

The Marketing Society

Report of the Hon Treasurer for the year 2019, to be Presented at the AGM in December 2020

As your Honorary Treasurer, it is my role to report on the financial health of your Society.

As we are all aware, I present this report to you in challenging times. First of all, I would like to clarify that the report covers our financial year 2019, following the recent completion of our report and accounts for that year.

Normally we would present the previous year's accounts to you, the Society's members, in August. This year's work has been completed a little later than usual, partly because of the time taken to on-board Shipleys, our new auditors; but principally due to the added complications of all parties having to work remotely, since our Government's initial lockdown in March.

Nevertheless, I am happy to confirm that subject to your approval, we will still meet the UK Government's revised filing deadline of the end of this month.

When reviewing 2019, it's important to remember that when that year ended, we had no warning of the imminent arrival of the pandemic. With the benefit of hindsight, I now realise that I actually caught Covid-19 on a visit to China in December 2019, although I had no idea what it was (and fortunately, I recovered quickly and do not seem to have spread the disease at that time). It does put life in perspective, though.

Even without the subsequent pandemic, 2019 was not an easy year. Turnover remained fairly steady at £3.1 million, down 3% on 2018. I noted in my 2018 report, that our cash reserves had fallen, due to our planned investment in licensing the Salesforce software and customising it for our needs. It was essential to update and upgrade our CRM and financial management software, as our former "Pro" system was around 15 years old. And I am pleased to confirm that our new Salesforce system has been up and running since the middle of 2019.

However, we discovered in early 2019, that the cost of implementing the Salesforce system was far higher than had previously been estimated to the Board. Following careful discussions with our new auditors, we have decided to write down the value of our investment to its realistic ongoing value, rather than its original cost. Technically this is known as recording the impairment of an asset, and under UK accounting rules, this means it must be reported in our Income and Expenditure statement, formerly known as the Profit and Loss Account.

The result is that our I&E statement shows a negative surplus – or put plainly, a loss – of £408,395 for the year 2019, which is reflected in a corresponding reduction in members' funds shown on our Balance Sheet, from £679,231 to £270,839. Fortunately, we had accumulated reserves of £830,461 at the end of 2018, so we were able to withstand this.

Nevertheless, we went into 2019, and we continue to work, with a significantly more cautious financial approach than before. We now review our balance sheet and our cashflow projection at every meeting of the Board, as well as our Finance Committee. We will amortise the Salesforce asset over seven years from its implementation, following accepted auditing practice. The ship is now back on an even keel.

Our other strategic investment, as Craig mentioned in his report, has been the development of our global hubs. The great majority of our Corporate members and many of our individual members do business in Asia and the Americas, and an informed perspective on global events is 'table stakes' today in a marketing career. We also believe that the Marketing Society can offer significant benefits to members in regional centres, especially where there is a strong English speaking business community. The hubs have become well established and are well on the way to becoming financially self-supporting. From next year, we will also review each hub according to its net contribution to central funds, taking into account the compensation and overhead cost of the back office services being provided by our team in Teddington.

The eagle-eyed among you will also note a reference to a re-statement of our 2018 accounts. I would just like to re-assure you, this does not reflect any change to the figures but only the fact that in accordance with current best accounting practice, on our Balance Sheet, we now separate intangible assets such as computer software, from tangible assets like desks and phones. Our auditors have advised that this is a minor technical change and we do not need to submit new accounts to Companies House, but I thought members would like to know.

On that note, I would like to add that this is one of a number of improvements which our new auditors, Shipleys, have implemented for us. Our last AGM took the decision to appoint them in place of our former firm and we are very pleased with how this has worked out. It's a feature of each AGM that members present are asked to appoint or re-appoint our auditors. Our strong recommendation is that those of you present at the AGM will vote to re-appoint Shipleys.

Finally: the primary purpose of this report is to cover 2019, but I cannot avoid mentioning the consequences of the pandemic, which became apparent in our part of the world from March 2020.

With reduced reserves, we faced a sudden and dramatic loss of income, due in part to the unavoidable cancellation of so many of our live event activities. As you have already heard from our Chair, our executive team – led until the summer by Gemma Greaves and now by our new CEO, Sophie Devonshire - supported by the Board, have worked tirelessly and imaginatively to transform our business in this unexpected new environment.

All staff have worked remotely since March, in accordance with UK Government guidelines. Expenditure has been trimmed, wherever this could be done, without impacting on the quality of service we offered to our members. The operational team has implemented a tremendous program of online events – talks, interviews and extremely insightful content. Webinars, podcasts, you name it, we have done it. And large scale events too: our virtual awards night was a great success - financially, as well as being a great experience for participants. In my "day job", running a global marketing consulting

firm, I attend and speak at a lot of virtual conferences and the Society's recent annual conference was just the best I have seen. Well done Sophie and the team for that.

This does not mean it has been easy – or that the path ahead is smooth. It's impossible to charge the same prices for an online celebration, as we have done for a gala dinner.

Currently we are projecting a manageable shortfall for 2020, which we can afford to fund from our reserves. As a precaution, we have also taken out the Government's business support loan of £250,000. We have not yet had to spend any of it, but it will protect us against the perennial peaks and troughs that every business like ours faces in its cashflow.

Most of all though, we continue to survive and thrive, through the support of our members. Yes, there are a few who have simply had to 'cut everything' and pause their contributions. But the great majority of you have pledged and delivered your continuing support; and we are also welcoming more new Members, as the benefits to businesses of being part of this unique organisation, are clear.

We thank you all deeply for that. We exist to serve your interests, as well as contribute in a broader way to business and society. We will all have a few more months of choppy waters to come, but we are financially well prepared to navigate through them and look forward to more enjoyable times ahead.

Julian Boulding
Honorary Treasurer