



## Financial Report: Year ended 31 March 2015

### Introduction

In 2013 the Committee adopted a Business Plan to steer the Centre forward following the completion of the major refurbishment. One of the objectives set out in that plan is to ensure the financial security of the Centre into the medium to long term by increasing overall income, increasing the role played by structured long-term giving in the funding of the Centre, and continuing to secure efficiency savings. Another objective is to maintain the buildings and grounds and improve and enhance them as funds allow.

These were translated into a number of Actions. In relation to finances these comprised:

- Maintaining high standards of financial control and regular reporting
- Taking steps to protect the Centre from business rates liability
- Developing and launching a pro-active campaign to secure more income through long-term repeat giving
- Continuing to monitor the cost base with a view to securing efficiency savings and maximising buying power

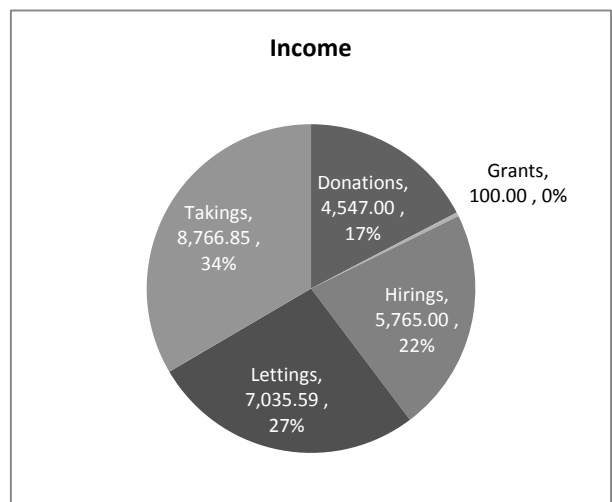
As well as setting out the financial performance for the year, this year's report provides an update on these actions.

### Financial Outturn

In meeting its charitable objectives this year the Centre continued to perform satisfactorily from a financial point of view, despite a number of challenges. At the year-end we achieved a modest surplus of income over expenses of £4,594.01 (about £1,000 down on 2013-14), which has been added to reserves. However, this surplus is almost exactly matched by donation income, without which the Centre would have barely broken even. This illustrates that running the Centre continues to be a fine balancing act between meeting charitable objectives, generating income and minimizing costs.

### Income

Total income for the year was virtually unchanged from the previous year at £26,268.85, though this masks significant changes in the proportion of funding from different sources. In particular, the level of donations increased dramatically from below 1% to about 17%, as a result of the drive to secure structured giving. At the same time, grant funding fell from 11% to less than 1%, with no grant support being taken from the Parish Council during the year at all.



Income from hiring the halls was down from £7,632.75 (29%) to £5,765 (22%), which is an area of concern. Analysis during the year showed that hiring of the Reading Room had dropped compared to previous years, with the result that the main hall is to some extent subsidizing the Reading Room financially. Letting income was up slightly on the year despite the continued turnover of tenants, and it is a credit to those promoting the offices that voids are as low as they are.

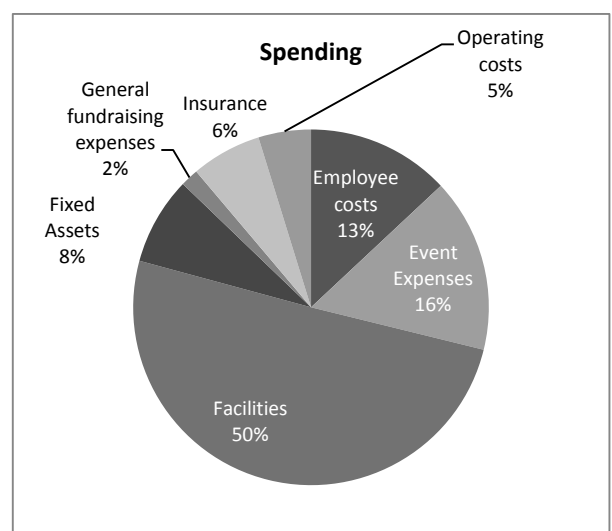
Event takings continue as the largest contributor to income at 34% (33% in 13-14), which again is the result of much hard work by the Committee and other volunteers. The Committee organised 30 events for which individual profit and loss was measured during the year (1 less than 13-14). All but one were profit-making, and generated £6,556 in net income after expenses. This shows the Centre continues to offer attractive events to a range of the Parish's inhabitants. The Open Gardens generated the greatest net income for an individual event (£1,287), whilst First Saturdays netted £2,071 overall. Flicks In The Sticks was again the least successful funds generator but provides a valued service in line with the Centre's objects.

### Spending

Total spending for the year was £21,674.84, £1,314.88 (6.5%) higher than 2013-14. Roughly 84% of total expenses were incurred in running the Centre and purchasing new equipment and fixtures.

Expenditure rose in most cost centres, with event expenses up by 128%, facilities costs up 38%, and operating costs up 22%. Only fixed asset spending fell significantly as less new equipment was purchased in the year.

Spending increased in a number of cost lines. Cleaning costs and water and sewerage costs roughly doubled, the electricity bill increased by £1,017.02 for the year as a result of an increase in the electricity tariff, and third party hire charges associated with events increased by £1,100, which is what drove the large increase in event expenses overall.



## **Savings**

At the start of the financial year the Centre held a Savings account with HSBC, paying 0.07% in interest. I reviewed the options for improving this investment return during the year, and in December the Committee approved closure of the HSBC Savings account, to be replaced by a Virgin Money charitable Savings account paying 1% with 6 monthly interest. This change took place in December.

