



Treasurer's Report

For Discussion at AGM on November 9th, 2017

For Financial Years Ending 31st December 2015 and 2016

The Accounts

The Society is in a good financial position with significant financial reserves. There are no current plans to increase annual spending and there are no flagship project(s) that require significant money. There are tangible opportunities to increase our reserves - some of these are discussed below. The main threat is the risk of an irreversible annual deficit - again ways to prevent this are set out below.

Put simply, the Society has three discrete bank accounts and approximately **£121K** in its reserves. These are set out below with the current levels:

- Progressive Building Society [£56K]
- Natwest Treasury Bond [£30K]
- Natwest Current Account [£35K]

As for previous Financial Years the Society is not required to have full audited Accounts for filing at Companies House, so we have proceeded on the basis of Unaudited Accounts prepared by CH Accountancy Ltd, Chartered Accountants and take the form of:

- The Chartered Accountants' Report to the Society
- The Income and Expenditure Report
- The Balance Sheet
- Notes to the Accounts analysing the Income and Expenditure

A copy of the documents for 2015 and 2016 has been circulated with your AGM Papers. The "Headline" is that 2015 and 2016 are in line with previous years and it is the effect of the Research Funding to Construction Dispute Resolution [£16,250 in 2015 and £7,500 in 2016] that increased the annual deficit in 2015 and 2016. Other capital

expenditure projects in 2015 and 2016 relate to the development of the new website for the Society; funding for British and Irish Legal Information Institute (BAILLI) which was, but is no longer, in financial difficulty; and funding to support Statutory Adjudication in Ireland and the Region's several flagship Conferences on the Construction Contracts Act 2013 and the Code of Conduct. The majority of the general expenses go to maintaining the web site, dealing with e-mails; the Newsletter and banking charges for receiving payments *via* the web site.

In terms of a financial SWOT Analysis the Society has the opportunity to increase its financial reserves and in that context the Committee will seek to consider the following:

1. **Seeking international Members.** This will increase the number of Members but also increase professional opportunities and learning for existing Members. This initiative may involve looking at adjudication in the context of Dispute Boards and the FIDIC Approach. It may also require running an inaugural International Conference in collaboration with FIDIC and Associations involved with adjudication in the construction context.
2. An **Annual Lunch** or **Dinner.** Following the precedent set by the Society of Construction Law such an event would generate profit (which can then be used to 'fund' other initiatives or simply increase the reserves) and/or raise the Society's profile.
3. **Allowing Law Firms to host the Annual Conference** - this would save considerable Hotel Fees/Costs and also allow the Committee (if it wished to reduce the Delegate Fee). The Committee may also wish to consider not offering free places to contributors to the Conference thus saving significant sums.

The Committee will also seek to consider the following in an attempt to better assess future annual budgeting:

1. A **Membership Secretary** to assess the patterns in the number of Members; prompt payment of subscriptions; and Establishing direct relationship with Universities/Colleges that teach courses related to Statutory Adjudication thus reaching out to potential future Members.
2. **Worldpay.** It is not clear whether the commissions charged are competitive or not and Committee may wish to consider reviewing such arrangements.

Summary of the Years 2015 and 2016

In 2015 the Annual income was £41K, very similar to 2014 (£39k). In 2016 the Annual Income was £37K. In both years 60% came from membership subscriptions and the balance came from events, the majority of this came from the Annual Conference. The 2015 Expenditure was £45, which included £16k for events and £7k for design of the new Web Site, £16K for Research Funding leaving £6k for general expenses. In 2016 Expenditure was £21K, which included £3k for the Web Site, £7.5K for Research Funding leaving £10K for general expenses.

Budget

The budget for next year as follows.

Income

Membership	£18,000	
		£18,000

Expenditure

Internet/Website	£4,000	
Newsletter	£1000	
Accountants	£700	
CIC Membership	£700	
Ed & Training S/C	£1,000	
Regional Grant & Events	£6,000	
Bank Charges	£1,250	
		(£14,650)

Surplus **£3,350**

This leaves a reasonable surplus to cater for unexpected expenses and further initiatives to further the Society's objectives. The Conference will continue to run at or below cost.

The Conference

The Annual Conference is the Society's main event and is organised by a sub-committee. The executive committee decided to continue to offer members as low a rate as possible.

We have also continued the policy for students. They are entitled to attend for less which will include one year's membership of the Society. We hope that this will help to increase the membership of the society.

Proposals

It is therefore proposed that;

- The subscription is not adjusted
- The regions are invited to apply for additional funding for extraordinary events
- The Conference will continue to be offered at the cheapest possible price with members receiving a £50 discount over non-members
- The Student Deal will continue to be offered
- As discussed above the Committee must decide what to do in the context of the overall financial reserves and annual budgeting.

Hamish Lal
23 October 2017