

## Exeter Civic Society

### Treasurer's annual report by John Monks and notes on the accounts for the year ended 30 September 2020

*Note:* The accounts for the year ended 30 September 2020 have been prepared jointly by Jane Evans, independent examiner for the financial year ended 30 September 2019, and John Monks, treasurer from the AGM on 16 November 2019. Jane Evans has also appended a note on the misappropriations discovered in November 2019.

#### Introduction

When I became treasurer at the last AGM – for one year only – the Society had just suffered the financial and emotional shock of a serious misappropriation of funds amounting to £3,931.83, of which £1,624.77 was repaid immediately. This was reported to the 2019 AGM where members agreed on a way forward. I undertook to report at a future open morning on how our financial recovery was progressing and on arrangements to make sure, as far as possible, that such a misappropriation could not happen again. As the pandemic put a stop to our open mornings this annual report is the first opportunity to report fully to members.

#### The headlines

Our financial position overall is satisfactory in the circumstances but some areas of concern are set out in the report that follows. Immediate financial pressure has been avoided because the reduction in the Society's activities as a result of covid 19 restrictions reduced expenditure this year and prevented a squeeze on our funds.

It is also the case that we have felt the absence of Gift Aid income sorely at the same time as income from membership subscriptions continued to fall. These matters are covered in more detail later.

#### Examination of the accounts

The last AGM omitted to appoint an examiner for the accounts. Covid 19 restrictions have inhibited this being rectified as well as preventing the close working between two people that would have been necessary for examination.

An independent examination of the accounts is best practice and desirable as well as being the Society's established practice. It is not necessary, however, for it to happen in order for us to submit our accounts annually to the Charity Commission as our yearly income is below the limit required for independent examination. I hope members will accept this year's accounts together with this report as they stand in the circumstances and that we will be able to revert to the practice of independent examination for the coming year.

#### Contents of this report

The following report is in two parts: notes to accompany the accounts; and a statement of how the financial difficulties were managed.

#### Notes on the accounts year ended 30 September 2020

This year's accounts are not directly comparable with previous years' because income and expenditure headings have been tweaked so they reflect more closely the purposes of the day to day movement of money in and out of our bank account.

#### Income

The key points are:

- Membership income continues to fall –
  - 2020 £1,240
  - 2019 £1,354
  - 2018 £2,076
- Misappropriation refunds during the year ended 30 September 2020 amounted to £707. The position is set out fully in the note by Jane Evans.
- No Gift Aid income was received during the year (£855 in 2019). This is dealt with in a separate note below.
- We are extremely grateful to the member who spontaneously gave £100 to the Society's general funds because of our financial situation and who wishes to be anonymous.

#### Expenditure

- Expenditure, for reasons already stated, was low this year. Discounting the unauthorised expenditure of £1,457 that took place during October 2019 before the misappropriation was discovered, our spending for the year was £416 less than our income, which is on the right side.
- We are very grateful to Ian Maxted for his success in attracting contributions that covered expenditure on the Blue Plaque to Sabine Baring-Gould.

#### Balance sheet

- The Society now operates only one bank account.
- Debtors (£1,600) represents the misappropriation still owing.
- Total net assets include the debt above.
- Reserves

Designated reserves (£500) are the basement sum below which reserves should not be allowed to fall.

Unrestricted reserves (£4,092) are the remainder that are available for all purposes.

#### The Society's financial management

##### Security

Business is now confined to one bank account only, the CAF account, with myself as Treasurer as the Account Contact. All expenditure is made through this account and every expenditure online or by cheque requires a co-signatory. Keith Lewis and Sandra Semple are authorised co-signatories.

The CAF account was initially set up so that two people are authorised to make payments; they are currently the treasurer and Keith Lewis, vice-chair. It is a sensible measure that two people are able to do this but that only the treasurer is generally authorised by the committee to make payments. The additional facility is there for emergencies and unforeseen circumstances. All other accounts, e.g. PayPal, and store cards in the Society's name have been cancelled.

The Society has one debit card for the bank account, currently held by Keith Lewis, again for emergency and unforeseen circumstances. This also is a sensible measure. The card should always be the responsibility of a single designated officer who is authorised annually by the committee, and use by another would not be authorised. No other debit or credit cards are in the Society's name or held by an officer or member for the Society's purposes.

It is natural after a shock to lock stable doors too tightly. I believe the structure of the CAF account and the restrictions above on the use of cards will give the Society the security for its money that members are right to expect. We are a voluntary body and trust in each other is important.

## Budgeting

The financial year began with low reserves and with a full year's activities in prospect, which covid 19 soon cut back substantially. In February 2020 the committee accepted a budget that was very tight and needed careful management. A key element was that those involved in organising activities should take responsibility for monitoring and controlling spending in their areas and keep within allocated limits. Cutting our cloth was the order of the day.

In the event little of this become necessary and painful decisions have not so far been needed. I recommend however, that a similar approach to budgeting and financial monitoring should be maintained. I also recommend that the committee approves a sum of £500 as designated reserves below which reserves should not fall and keeps the amount under review.

