on this actual expenditure and other known factors:

- We know what the rent and rates for the office will be.
- We have an accurate assessment of our subscription income at the new 18% of national subscription rate
- We know what the audit fees will be.
- We can estimate the cost of sending delegates to conference with reasonable accuracy.
- We have an accurate estimate of the cost of the ERS ballot.
- We can make a reasonable assessment of other likely expenditure based on previous expenditure.

Our forecast is that by the end of 2016 our reserves will have increased by about another £10,000. They will then stand at over £160,000. There is no justification for allowing the reserves to continue to grow.

The earliest we can reduce our local subscription to pass on the benefits of this healthy situation is January 2017. It is our view that the subscription should definitely be reduced. The question is by how much?

The remaining 3 columns of the spread sheet are based on 3 projected subscription rates. 15%, 13% and 10% of the national subscription. Even if we take the lowest subscription of 10%, this leads to an expected deficit of around £11,000. It would take at least 14 years to exhaust our reserves based on this deficit continuing each year.

If the reserves are eroded more quickly than this, we can keep it under annual review and will have plenty of warning to allow an upwards adjustment of the local subscription, if needed.

If we maintain a higher local subscription there is a danger that our reserves will continue to grow or shrink so slowly that we will be taking more money from our members than we require. Better, we think, to reward members who have been paying a higher subscription than necessary, by lowering the subscription substantially.

If we reduce the subscription to 10% of the national subscription we will have reduced it by 13% (from 23%) in two years. Such a reduction, would save our full-subscription members an estimated £22.75 per annum or just under £2 per month.

The amount allocated in the 2016 budget for recruitment materials is larger than that spent last year. 2015 spending under this heading was much greater than expenditure in previous years and we still retain materials purchased last year for future use. The amount allocated for Campaigns is also almost double that spent in 2015. These two allocations are almost certainly more than adequate.

The meeting may wish to consider whether to transfer some funds from our reserves into the Hardship Fund. However, in the last two years there has been only one claim against the Fund. There can only be claims in the circumstances of unsustainable strike action. If and when that becomes imminent, a general meeting can make the decision to transfer appropriate funds. There is no danger of exhausting our reserves so quickly that we are unable to make such a transfer.

### **Audit**

We have continued to be impressed with the work of the professional accountants Atkinson-Evans.

In 2015 he Jason Evans had audited the accounts of Central Nottinghamshire, and the former Division. He also audited the South Nottinghamshire accounts for 2012, 2013, 2014, which had not been previously audited because of problems in South Nottinghamshire. Jen Illingworth, who became South Nottinghamshire Association Treasurer at the end of 2014, had worked hard to draw up the accounts for these years based on bank statements and the incomplete paperwork available. South Nottinghamshire Association had also been fined substantially for HMRC not submitting Corporation Tax returns from 2011-2013. Jason Evans was able to obtain a refund of the fines paid together with agreement to future exemption

from Corporation Tax, provided we did not start trading and our investment income remained below £100 per annum. The refund of fines significantly exceeded the charges made by Atkinson-Evans for both the audit and the work in connection with Corporation Tax.

Atkinson-Evans has provided a letters (attached) to accompany the Union's forms AD8. The letters draw attention to a few items and, where possible, action has been taken to address these.

Next year there will be only one set of accounts to audit and the audit fees will fall from 2017 when the 2016 years accounts are audited.

All the detailed account records are available for inspection at this AGM and are open to any member to inspect at other times upon request.

### Equipment (Assets)

Each association and the division had equipment and this is recorded on lists submitted to HQ with the accounts each year. All equipment now transfers to the Nottinghamshire Association. Some of the items on these lists are now defunct and need to be written off. Those that remain form the equipment list for the new Nottinghamshire Association.

#### Central Nottinghamshire:

The list for Central Nottinghamshire was particularly long as no equipment had been written off for many years. At the 2015 Central Nottinghamshire AGM it was agreed to write off the majority of these items, but unfortunately this was not done by HQ and they have reappeared this year. **We recommend that all items should now be written off with the exception of those purchased after 2010:**

2010	HP Laptop
2014	Epson Printer

#### South Nottinghamshire:

There are 4 items on the South Nottinghamshire list. 2 of these relate to purchases in 2004. (The location of one of these, the camera, is unknown in spite of attempts to find it.) A banner was purchased in 2008 but is now out-of-date because South Nottinghamshire Association has been wound up. Although we may wish to keep the banner as an archive item, it is no longer current equipment. **We therefore recommend that all items be written off except the laptop purchased in 2015.** This laptop is in the possession of the Joint Secretary - Jane Crich.

#### Nottinghamshire Division:

The location of some of the items on the list is unknown. They may be in the possession of former officers of the division but we have been unable to retrieve them. IT equipment purchased before 2012, unless still in use in the office, is now of little, if any, value. **We therefore recommend that all items purchased before 2010 and all IT items purchased before 2012 be written off unless they are still in regular use.** The laptop purchased in 2015 is in the possession of the Joint Secretary

- Rob Illingworth. The other equipment purchased in 2015 (2 HP Printers and an external hard drive) are located in the Union Office.

## Recommendations

In addition to the recommendations concerning equipment (assets) above, we also recommend:

1. That the statements of accounts for Central Nottinghamshire, South Nottinghamshire and Nottingham Division be approved.
2. That the budget allocations for 2016 be approved.
3. That the local subscription rate from 2017 be set at 10% of the National Subscription.
4. That Atkinson-Evans Accountants be appointed as auditors for the Nottinghamshire Association Accounts for 2016.
5. That the signatories to the bank account be updated :
  - Each of the joint Secretaries: Jane Crich and Rob Illingworth
  - The Treasurer: Jen Illingworth
  - The Deputy Secretary: Liam Conway
  - The Minuting Secretary: Sue Ellis

A total of 5 signatories. It should be noted that Jen and Rob Illingworth must not co-sign the same cheque. No person shall sign a cheque made payable to themselves.

6. That the association approve that arrangements be made with the bank for internet banking to allow electronic payments to be made via the BACs system. The treasurer and joint secretaries shall be able to initiate (submit) and authorise a payment and any other approved signatories shall be able to authorise payments. The authorisation of two approved signatories will be required. All approved signatories will be able to view the online account.
7. That the Association affiliate to the East Midlands Region - National Pensioners Convention at a cost of £30 per annum and review whether we wish to continue affiliation to the NPC at a national level to which the national union is also affiliated.

## The Hardship Fund - Summary 2015

The balance at the start of 2015 was	£1330.72
The balance at the end of 2015 was	£1388.50

There were only 3 transactions on the account as follows

Income:

31/3/14	Bank Interest	£ 1.33
30/9/14	Bank Interest	£ 1.34
10/11/15	Cash donation found in old office	£55.11
	<b>Total</b>	<b>£57.78</b>

Expenditure:  
Nil

Verification of these transactions is contained in the auditor's letter for the Nottinghamshire Division accounts.

John Illingworth - Nottinghamshire Division Treasurer

Roger Tanner - Central Nottinghamshire Treasurer

Jen Illingworth - South Nottinghamshire Treasurer

13<sup>th</sup> March 2016