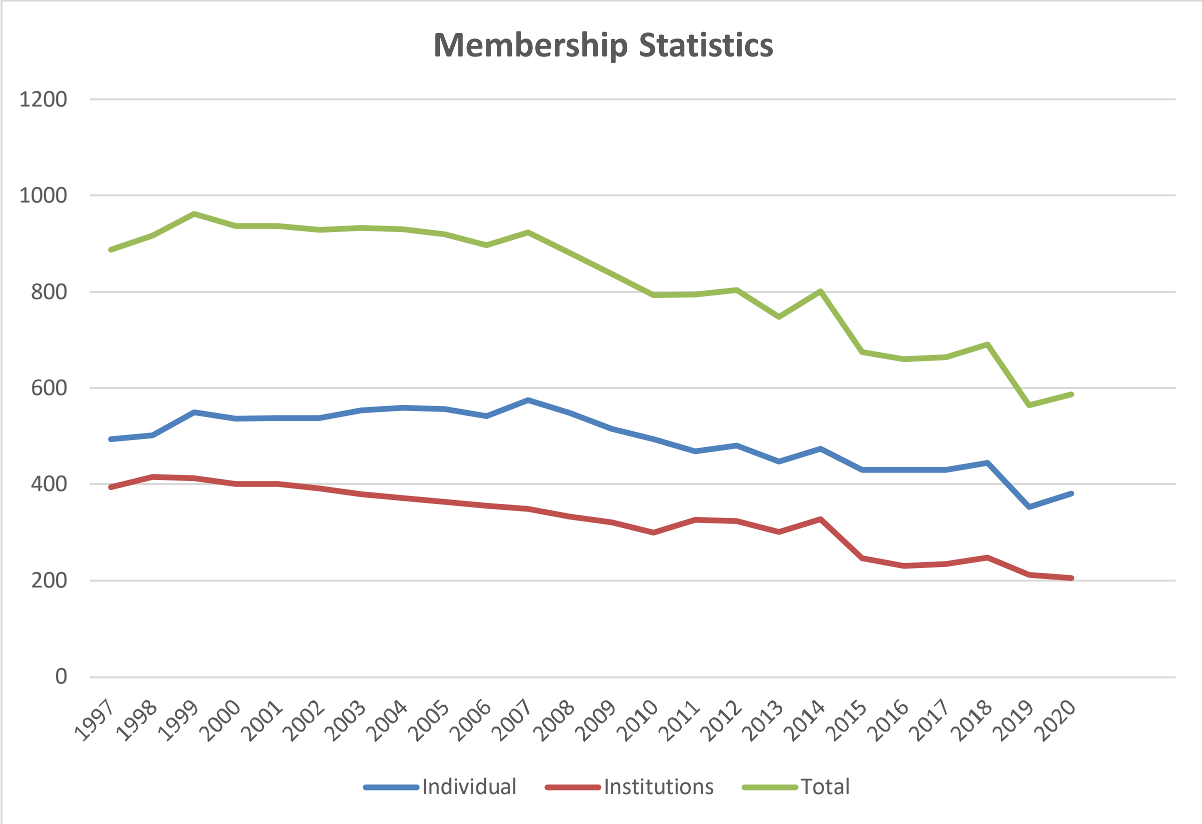
Notes on the 2019-20 and 2020-21 Accounts

1. I took over as Treasurer from Hilary Crowe during 2014, so this is my seventh, and final, Annual report. I now hand over to Derek Shepherd.
2. Because of the cancellation of the 2020 AGM, the 2019-20 Accounts were accepted by the Executive Committee, acting as Trustees, and the accounts were submitted to the Charity Commission in the usual way. However, those accounts should be formally put to this AGM for acceptance, together with the accounts for 2020-21
3. When I submitted the 2019-20 accounts for Examination, I received a response that the Examiner's professional body (ATT: Association of Taxation Technicians) had done an audit of her work and had said that an organisation our size should not be using the 'accruals' basis of accounting but the simpler 'receipts and payments' basis. Under the old method, if we received income in the current year for expenditure next, such as subscriptions paid in advance, we did not include it in this year, but accrued it into next. Expenditure, for example a deposit on next year's conference, was treated similarly. Thus effectively we are now reporting on cash flow. The other change is the treatment of unrealised losses and gains on our investments. These are still reported in the balance sheet, but not regarded as part of the surplus or loss on the year.
4. As a result, I had to re-calculate and restate last year's accounts as well as this year's, and modify slightly our systems going forward. This new method of accounting and reporting has been used for the current year 2020-21
5. In 2018-2019, we reported a loss of £4770, and total assets of £108,319. The loss was largely driven by unrealised losses in the value of our investments. Under the new accounting basis, ignoring unrealised losses and gains, those figures have been revised to **a loss of £1262 and assets of £117, 394.**
6. The comparable figures for 2019-2020 were **a surplus of £7650, and assets of £138,260**
7. This year (2020-2021), we are reporting **an operating loss on the year of £11,917, and total assets of £121,910.**

