

OLD CANFORDIAN SOCIETY ANNUAL GENERAL MEETING

Held at the School on 25 February 2023

Report of the Honorary Treasurer for the year ended 30 June 2022

It is three years since the Committee decided to gift the Society's assets to the School. Progress since then has been slow but we now have received both legal and tax advice on how to proceed. The tax advice showed that the cessation of subscription income transformed the Society into an investment company, liable to corporation tax on both its income and any capital gains it might realise. Consequently, the Society's accounts for this year show a tax charge of £777. However, and this is important, charitable donations are specifically deductible from those gains if not subject to a prior arrangement.

The results presented today are, more than ever, about the financial assets of the Society. At 30 June 2022, on a revalued cost basis, the Society had at its disposal surplus cash and investments, of £196,793 (2021 £222,309) while the Income and Expenditure account for the year showed a deficit of £4,088 (2021 £6,011 surplus). The surplus for 2021 was a result of an investment sale in June that realised a profit of £6,016. Investment income was up again this year, £8,726 or 3% (2021 £8,299 or 2.6%), a result of the recovery of companies' earnings and the reduction in capital values during the pandemic and is forecast to rise further.

Magazine expenses for the year were in respect of the single edition published in October 2021, for which the Society met the editor's honorarium £2,200, while the Development Office paid the costs of production and distribution. An amount of £4,000 was provided at the year end for the work already committed to the production of the autumn edition published in October 2022. The total cost for that edition was £20,450, of which the Society has subsequently paid half. The cost of this annual edition compares favourably with the historic annual cost of providing two half-yearly editions, once the one-off cost of a redesign £3,000 is excluded.

As a consequence of the Development Offices's payment of expenses for OC activities there were no direct grants to OC activity groups. The Society continues to hold £1,771, raised during Mark Burley's tenure as Canford's Director of Sport, the funds were intended to provide assistance to pupils attending sport camps and the like.

During the year, the Committee met three times, and agreed to help fund specific initiatives connected to the School's Centenary Celebrations. A sum of £30,000 was allocated against specific projects proposed by the Development Director, these funds to be drawdown as required and accounted for by way of a cumulative report from the Bursar's Office. Nothing was drawn from this allocation until August 2022 when the Society paid an initial sum of £10,000. £20,000 remains undrawn pending presentation of specific invoices. During the year the Society made a single grant to the School for the purchase of an electronic hockey scoreboard, £3,150 (2021 £Nil).

For the seventh year in a row, the Society did not make a gift to the OC Bursary Fund. The last awards to pupils were made in 2017. At the end of the year the OC Bursary Fund was valued at £276,505 (2021 £279,283). A schedule showing the movements in the Fund is attached showing the most recent valuation of £275,601.

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The balance sheet remains strong, the value of investments adjusted for disposals fell to £295,460 down 6.7% (2021 £316,536 up 22.9%) during the year, against the UK market 2.6% down (2021 up 14%), the portfolio value after withdrawals has subsequently risen by 8.9% against a market rise of 8.4%.

When the Society ceased to collect subscriptions from pupils, it became an investment company for corporation tax purposes. This means that income and gains are, subject to certain rules, liable for tax. The committee's decision to gift the Society's investments to the School will require changes to the operation of the Society. Operating expenses are allowable as are gifts made to the School without pre-condition. Managing a diminishing portfolio will require careful consideration to ensure risk mitigation and tax optimisation.

In the period since 30 June 2022, the Society has sought and received both legal advice on gifting its assets to the School and on the tax consequences of such a gift. Financially the significant events have been as follows:

Sold investments worth £34,989, realising gains of £28,257;

Received net investment income of £4,736;

Paid professional advisory fees of £2,970 (legal) & £2,520 (tax);

Paid for tax compliance work £1,440;

Paid corporation tax of £780;

Paid grants to the School of £13,150;

Paid 50% of the costs for the Autumn magazine £10,225; and

Paid the reporting accountant £150.

As of today's date the balance at the bank is £21,432.

The accounts for the year ended 30 June 2022 have been independently examined and are now tabled for adoption.

This is my 31st year in office and the time has come to pass the baton to a new generation. I propose to prepare the accounts on behalf of the Society for the year ending 30 June 2023, liaise with PKF our tax advisers and ensure the accounts are independently examined by Leonard Summerson and presented for adoption at the next AGM. In the meantime, when a successor has been identified, I will work with them to ensure a smooth transition.

CC-M 31/01/2023