

**Lawrence Home Nursing Team**

**Treasurers report AGM 22 Jun 2021**

I am Alan Mathers and I have been the Treasurer of the LHNT for 2 and a half years.

At the AGM we are going to review 2 x sets of accounts. The accounts for the legacy charity LHNT and also for the newly incorporated LHNT Ltd.

The **legacy charity LHNT** which has been operational for approx. 22 years has a set of accounts for the 9 months to 31 March 2021. This brings the accounting period back to the 31st of March following the extension of the previous accounts which was a 15 month period. However, for the whole of the 9 months of the accounting period the LHNT charity was NOT operational. **All of the operational activity was transferred to LHNT Ltd.** Nevertheless, we are still required to prepare the accounts and financial statements for LHNT as there were financial transactions going through the bank account.

These transactions were the receipt of dividends (prior to the investments being transferred to LHNT Ltd) and the receipt of standing orders etc.

There will be a final set of accounts prepared for LHNT but this will be following the dissolution of the legacy charity. This will happen after the final receipt of VAT from HMRC has been received into the legacy bank account. Closing the account before this has been received may lead to the final receipt being unable to be collected – and we are prepared to hold the legacy charity open until this has been deposited!

To give a complete financial view of the charity it is necessary to look at the accounts of both the legacy LHNT charity and the newly incorporated LHNT ltd charity.

Important points to note

1. we managed to steer through the period to 31 March without selling any investments at what would have been below the price paid to acquire them (at a loss).
2. The entire investment portfolio has now been moved from the legacy charity to LHNT Ltd
3. As advised above/earlier, we will close/dissolve the legacy charity after the refund has been received from HMRC.

Financial performance of LHNT legacy was

* income of £55,324
* expenditure of zero
* transfer of all assets (cash and investments) to LHNT Ltd
* fund balances are therefore zero

the LHNT Ltd charity was incorporated on 13th of Feb 2020 but was dormant until 30th of June 2020. We then moved all operational activity from the legacy LHNT charity to LHNT Ltd from 1 July 2020 for the 9 months to 31 March 2021.

The accounts which are being presented today therefore have to reflect the period the charity has been incorporated from. The accounts are therefore from 13th of February until 31 March 2021. However, as advised the operational activity is the 9 months from 1 July 2020 until 31 March 2021. And going forward our intent is to have a 12 month accounting period ending on the 31 March each year.

**We also have to advise that as a charity of our size (turnover of less than £1M) we are normally exempt from having a formal audit. An independent review of the accounts is normally performed on the accounts by an independent examiner who is a member of a recognised and approved accountancy body.**

**This exemption from the Charity Commission has not yet been approved this year (as the transfer from the legacy charity to LHNT Ltd was more than £1M). We fully expect this to be granted. If a formal audit is required then this will be performed by the same people who have performed the independent review. If there are any issues of concern raised then they will be made public.**

The accounts being presented for LHNT Ltd show a net movement in funds of £1,897,762. This is correct from an accounting perspective but if we strip out the transfer of the assets from LHNT legacy charity and also the gains/losses on the revaluation of the investments this shows an accurate picture of our financial performance based on our “operations”.

The total income of LHNT Ltd was £2,130,639

Removing the total donation from LHNT of £1,917,313

Gives receipts of £213,326. But adding the back the “donations” that were received into the legacy LHNT charity of £55,324 then = £268,650

The total resources expended for the 9 months was £299,116 so we had an “operating deficit” of £30,466.

To put some context around this, we spent £299k for 9 months is approximately equal to £400k for 12 months which is our planned run rate. So we are almost exactly on target.

We try to budget a break even position so we were slightly behind in income generation by approximately £40k. Bearing in mind that all of the large, in person fundraising events were cancelled due to Covid it was a fantastic operational result.

When we add back the gains on investments of £66,239 we made a net surplus of £35,773.

In Summary, the financial performance of LHNT Ltd which we are seeking to adopt as part of the AGM process is as follows:

* Total Income = £2,130,639
* Total expenditure = £299,116
* Gains on Investment = £66,239
* Therefore increases in fund balance from zero at incorporation are now £1,897,762 (as of 31 March 2021).

**To receive and adopt the independently reviewed accounts**

As the treasurer I would therefore request that the accounts for the legacy charity LHNT and also the LHNT Ltd are adopted.

**To consider the budget for the period 1 April 2021 – 31 March 2022**

* Expenditure for the 9 months to 30 June was approx. £300k. This has an annualised run rate of £400k. When the budget was prepared this was forecast to increase to £427k.
* The budgeted revenue that we had “line of sight” of when the budget was prepared for the 12 months to the end of March 2022 was £404k
	+ This would deliver a deficit of £23k and as a Treasurer focus on operational activity I would include a “stretch figure” for items “yet to be identified” to balance the budget.
	+ We are now aware of 2 x further changes (a) the clay pigeon shoot will be delayed until the next financial year which has a negative impact on our income and (b) we are now aware of a forthcoming receipt which will increase our income. These events will change the forecast income to approximately £427k

The proposal is therefore to adopt the a balanced budget of £427k for the 12 months ending 31 March 2022.

**To nominate an independent reviewer for the period 1 July 2020 – 31 March 2021**

* We are proposing to continue with Ellacotts who have been the independent reviewer for the last period.
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