

2016 Treasurer's Report

Paul Vetch, 22/06/16 (updated 4/7/16, 11/7/16)

Preamble

EADH's financial accounts and budget period run from 1 January until 31 December. As a UK-registered charity EADH's bank account is in the UK, and all transactions are made and recorded in pounds sterling (GBP).

2015 Accounts

Income

As noted in December 2015, EADH's disbursement from ADHO in 2015 was £10,392. A further adjustment £2,037 was made in respect of AO income.

Expenditure

Owing to the lower ADHO disbursement for 2014 a cautious budget was set for 2015 with minimal expenditure planned beyond core operational activities. Moreover, 2015 expenditure (£9,998.20) was also significantly lower than budgeted (£13,662.85).

The summary of 2015 expenditure is as follows:

Other costs (bank charges, IFE)	22%	£2,180.00
Infrastructure	21%	£2,055.56
DH officer conference attendance (AGM)	17%	£1,731.10
Outreach	17%	£1,702.46
General expenses	15%	£1,495.85
Mid-term meeting	8%	£758.83
Sponsorship (EASSH fee)	1%	£74.40
Total	100%	£9,998.20

Note the following key points (numbering corresponds with enumerated lines on the accompanying budget spreadsheet):

1. Infrastructure costs: EADH has an ongoing arrangement with Olaf Grabienski for annual maintenance on its website which was agreed in September 2015 and prepaid for one year. The additional expense in 2015 was in respect of a feature added to the website (project slideshow).
2. Mid-term meeting costs: following from cost saving measures agreed in 2014 to control the cost of committee meetings, an allowance of up to £100 GBP is

budgeted for per committee member to support attendance at the mid-term meeting. Note that actual expense was significantly under budget.

3. DH 2015 (AGM) officer attendance: an allowance for Officers to attend both the AGM and mid-term meetings is budgeted for in recognition of the fact that attendance of the Secretary in particular is essential and that in-kind institutional support may not always be available. Actual expenditure was significantly less than budgeted for.
4. The high draw on 2015's contingency was because of emergency repairs on the website required after October 2014. This work was invoiced in April 2015.
5. The IFE fee was higher in 2015 because additional time was required for the 2014 accounts. The 2015 fee should be significantly less.
6. Social media correspondent budget was carried over from 2014.

2016 Budget

Income

EADH's 2016 budget was proposed based on the cautious assumption of income of around £10,000 GBP, pending confirmation of 2015 Journal income and validation by the ADHO Treasurer. The actual disbursement is projected to be £9,104. It should also be noted that the current instability and low value of the pound following the announcement of the planned exit of the UK from the EU will impact ADHO income in 2016-17, however, the £9,104 figure has already taken this into account.

AO derived income

Income from AOs in 2015 (received during the 2016 financial year) totalled €7,231 / £5,181 GBP, of which approximately €1,250 / £1,050 GBP will pass back to ADHO, leaving £4,131. As yet there is no basis for predicting likely AO income in 2016. A reminder that 2014 AO income of approximately £3,480 remains unspent.

Expenditure

As broken down on the corresponding spreadsheet, budgeted expenditure for 2016 has been set as follows:

- **Infrastructure:** 17% (£2,353.20), including continued editorial management of the website and ongoing hosting and maintenance
- **Committee Meetings:** 11% (£1,500) in respect of a backstop for midterm meeting attendance by Officers and Committee Members. Note that my expectation is that, as in 2015, actual expenditure will be significantly lower.
- **DH Conference:** 20% (£2,800) in respect of attendance by Officers and

catering costs. Actual expenditure is predicted to be lower as a result of use of research allowances and

- **General expenses:** 15% (£2,000). Contingency was raised for 2016
- **Other costs:** 22% (£2,500), covering currency fluctuation, IFE fees, and bank charges. As noted below a change in our banking arrangements is in progress and this should yield some savings.
- **Outreach:** 17% (£3,000), better reflecting the pattern of expenditure in 2015 and affording flexibility to attend or sponsor events within the year.

Total budgeted expenditure for 2016 is, at present, £14,153.20.

Report of trustees

The accounts are currently with the Independent Financial Advisor. At the time of writing the accounts have therefore not been officially closed. Once received the IFE report and final accounts will be circulated to the Trustees for approval. Closure of the accounts is expected in late June.

Strategic Reserve and Planned Expenditures

As at 1 June 2015, EADH reserves (pending confirmation by IFE) stood at approximately £28,000. EADH policy is to maintain a reserve equal to 6 months' expenditure of unrestricted funds. Whilst the 2016 budget notionally assumes operational commitments totalling £14,153.20 - therefore potentially in excess of our projected income - the overage can be comfortably accommodated from reserves without risk to our minimum reserve level, which is approximately £7,000 (the Trustees mandate that a reserve equal to not less than 6 months of operating costs). **The committee may therefore wish to consider the possibility of potential additional expenditure from reserves in 2016.** As a guideline I would suggest that additional expenditure could comfortably be made in the amount of £5,000, in addition to any planned disbursement of AO derived income.

Reappointment of bankers and IFE

I recommend that the continued engagement of our IFE (Alexander Sloan and Co.) be confirmed.

As has previously been reported, a move from the Bank of Scotland to MetroBank is now in progress. This move has been complicated by the fact that our current bank, Bank of Scotland, no longer has branches in England; this causes an administrative issue which is unfortunately likely to require the Treasurer to make a single in-person

visit to a branch in Scotland to finalise the process.¹ This is a high priority, not least because of the ongoing issues which we continue to experience with unreliable transactions to the EU.²

ADHO finances overview

ADHO's income for 2015 was roughly the same as 2014 albeit the profile of that income changed, with less (10%) derived from DSH but more derived from membership only income. As such ADHO has 7.5% more to disburse in 2016 (for 2015), although this will be offset by the impact of the fluctuating value of sterling.

The ADHO treasurer has put forward a plan for altering the basis for calculation of disbursements to COs. The current model 'smooths' the difference in size between COs to some extent, with larger COs effectively subsidising smaller ones by ensuring that they receive a minimum disbursement. However the mechanism for this is enormously complex and adds considerably to the administration involved in managing ADHO's finance. The plan put forward by the ADHO treasurer would move towards a simple and directly proportional relationship between CO's membership numbers and the disbursement they receive. The potential disadvantage of this is that smaller or new COs will receive very little financial support initially. The advantage globally would be simplification, as noted (which I would support), together with greater transparency; for EADH the immediate advantage would be an increase to our disbursement.

¹ Functionally Lloyds Bank branches across the UK can be used by Bank of Scotland customers for most - but unfortunately, as it turns out, not all - activities.

² In recent months most payments made to recipients outside the UK have been held on suspicion of fraudulent activity. This occurs without notification and has held up payments to a number of committee members and creditors.