

The Marketing Society**Report of the Hon Treasurer, Jason Foo, for the year 2021,
to be Presented at the AGM in December 2022**

As the Society's Honorary Treasurer, it is my role to report on its financial health.

This report covers the 2021 financial year, following the recent completion of our report and accounts for that year.

To reiterate our Chair's words, 2021 was a much more positive year for the Society. I am pleased to report the Society's financial recovery plan is ahead of schedule, both in terms of return to profit and greatly improved cash flow.

While we want to recognise – and, indeed, celebrate - this turnaround, we are, of course very aware that we need to continue the momentum of our recovery, particularly considering the future macro-economic challenges impacting businesses globally.

Turnover in 2021 increased to £2.3M which was an improvement of £232k (or 11% up) from £2.068M in 2020. Correspondingly, with the movement to more in-person events again, direct costs were £519K, £96k up from £423K in 2020.

Administration costs were also reduced by 11% on the previous year down to £1.748M. This was a result of reduced headcount, office costs and IT costs relating to our CRM system.

As Craig outlined, we again decided not to use the Government's furlough schemes. This was because our strategy was to continue to maintain events and engagement with our members, and this would not have been possible without our team working.

The result is that our Income and Expenditure statement shows a profit of £29.9K for the year of 2021.

I am very pleased to say that this represents a turnaround of almost £352k from the £322K loss in 2020.

The profit in 2021 is reflected in a corresponding reduction in deficit of members' funds shown on our Balance Sheet, from -£51,979 to -£22,069.

As a result of the challenges, we faced in 2020, conscientious and careful management of cash flow has been a key priority and focus for the Society across 2021 and was managed on a day-to-day basis by the Executive team.

In July 2020, the Society took out a £250k Coronavirus Business Interruption Loan Scheme through HSBC to support cashflow during the most challenging months. Repayments for the loan started in September 2021.

We also secured VAT and PAYE deferral schemes offered by HMRC in 2020. The PAYE and VAT deferrals relating to 2020 were fully repaid during 2021 and I confirm there are no outstanding VAT or PAYE deferrals as of today.

We continue to apply a more cautious and rigorous financial approach, to ensure stringent management and work toward rebuilding the Society's finances. This is led by a Financial Committee of myself, Craig, and Fiduciary board member Becky Brock, alongside the

Society's Executive Team. The FinCo meets monthly to review P&L forecasts, the balance sheet and cashflow provision.

Through the Financial Committee we have also applied more detailed focus on the international hubs of the Society, ensuring they're becoming financially self-supporting. We continue to review each hub according to its net contribution to central funds, now taking account of the compensation and overhead cost of the back-office services being provided by the central team. In 2021, we decided to close the India hub of the Society due to challenges relating to COVID and membership growth.

Throughout 2021, wherever possible, expenditures were reduced that would not impact the quality of service we offered to our members. In that regard, the operational team continued to run a tremendous program of online, and physical events where possible, with very positive feedback from our members.

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.

Penny Hilton-McNerney was appointed Chief Finance Officer in January 2021 and, I must say, has done an incredible job to improve the rigour of financial accounting and health across the business. She has played a central role with the management team across 2021, with the clearly evident improvement in cashflow, and profit ensured we finished ahead of budget with a surplus of £29.9K.

2021 again threw many challenges at us. However, through improved rigour of our financial processes, a growing membership, and, indeed, some good fortune we were able to host our two biggest profit-generating events. The Society has significantly improved its cash and profit positions and the signs point to continued growth and profit for 2022.

An issue that has continued to challenge the Society's management team relates to the application of its CRM system and related accounting software that was installed during 2018/19. We have continued to amortise the software investment over seven years from its implementation, following accepted auditing practice. However, it is anticipated that a re-installation of the software is required which will render certain parts of the current investment redundant.

As part of these issues, it is important to note that we have also had to restate the 2020 financial position. It became clear during our 2021 audit that there had been migration issues with our finance system. This meant that our Creditor's control accounts for deferred income, corporate packages and membership control accounts required adjustments. You'll find these documented clearly on page 18 of the Statutory accounts and these have all been calculated in line with the auditor's recommended adjustments. We are confident that this restatement leaves us in a clear and accurate position moving forward. Significant additional processes have also been put in place to avoid such a position in the future.

As I mentioned, there are, of course, many macro challenges at play for the future, but we are confident with the Society's Executive Team, Finance Committee and Membership base, that the Society is in a better position than it has been in several years as we continue to lead the conversation for the industry.

We sincerely thank you all for your support as Members across these challenging years. We exist to serve your interests, as well as contribute in a broader way to marketing and marketers being positive change-makers in business, industry, and society.

Jason Foo
Honorary Treasurer

November 2022