

Report of the Hon Treasurer, Jason Foo, for the year 2022

As your Honorary Treasurer, it is my role to report on the financial health of your Society.

This report covers the financial year of January to December 2022 following the recent completion of our report and accounts for that year.

To reiterate our Chair's words, 2022 was a fantastic year for the Society. I am pleased to report that the Society's financial recovery plan is ahead of schedule, both in terms of return to profit and greatly improved cash flow. Notwithstanding, we are, of course, far from out of the water, and with macro-economic challenges impacting businesses globally, we must continue to ensure the momentum of our recovery.

Our Turnover in 2022 increased by £500k to £2.8M, reflecting a healthy growth of 22%. With the return to physical events our direct costs also grew to £783K compared to £519k in 2021, but this remains below pre-COVID expenditure levels.

Administration and management costs for 2022 increased to £1.9M as we continue to invest in the team and headcount that was reduced during the COVID years, but again these costs are still 24% lower than the pre-Covid 2019 expenditure of £2.5M.

As such, we are extremely pleased that we were on target to report an enhanced surplus of £95K, the Society's highest Surplus since 2011. In September 2022, the Board made the decision to invest in an "out of the box" CRM and Finance solution to replace the legacy bespoke system. It had become clear the system was causing considerable issues and needed to be replaced entirely. As at 31st December 2022, the net book value of this was £386,316, the write off of this asset has resulted in a Deficit shown in the income and expenditure account.

The result is that our Income & Expenditure statement shows a Deficit of £291K for the year 2022. Excluding the exceptional item the Society continues to show an improving ongoing operational financial position with close support and oversight from the Financial Committee.

Although the cash position has greatly improved since the challenges of 2018-2021, the Society's Executive team and Finance Committee still manage this carefully, keeping an eye on any potential challenging months throughout the year. The Society still has the safety net of Coronavirus Business Interruption Loan funds that were taken in September 2021. Of the initial £250K loan, the Society has already paid back £69K.

There were no VAT and PAYE deferment schemes needed during the 2022 year, and all previous deferments were also paid back in 2021.

Throughout 2022 we continued to be cautious around our financial approach, ensuring stringent management and work toward rebuilding the Society's finances. This is led by a Financial Committee of myself, Craig and Fiduciary Board member Becky Brock, alongside the Society's Executive Team. The Finance Committee meets monthly to review P&L forecasts, the balance sheet and cashflow provision.

Through the Financial Committee we have also applied more detailed focus on the international hubs of the Society, ensuring they are becoming financially self-supporting. We continue to review each hub according to its net contribution to central funds, now taking account of the compensation and overhead cost of the back-office services being provided by the central team. This was difficult in particular respect to the APAC hubs which were still impacted with lockdown restrictions for the first half of 2022. We look forward to seeing our APAC hubs in Hong Kong and Singapore return to growth this year.

Throughout 2022 we continued to be stringent on expense items, while also recognising the need to add headcount so we could invest in areas that improved member experience and value, as well as growing the Society's membership around the globe. The Society now runs a full program of 130+ physical and virtual events and training programs, with very positive feedback from our members.

In 2019 we took the decision to appoint Shipley's as our new auditors. It is a feature of each AGM that members present are asked to appoint or re-appoint our auditors.

Our recommendation is that those of you present at this AGM vote to re-appoint Shipley's.

Penny Hilton-McNerney was appointed Chief Finance Officer in January 2021 and, I must say, has done an incredible job to improve the rigour of the financial accounting across the business. She has played a central role with the management team across 2021 and 2022, with the clear improvement in cashflow, and profit ensuring we finished ahead of budget for the second year in a row, notwithstanding the write off.

Although a positive year, 2022 has still posed many challenges for us. However, through improved rigour of our financial processes, and a growing membership, the Society has significantly improved its cash and profit positions. The signs point to continued growth and profit for 2023.

We sincerely thank you all for your support as Members across these particularly challenging years. We exist to serve your interests, as well as contribute in a broader way to industry, business, and society.

As I mentioned, there are, of course, macros challenges at play. However, we remain confident that with the Society's Executive Team, Finance Committee and Membership base, the Society is in the best position it has been for a number of years. With growing confidence, this year's budget is now the most ambitious set in our 64-year history, as we continue to lead the conversation for the industry.

Jason Foo

Honorary Treasurer