8. **Notes on 2019-2020:** Income from subscriptions and sales showed increases, the former in part due to the increase in subscriptions, but both in part affected by the fact that we were now treating all payments as belonging to the current year. The same effect of discounting advance fees shows a surplus on the Spring conferences this year, balancing a loss the previous year.
9. An increase in our investment income was recorded, as a result of the decision to sell National Savings Bond and move to a higher yielding fund.
10. On the expenditure side, publication costs were up somewhat, in part due to timing of receiving and paying invoices, while increased spend on Libral, and deferred editor's remuneration were the other factors leading to an increase
11. Our investments showed unrealised gains of £13,216 compared with an unrealised loss of £5615 the previous year (2018-19). This is no longer taken into account in the Income and Expenditure report, which now shows just the net operating surplus (or deficit)
12. **Notes on 2020-2021:** The introduction of the 'receipts and payments' method which was introduced last year continued to have a 'knock-on' effect on this year's figures, as advance payments are now accounted for in the year they are received, not the year to which they refer.
13. The operating loss is largely attributable to the cancellation of the Spring conference, with loss of deposit and reimbursement of advance payments credited to the previous year, while the loss on the Winter conference was related to a late invoice from the 2019 conference.
14. Income from subscriptions held steady, while the drop in sales is in part due to the fact that last year's figures were boosted by taking advance payments into the current year. Nevertheless, the long-term decline in membership numbers should be noted.



15. The fall in the value of our investments was the result of the effect of the pandemic on the markets, and would have been much more pronounced had we measured it some three months earlier. The 'Unrealised' movements in their valuation showed a particular loss for M&G Charifund. Income from our investments also suffered slightly, down from £2439 in 2019-20 to £2,374 this year.
16. On the expenditure side, publication costs were up somewhat, in part again due to timing of receiving and paying invoices, while increased spend on Libral, and the website were the other factors leading to the overall loss.
17. During the year, we awarded a further Joan Thirsk award, which absorbed the last of the fund set aside for this purpose. In future, these awards will be made from revenue. Note too that during the year, in the unusual circumstances, we did not make any research grant awards. It is to be hoped that we will soon see applications again, as the making of such grants are very much part of our 'charitable purposes'.
18. Our aim is to set our institutional rates and membership subs, plus Gift Aid, at a level which covers the cost of the 'member benefits' – which is the Review and Rural History Today, plus officer and office expenses – in other words, all our costs apart from grants, and Libral, and the website,

which are ‘public benefits’. The current position is that the former outweighs the latter, and there is therefore no need to contemplate a subscription increase.

19. With Reserves of £121,910, we have the equivalent of more than two years’ expenditure in reserve. We do not have any Restricted Reserves but we have Designated more than half our reserves into two funds - Research & Grants , and Projects & Initiatives - both of which more or less held their value in the year, while our undesignated reserve fell from £65,238 to £48,156 – which is still more than a year’s expenditure. The society therefore remains in a strong position to meet current expected and unexpected stresses.
20. During the year, at its lowest ebb (24 December) our cash-flow dropped to £3,602, before the subscriptions started to come in again in January. This position had been forecast, and we were able to so manage expenditure as not to have to sell any of our (undervalued) investments to meet a cash-flow problem. However, this position will have to be kept under close scrutiny in 2021-22

Bill Shannon, Treasurer

5 April 2021