## Refunds

While the misappropriation sum still outstanding is large, efforts were made in spite of unforeseen difficulties to keep up refund payments over the financial year, and this continues to be the case. I do not recommend treating this as a bad debt.

## Gift Aid

We were advised last year that changes by HMRC to the scheme would remove the Society's entitlement to Gift Aid on members' subscriptions. Another problem arose because members' gift aid authorisations will need renewal. Whether the Society can adopt procedures that would qualify it to continue receiving Gift Aid remains the question.

Gift Aid will be claimed on other qualifying donations received during the year.

## The future

At the end of this strange financial year we were still not out of the financial wood but no longer in such a mess. That is the shortest way to put it. Our security is tighter. The committee is more aware of its responsibilities for a planned approach to spending directed towards the most important elements of what we do:

- work for the highest planning and development standards across Exeter
- informing and involving our members and the public
- promoting heritage particularly through blue plaques
- influencing future trends.

The lesson has been learned that trust and transparency are best restored and maintained through sharing, not clustering, responsibilities and information.

Income streams are the biggest concern. We all need to become champions for the Society and recruit new members – friends, neighbours, colleagues. We should try to adapt our procedures in order to qualify for Gift Aid on subscriptions if we can, and I apologise sincerely for not taking this forward in the past year.

I took on the role of Treasurer for a year to fill a vacancy that then became an emergency but always indicated that it could not be for longer. It is good that I am likely to be followed by someone much better qualified. Thank you to everyone for your support and co-operation. It is an honour to submit this report for approval.

John Monks

Treasurer, Exeter Civic Society

28 November 2020

**Exeter Civic Society**  
**Income and expenditure account**  
**Year ended 30 September**

	2019	2020
<b>Income</b>		
Subscriptions	1,354	1,240
Christmas lunch	-	537
Refreshments	-	40
Speakers and other events	623	-
Publications & sales	93	0
Donations	-	720
Gift aid	855	0
Campaigns	800	-
Bank interest	23	0
Reimbursement of misappropriation	-	707
Miscellaneous	57	275
Write back of miappropriation provision	-	1,600
Total income	<u>3,804</u>	<u>5,118</u>

	2019	2020
<b>Expenditure</b>		
Open mornings	973	320
Open morning refreshments	0	36
Christmas lunch	0	431
Speakers, events and website	100	948
AGM	366	9
AGM lunch	0	46
Administration	1,153	462
Bank charges	52	60
Insurance	0	75
Campaigns and donations	1,578	0
Blue plaques	0	580
Misappropriation, net of reimbursement	2,307	0
Miscellaneous	0	135
Committee	225	0
Total expenditure	<u>6,754</u>	<u>3,102</u>
(Deficit) / Surplus	<u>(2,950)</u>	<u>2,016</u>

	2019	2020
<b>Balance sheet</b>		
CAF account	4,103	3,001
Debtors		1,600
Deferred income	(219)	(10)
Provision for misappropriation	(1,309)	
Total net assets	<u>2,575</u>	<u>4,592</u>
Reserves brought forward	5,525	2,575
Current year's surplus	(2,950)	2,016
Total reserves	<u>2,575</u>	<u>4,592</u>
Designated reserves		500
Unrestricted reserves	2,575	4,092
Total reserves	<u>2,575</u>	<u>4,592</u>

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Prepared by John Monks  
Treasurer, Exeter Civic Society

28/11/2020

## Exeter Civic Society

### Accounts note relating to misappropriation

During the year ended 30.09.19 the former treasurer misappropriated some funds, and also reimbursed some of those funds.

The misappropriation continued until November 2019 and was identified prior to the 2019 AGM.

The total amount of the misappropriation was recorded in the accounts for the year ended 31.10.19. and was calculated as follows:

	Misappropriated	Reimbursed	Net position
Year ended 31.10.19	2,587.48	1,589.77	997.71
Year ended 31.10.20	1,344.35	35.00	1,309.35
			<hr/>
			2,307.06

At the date of the 2019 AGM it was considered that the remaining misappropriation was unlikely to be reimbursed. Accordingly the total outstanding amount was provided for in the 30.9.19 accounts.

Since the 2019 AGM the former treasurer reimbursed £707.60. It is now considered possible that the full amount will be reimbursed over time. Consequently the treasurer has decided that the remaining debt should be recorded in the accounts. The full position is as follows:

	Misappropriated	Reimbursed	Net position
Included in 30.9.19 accounts			
Year ended 31.10.19	2,587.48	1,589.77	997.71
Year ended 31.10.20	1,344.35	35.00	1,309.35
			<hr/>
			2,307.06
Included in 30.9.20 accounts			
Year ended 31.10.20		707.06	- 707.06
Outstanding amount owed to ECS at 30.9.20.			<hr/>
			1,600.00

Since 1 October 2020 the former treasurer has reimbursed a further £150.