**2017 ANNUAL GENERAL MEETING**

**Notes concerning Resolution Eight (now withdrawn)**

*Introduction and background*

Two members have raised queries, in the past, concerning the consistency of the annual financial statements in 2011 and 2012. The gist of this argument concerns the increased monetary amount of subscriptions in 2012 compared to 2011 despite falling member numbers. With one eye on the then recent embezzlement scandal, concern was expressed that such movements could be masking further improper transactions. The members in question were not satisfied with the brief explanations contained in the then treasurer’s financial summary, which were sent out with the 2012 annual financial statements, and also considered that subsequent requests for information had not been dealt with properly by myself or the previous treasurer.

The Officers of the Society remain completely confident that the annual financial statements for 2011 and 2012 were properly prepared and give a true and fair picture of the financial performance for those two years. These annual financial statements were approved by the members, independently examined by our auditors, and submitted to the Charity Commissioners, none of whom expressed any reservations at the time. Nevertheless, members’ concerns on this or any other matter need to be taken very seriously and so resolution eight was proposed by the Chairman and seconded by the Treasurer to allow members the opportunity to consider this matter and, if necessary, require a further audit of the annual financial statements for those two years.

From the information given below and contained in the financial summary of the 2012 annual financial statements, the members in question are satisfied that there was at no time any financial impropriety in either of those two years or subsequently. We are presenting this information to all members for completeness and to explain the background to the proposal of resolution eight and the reasons for its subsequent withdrawal.

*Member numbers*

Membership income is, of course, dependent on both the level of subscriptions and the number of members of the society. The membership numbers for the relevant periods have been summarised in the chart below. (Remember that joint membership, whilst attracting only one subscription, represents two independent members. Therefore, for reporting purposes, the membership numbers are higher than the actual number of subscriptions received.)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Members | **2008** | **2009** | **2010** | **2011** | **2012** |
|  |  |  |  |  |  |
| Individual | 636 | 564 | 574 | 558 | 578 |
| Joint | 251 | 260 | 247 | 251 | 197 |
| Student | 4 | 5 | 5 | - | - |
| Overseas | 46 | 46 | 31 | 38 | 24 |
| **Sub-total:**  (Number of subscriptions) | **937** | **875** | **857** | **847** | **799** |
|  |  |  |  |  |  |
| Second joint member | 251 | 260 | 247 | 251 | 197 |
| **Total:**  (Number of members) | **1,188** | **1,135** | **1,104** | **1,098** | **996** |

(It would be interesting to understand, although not directly relevant to this discussion, what caused the number of joint members to fall so sharply in 2012 although the number of members overall was declining over this period and has only recently begun to pick up again.)

*Accounting for subscriptions*

During the period in question, the accounting for subscriptions was on a “cash book” basis. That is to say: subscriptions were accounted for when they were received and only limited accruals to cover timing differences were made. This is a perfectly legitimate accounting policy. Therefore, the relationship between the number of members and the cash amount of subscriptions received will never be a direct correlation at a specific subscription level. Nevertheless, the number of members at the year-end should be a good guide to the amount of subscription income booked for that year.

(Note that from 2015 onwards, although not the period we are examining, a full accruals accounting policy has been adopted and this means that the correlation between the number of members at the end of any one year and the amount of subscription income that might be anticipated, is far more limited than previously. This policy has been further adapted during 2017 to accrue for subscription income when it *should* have been received rather than when it *is* received as at present.)

The figures quoted in the relevant annual financial statements for subscription income (excluding donation income) are given below:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2008** | **2009** | **2010** | **2011** | **2012** |
|  |  |  |  |  |  |
| Subscription income | £20,372 | £19,187 | £18,949 | £18,616 | £22,368 |

*Subscription levels*

The subscription rates for the periods in question are given in the chart below.

|  |  |  |  |
| --- | --- | --- | --- |
|  | Up to and including 2011 | 2012 and 2013 | 2014 onwards |
|  |  |  |  |
| Individual (UK) | £20 | £25 | £30 |
| Joint (UK) | £25 | £35 | £40 |
| Student |  |  | £15 (now £nil) |
| Europe (Air mail) | £25 | £35 | £45 (now as UK) |
| Overseas (Air mail) | £25 or £40 | £50 | £55 (now as UK) |
| *Average non-UK* | *c£35* | *£42.50* | *£50* |

For the purposes of this note, I have assumed that student subscriptions are half the normal individual level (this is largely insignificant for these purposes) and to simplify the calculations for overseas members - where I do not have an accurate breakdown - I have used an approximate average in the relevant calculations.

*Implied subscription income*

With this information on membership numbers and subscription rates, the stated subscription income can be verified by applying the relevant subscription levels for each period to the numbers of members shown above. As has already been stated, there will still be timing differences and anomalies but the overall picture should now be clear.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Subscription income | **2008** | **2009** | **2010** | **2011** | **2012** |
|  |  |  |  |  |  |
| Individual | £12,270 | £11,280 | £11,480 | £11,160 | £14,450 |
| Joint | £6,275 | £6,500 | £6,175 | £6,275 | £6,895 |
| Student | £40 | £50 | £50 | - | - |
| Overseas | £1,610 | £1,610 | £1,085 | £1,330 | £1,020 |
| **Total (calculated)** | **£20,195** | **£19,440** | **£18,790** | **£18,765** | **£22,365** |
|  |  |  |  |  |  |
| Financial Statements | £20,372 | £19,187 | £18,949 | £18,616 | £22,368 |
| **Discrepancy** | **£177** | **£253** | **£159** | **£149** | **£3** |

None of the discrepancies shown, which might result from timing differences, are in any way significant.

***Conclusion***

**In the light of the information and calculations above, I conclude - as do the other Officers of the Society – that the subscription income for the years reviewed has been correctly recorded and that there can be no suggestion of any impropriety.**

**This conclusion has been communicated to the members raising the original objection and they have accepted our findings resulting in the withdrawal of resolution eight on the AGM agenda.**

**Neil King**

**3rd June 2017**