

# The British Flute Society

## Annual General Meetings 30 June 2019

### Treasurer's Report

#### 1. Background

As you know, we currently have two charities called 'The British Flute Society' and today we are holding two Annual General Meetings simultaneously.

It's probably helpful to quickly remind ourselves of the reason for the formation of the charitable incorporated organisation:

- By the end of 2015 the Society's unrestricted reserves were in deficit by almost £10,000.
- Trustees of an unincorporated charity are personally liable for the charity's debts.
- Existing Council Members were understandably concerned by this, and it was felt that the Society would have difficulty attracting new Council Members in future.
- Following the success of the 2016 London Flute Festival, which raised substantial funds for the Society and wiped out the deficit on reserves, we were able to consider moving BFS into a new form of charity, the charitable incorporated organisation (CIO).
- CIOs were first available in England & Wales in 2013. The trustees of a CIO are not personally liable for a CIO's debts, except in the case of gross negligence or fraud.
- We began work on producing a constitution for a new CIO and in June 2017 the members of the Society in Special General Meeting approved the transformation to a CIO.
- The CIO was registered by the Charity Commission on 8 May 2018 and we decided that the operations and net assets of the unincorporated charity should be transferred to the CIO at the very end of 2018.

#### 2. 2018 Trustees' Reports and Unaudited Financial Statements

So we have two sets of Trustees' Reports and Accounts for 2018. All BFS members have received links to these documents on the BFS website and we have a limited number of copies available today. The accounts have to be prepared in accordance with accounting standards and presented in a prescribed format. This makes it slightly difficult to see what's happening, so I have prepared a single-page summary, which I think will help to explain the figures.

All the figures in the summary can be traced back to the full accounts for 2018 (and 2017), if you would like to check, but, to paraphrase Eric Morecambe, 'these are all the right numbers, but not necessarily in the prescribed order'.

The pink rectangle represents the original unincorporated charity and the yellow rectangle the CIO, which came into existence in May 2018. The figures shown on a pale grey background are for the previous year, 2017, for comparison.

We start in the unincorporated charity with income from memberships and interest - this is members' subscriptions, Gift Aid recoverable, miscellaneous donations and a very small amount of interest income.

We then have the charitable activities undertaken in the year:

- Three issues of Pan
- A recital by Rowland Sutherland in March 2018 in the Premier Flautist series
- The annual BFS Competitions in February 2018
- The London Flute Festival at St John's Smith Square in August 2018

We can see the income generated from each activity (advertising, ticket sales, entry fees etc.) and the direct expenditure on each.

We then allocate support and governance costs (i.e. overhead expenses) in proportion to the administrative time spent on the activities. In 2018 the amounts allocated to activities, £287, £288, £2,007 and £4,303, add up to £6,885 and a further £7,455 is attributed to the general running of the Society, making £14,340 in total. An analysis of these costs can be found in the Detailed Statement of Financial Activities on pages 14 and 15 of the unincorporated charity's accounts made available to BFS members: £13,530 of support costs and £810 of governance costs total £14,340.

Deducting the support and governance costs allocated to general charity administration and the total net cost of the charitable activities from membership income we get a surplus for the year of £123, more or less break-even. This is similar to 2017, when the slightly larger surplus resulted from the Society's having reduced or no secretarial support for a few months.

In 2017 we were aiming for breakeven, but in 2018 we were planning for the biennial event to generate funds, to prove that we had a viable business model and to enable us to have the confidence to expand our activities. The audience numbers for the Festival, in particular, were very disappointing. Lisa has already mentioned in her report the positive steps that the Council has been taking to address the problems and to 'fire up' the Society for the future.

Returning to the summary, when we add the reserves brought forward at 1 January 2018 to the result for the year we get a total of £23,472. In order to transfer the Society's net assets to the CIO the unincorporated charity then makes a donation of that amount to the CIO. This leaves no reserves in the unincorporated charity.

Moving on to the CIO, as shown by the blue bracket in the summary, the donation is recorded as income for the period and the same amount is carried forward as reserves at 31 December 2018.

### **3. 2019**

With effect from 1 January 2019 all the Society's income and expenditure will be recorded by the CIO. The bank and PayPal accounts that remain in the unincorporated charity will eventually be closed down and the charity itself can then be closed. Meanwhile the unincorporated charity holds these funds for the benefit of the CIO.