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## **Federation Treasurer's Report to SFWI Annual Council Meeting 21 March 2022**

This is my report for the financial year from 1st November 2020 to 31st October 2021.

The results for the year to 31st October 2021 can be found on page 9 onwards in the 'Annual Report including Financial Review'. The delegates should have a copy of this. The Statement of Financial Activities for the year is shown on page 9, the Balance Sheet is on page 10 and on page 11 there is a comparison between actual and budgeted figures for the year to 31<sup>st</sup> October 2021. The budget for the year ended 31<sup>st</sup> October 2022 is on page 12.

As in the year to 31<sup>st</sup> October 2020 the activities of the Federation have been impacted by Covid-19. For the whole of the year covered by these accounts we had some sort of Covid restrictions in place.

Although we have had a challenging year, the Federation is in a strong financial position.

The Balance Sheets for 2021, 2020 and 2019 are shown here. This year is on page 10 of the annual report.

As you can see our investments, which are held in shares and unit trusts on the UK stock market, have risen back to a level similar to that in 2019. They provided us with income of nearly £23,000 this year, which is a return of about 4%, far in excess of anything we could get from a bank. This income is part of the overall income used to fund the running of the Federation.

The fixed assets are our building, it's furnishings and our office equipment. Owning our building means that we have costs to maintain it, but we do not have to rent office space or rooms for committee and board meetings or for many of our workshops.

Stock is the items we hold for resale and are valued here at cost. Much of this is the Surrey Federation logo badges and NFWI accounting stationery.

Debtors are where we are owed money. This includes any dividends paid to our stockbrokers but not yet forwarded to the Federation, any money invoiced to WIs but not yet paid, which was mainly AFM tickets, and any items prepaid like hall hires for events due to take place after the year end.

Creditors are where we owe money to others. This includes any payroll taxes and pensions due on the October staff salaries, any subscriptions to be forwarded to NFWI, and expenditure where we are expecting a cost but received the actual paperwork. It also includes any income we have received in advance for events or trips after the year end so that all income and expenditure are accounted for in the year in which the event occurs.

Our bank balances at the end of October are always quite high as we have to hold sufficient free cash to get us through to the receipt of subscription income in the next year. The earliest we will receive any subscription income is April, but much does to come in until June or even July. At the year end we now need to hold enough money in the bank to cover nine months of salaries and other costs, although in recent years we have held more than this.

The overall results show a surplus for the year, but most of this is due to the increase in the value of our investments as they returned to nearly the valuation they had before Covid. As you can see from the slide without these our results show a surplus this year of £14,290 compared to a surplus of £22,774 last year. The movement in the value of investments is not an item that we can budget for. The Federation control the movement in value of investments as much as possible by having a portfolio of low to medium risk investments so the movement in our portfolio tends to broadly follow overall stock market fluctuations.

Our income, shown in the Statement of Financial Activities on page 9, has continued to drop. This year we saw a reduction of nearly 15%, following reduction of 12% last year. I would not usually show three years of figures, but this slide shows you the drop in our income year on year very clearly. We have lost about 25% of our Federation income in two years, as it's dropped from £199,000 to £149,000. This is not quite bad as it sounds as for some income streams, we have not had the associated costs. E.g. we had no income for the 2021 Annual Council Meeting as we went virtual, but we had very few associated costs either as we cancelled the hire of Dorking Halls far enough in advance.

For many sources the loss of income does have a massive effect on our finances. However, subscriptions have reduced to £71,795, as we have about 1,000 fewer full members than we had in 2019 when our income was £82,323. The good news is that since restrictions began to lift many of the WIs in Surrey have been gaining new members each quarter, although this is not replacing all the members we have lost through suspensions of WI. I know there are many ladies

who did not renew in April 2021 because of their WI being unable to hold meetings so hopefully we will see many of them return in April 2022. Due to the loss of other income membership subscriptions are now 48% of our overall income compared to 41% in 2019. I have again included 3 years on the slide as it shows where we are compared to a year with no covid effect.

