

The Marketing Society**Report of the Hon Treasurer, Dominic Grounsell, for the year 2020,
to be Presented at the AGM in December 2021**

As your Honorary Treasurer, it is my role to report on the financial health of your Society. This report covers our financial year 2020, following the recent completion of our report and accounts for that year.

2020 – A challenging year

To reiterate our chair's words, 2020 was a most unusual year and this is a report that reflects challenging times, but also a positive outlook ahead.

As an organisation which derives a significant proportion of its revenue from our live events, the lockdowns of 2020 had a financial impact on the Society.

As our chairman mentioned in his report, as lockdowns began to roll out, over 75 events and training sessions were moved into the virtual environment within a two-week period. The Society's speed of change and the series of events they introduced in response to the pandemic helped our members to stay informed of changes in the industry and keep positive across all the lockdown periods experienced in 2020. Some examples of these successful events included an Annual Dinner, which became 'An evening of Celebrations, Connections and Conversations' run virtually for 100 Members and the Global Conference run entirely virtually for 378 Members with a spectacular line-up and to great feedback.

Given the impact of lockdown on the normal event calendar, 2020 was not an easy year to navigate financially for the Society.

Turnover decreased year on year due to the reduced revenue opportunities offered by virtual events. There was also an impact on membership revenues as many organisations had to make cuts to any budgets seen as discretionary.

The result of these impacts was that turnover decreased 30% in 2020 to £2.169 million.

As a result of this pandemic impact on turnover and the challenging 2019 exit position, forensic management of cash flow was a focus for the Society across 2020.

The Management team reviewed cashflow on a weekly basis and there were reviews of cashflow and balance sheet positions at all Board meetings and Board Finance Committee meetings.

The Society made effective steps to manage costs. Direct costs associated with events were reduced by 58% to £415K. Administration costs were also reduced to £1.945M, which was 22% lower than 2019.

We did not opt into the governments furlough schemes offered during the year, as it was important to keep staff working so that we could maintain our (reduced) event calendar and continue to engage our members. Both factors were instrumental in protecting further loss of membership revenues during lockdown.

In July of 2020, the Society took out a Coronavirus Business Interruption Loan Scheme through HSBC of the value of £250,000 to help during the most challenging months. This was held as a buffer, but not used.

We also secured VAT and PAYE deferred schemes offered by HMRC in 2020. The PAYE and VAT deferrals relating to 2020 have been repaid during 2021.

The result is that our I&E statement shows a negative surplus – or put plainly, a loss – of £191,277 for the year 2020. This is an improvement of 53% compared to the 2019, where the significant write off associated with Salesforce led to a reported a loss of £408,392.

The loss in 2020 is reflected in a corresponding reduction in members' funds shown on our Balance Sheet, from £270,839 to £79,562.

2021 Update

We have continued to apply cautious financial approach across 2021.

We continue to amortise the Salesforce asset over seven years from its implementation, following accepted auditing practice.

Our other strategic focus continues to be development of our global hubs. The hubs are on the way to becoming financially self-supporting. We continue to review each hub according to its net contribution to central funds, considering the compensation and overhead cost of the back-office services being provided by our team.

All staff have continued to work remotely in accordance with UK Government guidelines. We made the decision this year to close our main office in Teddington when the lease came up for a 5-year renewal option in April. However, in August, we reviewed the decision and agreed with the board that we needed an office space to support better team working. We subsequently made the decision to rent a smaller space within the same building for a limited period. This gives us a flexible collaboration space at much lower cost.

Auditors

In 2019 we took the decision to appoint Shipley's as our new auditors.

It is a feature of each AGM that members present are asked to appoint or re-appoint our auditors.

Our recommendation is that those of you present at the AGM will vote to re-appoint Shipley's.

Other Matters

Our Finance Director Colin Hewitt left The Marketing Society in December 2020, we would like to thank Colin for his 18 years with the society. Penny Hilton-McNerney was appointed in January 2021 as our Head of Finance.

Penny has played a central role with the management team across 2021 and has introduced increasingly levels of structure and rigor to our financial management processes. This has strengthened the control we have on our finances, and we are now budgeting a profit for

2021 of £26K. This is a modest amount, but a significant step forward following two years of loss.

In Conclusion

It was a very challenging 2020 and there have been continued pressures across 2021 as the Society has continued to experience revenue challenges associated with many events having a virtual component.

The reality is that despite these great challenges, the Society continues to survive and thrive, through the support of our members. There are still a great majority of you have pledged and delivered your continuing support; and this year we are also welcoming more new Members, as the benefits to businesses of being part of this unique organisation, are clear and reviving our financial health.

We thank you all deeply for your support as Members across these times. 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.

Dominic Grounsell
Honorary Treasurer