

Treasurer's report for the AGM on 25 September 2010

This is an unusual year in which to report as Treasurer. Our last AGM fell before we had audited the 2008/9 accounts – and it is therefore our duty to reflect on those ... for the year which ended on 31 May 2009. At the same time, we have now finished the year to 31 May 2010, and although our accounts have not been audited, we are in a position to report on that year.

In this report, I cover:

1. Our financial performance to 31 May 2009
2. Our financial performance to 31 May 2010
3. Business review
4. The year to 31 May 2011
5. Audit arrangements

1. Our financial performance to 31 May 2009

For anyone who wants a detailed review of our financial performance, please review our full accounts which are on the website.

At last year's AGM, I warned that the year would be difficult, that we would incur a significant loss, and that we would deplete our reserves. That is exactly what happened, as we incurred a loss of £98,172 on our unrestricted funds and drained our unrestricted reserves to a figure of £2,602. At least our performance on restricted funds (where donors specify what we should do with the money) compensated, with a surplus of £98,488.

The deficit on unrestricted funds was caused by a drop in donations from £164,463 to £121,867, at the same time that the Charity had planned to subsidise its main activities – the overseas activity trips and ski schools. At the AGM last year, we warned that we could not afford to make any subsidies available in 2009/10 precisely because our unrestricted funds had fallen to such a perilous level.

2. Our financial performance to 31 May 2010

At the AGM last year, we indicated that we would take firm action to improve our financial position.

We set out plans for:

- Determined fundraising
- Painful cost control
- Reducing the subsidies we could offer to our areas of activity.

As a result of these measures, in 2009/10 DSUK made a welcome return to surplus. The surplus for the national DSUK operation was £32,577, with a further surplus of £968 among our local groups.

Fundraising

In a difficult environment in 2009/10, DSUK has been very successful in raising funds from its supporters. We raised £207,178 of unrestricted income - which we can use to support any activity - compared to £121,867 last year, an increase of 70%. Many friends of DSUK responded to specific pleas to help us, and our team put huge efforts into our Skiathon early in the year, a sky dive in July

2009 and a major reception at the House of Lords in September 2009. Our CEO and her team have put huge efforts into improving relationships with personal and corporate supporters; while our fundraising team have rejuvenated the Disability Snowsport London Santa Run and enhanced our events calendar.

Many, many individuals have gone to great lengths to raise money for us on their own initiative – this combined effort has clearly made a huge difference: the leap in unrestricted donations, alone, exceeds our surplus for the year.

At the same time restricted income – where donors specify what we must do with it – was a healthy £362,626, compared to £374,850 last year. We knew that some sources of income would come to an end, but our new trusts fundraiser has pursued new leads and we have been able to continue all programmes, albeit that some are at a different scale.

Donations to support the British Disabled Ski Team (BDST) in Paralympic year were particularly generous – at over £210,000 – and enabled us to send our best equipped team to the Games.

Cost control

Staff salaries were frozen in the year; some vacant posts were not filled, and overhead costs were nailed down, with support costs falling from £54,460 in 2008/9 to £42,439 this year.

Reducing subsidies

The trustees resolved that we could not afford to subsidise any areas of DSUK activity in 2009/10. This painful measure resulted in higher prices for our services, with resulting problems for our overseas activity programme, where helper prices, in particular, may have dissuaded helpers from participating.

As it was, we spent more on overseas activities than we received, incurring a deficit of £22,602 after recognising some £15k of donations that were given specifically to support our overseas activity weeks. This deficit is significantly lower than the figure of £76,365 that we reported last year.

In our other major areas of activity, we were able to break even:

- Ski schools: although we only charged users of our ski schools £59,832, and incurred costs of £128,344 – a deficit of £68,512, we received over £78,000 to support this activity.
- The BDST incurred costs of £211,831 in this critical Paralympic year (against £159,867 last year). But, as noted above, they received support of over £210,000.

Reserves

Our target is to hold reserves that would be adequate to see us through the out of season months. We need reserves to undertake specific projects at short notice, and to cover the administration, fundraising and support costs without which the charity could not function. We also need reserves to cover gaps in funding - if specific donors withdraw, we will need to close projects unless we have adequate reserves to tide us over.

Most of our reserves are tied up in buildings, vehicles and other equipment: we spent the money some years ago but the assets we bought are still valuable to us. Of course, we cannot use these reserves for anything else.

Thus our total reserves are £447,052 (£406,859 in 2008). Of these, over £200,000 is tied up in our buildings, vehicles and equipment.

Our unrestricted reserves, which we can use at our discretion, have risen to £33,545 after falling to an unhealthy £2,602 last year. Our target for these reserves - enough to cover our “out of season costs” – would be around £125,000.

3. Business review

During the year, a consultant carried out a review of our operations. While this can be seen as internal housekeeping, such things are important given the size and complexity of DSUK’s operation. Following the review, we are adopting a new approach to financial – and project management, with members of the management team working alongside Fiona to take full financial responsibility for their activities. If this has any direct impact on our members, it should be gradual improvements in the way we conduct our business. The Trustees will be expecting to see improved accountability and reporting.

4. The year to 31 May 2011

Implementation of the review noted above has meant that we have been slightly later preparing budgets than in previous years. But as we have entered the year 2010/11 with little in reserves, we are not in a position to subsidise our activities substantially (except where restricted donations have permitted this), and will be hoping for another stellar performance from all of our members, our supporters, and our fundraising team.

5. Audit arrangements

We have undoubtedly been subjected to very thorough audits since switching our audit to FKF in Inverness. At the time of writing, we have not been through the audit process for 2009/10. But my view is that we should scrutinise carefully the extent to which the charges we now incur (significantly higher than under our previous auditors) are matched by improved service and advice. I would like the AGM to authorise the Board (acting through the Chairman and me as Treasurer) to put the audit out to tender if we feel that it is appropriate to do so in the light of the forthcoming audit.

Paul Masters, September 2010