## **Business Plan Actions**

### **Financial Control and Reporting**

Good progress has been made on this action, with a Financial Controls Policy and a Reserves Policy being adopted and implemented during the year. In addition, a budget was prepared for the year and monthly financial reports setting out progress against the budget and running forecast were considered by the Committee throughout the year.

### **Business rates liability**

As a charity the Centre is entitled to statutory rates relief of 80%, and Hereford Council has continued to exercise its discretion to grant the further 20% relief, leaving the Centre with no rate liability during the reporting year or the 2015-16 financial year. Other than continuing to protect our charitable status, there is little the Centre can do to ensure the Council continues to exercise this discretion in future.

### **Donation income**

The Committee approved, and the Chairman implemented, a drive to secure increased donation income during the year, supported by forms to enable donors to set up repeat giving by standing order. In addition, I registered the Centre as a charity with the Inland Revenue, which enables the Centre to claim Gift Aid where appropriate on all donations. This drive achieved a great response from donors, resulting in total donations of £3,978, on top of which I was able to claim a further £569 in Gift Aid. It remains to be seen what proportion of the donors actually do give repeat donations in the 2015-16 and future financial years, but this is a great start.

### **Efficiency savings**

This is the area in which least progress has been made. The cost base is reasonably well understood and monitored, but few opportunities for efficiency savings have been identified. The only cost area where significant savings may be achieved is electricity, where a market testing of prices for the 15-16 contract year should yield significant savings.

## **Risks and Issues**

In my first Treasurer's report last year, I noted that event takings are wholly reliant on a steady stream of good ideas, willing event organisers and willing paying customers. This remains the case, as does the fact that it contributes roughly the same proportion (34%) of total income.

The Centre is holding significant reserves of £21,911 in cash, both as 'insurance' against significant loss of income from any source, and as a 'sinking fund' for future major repairs and improvements. However, these reserves remain at the lower end or below the target levels for both funds set out in the Reserves Policy, and can only be added to by generating a surplus of income over costs.

Whilst the excellent and much appreciated response from donors this year means that we have achieved a small increase in reserves, the Committee continue to face an ongoing struggle to maintain income from all sources, including hall hiring and letting of space.

I also noted last year that the change in the status of the Library represented a significant financial risk. Whilst the Parish Council continued to support the facility through the reporting year, there are increasing signs that this support is coming under pressure as local government spending remains constrained. In addition, the hiring income generated by the Reading Room has fallen away, despite improvements such as the installation of curtains to improve the acoustics. As a result the options for running and funding of the Reading Room are under active review as this report is prepared.

Overall however, 2014-15 was a satisfactory year in financial terms, with some real highlights such as the substantial increase in donations. We have also made good progress with achieving the financial actions in the Business Plan, though much remains to be done. However, simply managing to stand still financially continues to demand a lot of hard work from the volunteers who staff the Committee and those outside it who support events voluntarily.

**Robert Cock,**  
**Treasurer, the Leintwardine Centre**

## Accounts for the Year Ending 31st March 2015

<b>Income</b>	<b>2013-14</b>	<b>2014-15</b>	Note 1
Renovation Project	44.60	-	
Asset & investment sales	-	50.00	Note 2
Bank account interest	7.25	4.41	
Donations	249.53	4,547.00	
Grants	2,760.46	100.00	
Hirings	7,632.75	5,765.00	
Lettings	6,761.05	7,035.59	
Takings	8,594.34	8,766.85	
<b>Total Income</b>	<b>26,049.98</b>	<b>26,268.85</b>	
<b>Expenses</b>	<b>2013-14</b>	<b>2014-15</b>	
Bank charges	-	-	
Employee costs	3,109.77	2,820.00	
Event Expenses	1,497.84	3,422.47	
Facilities	7,881.21	10,905.27	Note 3
Fixed Assets	5,069.17	1,726.60	Note 4
General fundraising expenses	379.20	354.70	
Insurance	1,575.97	1,383.98	
Operating costs	846.80	1,034.47	Note 5
Governance	-	27.35	
<b>Total Expenses</b>	<b>20,359.96</b>	<b>21,674.84</b>	
<b>Net Income</b>	<b>5,690.02</b>	<b>4,594.01</b>	

### Notes

1 These figures are presented using the Chart of Accounts from the Internal Financial Controls Policy.

2 This is the proceeds from the sale of a redundant computer

3 Several costs increased significantly, including cleaning, electricity, and water and sewerage charges. 2014-15 electricity tariffs were significantly higher than the previous year.

4 This comprises the Reading Room curtains, the purchase of 14 new card tables, a portable PA system and a notice board.

5 This now includes the payment of an honorarium to the Bookings Secretary, who is not a Committee member.

6 There is an unreconciled difference between the recorded transactions and the bank balances in favour of the Centre of £10.15. This adjustment is included to balance the start and finish totals.

### Cash Reconciliation

<b>Balances at</b>	<b>31-Mar-14</b>	<b>31-Mar-15</b>	
Current Account	9,120.47	11,721.68	
Deposit Account	8,012.05	10,015.00	
Cash	175.00	175.00	
<b>Total</b>	<b>17,307.52</b>	<b>21,911.68</b>	
1 April 2013 - 31 March 2014	Income/Expenditure	26,268.85	21,674.84
	Reconciliation adjustment	10.15	-
<b>Reconciliation Totals</b>		<b>43,586.52</b>	<b>43,586.52</b> Note 6