This slide has the same information as the previous one but as pie chart rather than bar chart. The Donations and grant figure includes the money received from HMRC under the Coronavirus Job Retention Scheme and the money passed to the Federation from suspended WIs. The claims available under the Coronavirus Job Retention Scheme meant that when the office staff did not have work to undertake we could claim up to 80% of their salary back from HMRC, and this has helped the Federation's finances this year. Working out how many hours we could claim for each staff member each month is a task I hope never have to do again and certainly don't miss doing. These reclaims from HMRC accounted for a 50% of our surplus for the year.

There are two main sources of income within Newsletter and Publications. One is the year book which has not been hugely effected by Covid, partly because so many of the people listed in it felt able to take their talks onto Zoom and still wanted to appear. Surrey WI news was another matter as we did not publish in hard copy until June 2021, so we had 13 months with no newsletter income. Admittedly we also did not have postage costs for that period. These accounts have income for Surrey WI news for 5 months, compared to 6 in the previous year. Income has dropped as we are now circulating about 3,500 copies each month, compared to 4,800 prior to lockdown.

We saw a decrease in expenditure in the year to under £135,000, from £153,000, a 12% drop. This is on top of a drop of 18% last year. Over 75% of our costs are support costs which I will cover later. The cost of fundraising decreased as the Events, Leisure and Fundraising committee were unable to hold many events.

This is again the same data as the bar chart but presented in a different way. Governance costs are still lower than pre Covid as for much of the year we were unable to hold physical trustee meetings.

The largest part our support costs is staff salaries. This was lower in these account as both Diane and Julia left in the Autumn of 2020 and we did not take on any replacement staff until January 2022. Staff costs will increase in the coming year due to the part time employment of Ruth as our digital administrator. Salary costs includes Pensions and National Insurance costs as well as the actual salary.

Both the board and the office staff strive to keep all costs to a minimum, including reviewing contracts to ensure we are getting the best possible deals. As we own our property we will always have property running and maintenance cost, including the service charge for the Parklands Estate. The service charge includes costs like the gardening and rubbish removal which are organised centrally for the whole estate.

The statement of financial activities on page 9 of the annual report includes the movements on our designated funds, but the budget comparison on page 11 only includes movements on our free funds, which is why these two do not show the same figures. I've also not shown the movement in the value of our investments in the budget comparison. The budget for the year to 31<sup>st</sup> October 2021 was for a loss of £8,700 and we achieved a surplus of £1,930, which is a difference of £10,630. Preparing in a budget in normal circumstances is hard enough, but the additional complexities of doing so in pandemic mean that for some figures all I can say it is that it was much more guesswork than being able to base on any fact. As an accountant guesswork is not a skill I often have to use. For example I had no idea how many members might re-join, when we would be able to resume fully capacity live events, when in person committee meetings would resume and many more. Most actual figures for the year 31<sup>st</sup> October 2021 show a large divergence from the budgeted ones.

The budget for 2022, shown on page 12, was prepared in September 2021, when we were without many restrictions, but the government had just announced Plan B for the anticipated rise in numbers of Covid cases over the winter. I took a pessimistic view in many areas when preparing this budget. I assumed that our membership in 2022 would remain at the same level as in 2021. With many WI seeing new members joining each month since meetings resumed it looks hopeful that we might see an increase in membership in 2022. I assumed that events we held might not be full as many people would be wary of attending larger gatherings so we would have less income, and venues might restrict numbers allowed under their Covid risk assessments. I assume we would be able to resume full in person attendance at board and sub-committee meetings so costs for these would be at pre-covid levels. The salary budget was increased to allow us to employ a digital administrator from the start of 2022, so we can increase our digital presence and assist WIs with implementing office 365. The budget predicts a loss of £34,210, but the Federation has the assets to be able to fund this, and the Trustees feel that we should spend money now as we all start trying to resume normal lives to expand our Federation, so that we have a strong base for future years.

I could not do the role of Federation Treasurer without the office staff, in particular the Federation Bookkeeper who wades through the seemingly endless bits of paper I put in her in tray or forward by email. She keeps the accounting records up to date on Sage as well as dealing with queries as they arise.