

## Honorary Treasurer's Report, April 2018

This is my second report as Hon Treasurer. 2017 was in many ways an exciting and very positive year for the Circle, but financially it proved very challenging. My report is necessarily rather lengthy.



Circle of Wine  
Writers

### The headlines

The Circle implemented a number of changes in 2017 and incurred additional costs, in certain areas, which has resulted in making a loss of £5,518. This is clearly a most unsatisfactory situation, and in this report I explain the reasons for this, and the actions planned to turn things around in 2018/19. At the end of the 2017 the reserves amounted to £16,462, which is a similar situation to that at the end of 2013.

### Income

Total income for the year was £26,688, down from £27,795 in 2016. Receipts from membership subscriptions were down by £1,233, largely due to several members failing to renew. This decline in income was partially offset by a £551 increase from the Friends of the Circle/Circular sales. 'Friends of the Circle', proposed by me in the summer of 2016, has certainly been successful, and I believe that the income growth from this category will be valuable in the coming years. Although there was a modest increase in receipts from Circle tastings to £3,038, the costs of these also increased by nearly £800, leaving a lower profit from this area. The income from the AGM/annual lunch declined by £221, and due to increased costs the AGM/lunch lost £1,157. There was a modest increase in income from the Christmas Party, but this event too resulted in a small loss of £82.

### Expenditure

I will discuss the variations from 2016 and 2017 budget for each item of expenditure.

### Membership cards

There is an increase of £327 over 2016, but the figure for that year was artificially low due a prepayment in 2015. The increase is £46 over budget. I do not see how we can make realistic savings in this area.

### The Circular (Formerly Circle Update) and Friends Subscriptions Expenses

The costs include agreed payments made to the Editor, Amanda Barnes, and Deputy Editor, Robert Smyth. Costs in the accounts have risen by £965 over 2016, but in fact are nearly £1,000 under budget. The total annual cost of The Circular is £8,400 for 12 months, the same as were for Circle Update. The 2017 figures do include £2,100 for the last quarterly issue of Circle Update which was released in January 2017.

The cost of The Circular is our second largest expense, but it is without doubt our major publicity vehicle. I suggested reducing the number of 'issues' from 12 to 10 per year, purely for the resultant financial saving, but this proposal was rejected by the Committee. There is no doubt that the content of The Circular is excellent, and I do urge members to submit more articles for publication.

**Marketing**

The £600 cost of marketing was for production of a video of the Christmas party. The primary aim of this was as a marketing tool to show to potential sponsors of future Christmas parties. The cost had not been budgeted for last in April 2017, and I consider this to be a one-off expense.

**Christmas Party**

Costs increased as the host did not employ their UK PR agency to handle the organisation. As a result the Circle was far more involved with the organisation, which involved a lot of Andrea's admin time, which was not incurred historically. Committee member Tatiana Mann also gave considerable unpaid time for this event. Discussions are now taking place re. the 2018 party, and it is anticipated that this will show a small profit.

**AGM/Annual lunch**

Bearing in mind there was a room hire fee of £630, the increased costs of £374 could have been much worse. However, this is the third year in a row that this has lost money. Every effort has been made to reduce costs in 2018.

**Stationery and postage**

Costs increased by £72, partially due to stocks of postage stamps purchased in previous years to beat price increases having been exhausted.

**Circle tastings**

There was an increase in costs of £797, partially on account of increased room hire fees. Although there was a small profit in 2017, it is suggested that future tastings should be fully sponsored. Although the individual participation cost to members is modest, we must ensure that tastings continue to make a modest contribution to profits.

**Website**

There were major development costs for the website in 2016 and prima facie a reduction by £1,625 in 2017 is good news. However, the costs exceed budget by £747, as further development and the need to address glitches became apparent. The total 2017 expenses of £3,947 for the website equated to over 26% of income from members subscriptions, and in any organisation this figure would be considered excessive. The development and maintenance costs of the website in the last 2 years now amount to over £9,500. There is no doubt that the new site looks good, and is now functioning very well. In my 2017 report I stated that 'it is planned that this new system will lead to maintaining, if not reducing, administration costs on management of subscriptions, membership lists, register of work, etc.' In fact, as will be seen below, with the exception of bank charges the opposite has been the case to date. For 2018 the website budget is £3,200, and I will insist that this is not exceeded.

**Charitable donations**

These were reduced by £425, to £2,075. This figure was exactly on budget. However, much as the Circle and its members wish to support industry related good causes I cannot, as Hon. Treasurer, continue to authorise donations at this level until our finances improve. Accordingly in 2018, donations will be limited to £750, unless individual members wish to make a contribution to enable this figure to be supplemented

**Admin**

The main increase in expenditure during 2017 has been on administration, with an increase of £3,042 over 2016 figures, and which exceeded the 2017 budget for by £2,932. Andrea has confirmed the increase as 'due to introduction of new systems (for applications and Friends), new committee members and time spent on the new website plus attending extra meetings'. The actual admin variation 2017/2016 includes expenses of £625.

Andrea works very hard for the Circle. The increase in her workload has been dramatic, and the committee is discussing how this might be eased. I urge members to do as much as possible of their own admin, such as changing contact details, by using the facilities of the new website. I realise that the technically challenged may feel insecure, but the system really is user friendly.

**Bank charge and audit fee**

I am pleased to say that these have fallen by £261, and are well below budget. This is largely due to savings made by automating subscriptions and reducing bank processing charges - a real advantage of the new website!

**Committee meeting expenses**

These rose by £387. There were extra meetings, including two for interviews for editorial posts for The Circular.

**Telephone**

The figure includes £27 carried over from 2016

**Preparation of Accounts – Profit and Cost Centres**

It should again be noted that following the convention established by my predecessors, generally speaking expenditure incurred with regard to an individual profit/cost centre in the accounts has been charged to that area. This includes extra work by Andrea as administrator, which is thus not included in the Administration charge. I, as Hon Treasurer am particularly thankful for all her hard work.

**THE CRUNCH**

The budget prepared for 2018 should see a return to a very modest profit. However, to improve reserves we need to boost profits in future years. Our main source of income is membership subscriptions. These have remained unchanged since 2014, in spite of inflation generally, and the increased costs of running of The Circle. At the AGM I am proposing an increase with effect from January 1<sup>st</sup>, 2019: the annual subscription for all UK members will be £90, and for overseas members £70. Whilst I accept we may lose a few members, I believe they will be amongst the less active. I anticipate that this increase will boost income, and profits by £3,200 in the 2019 membership year and will enable us to continue to improve our service to the members. I also propose to introduce two new fees to compensate for the administrative costs involved, those being: a Joining Fee of £50 for all new members from January 1<sup>st</sup>, 2019 plus a modest fee of £20 per member taking part in Circle trips (upon a place being offered, such fee being non-refundable other than in exceptional circumstances, even if the member subsequently withdraws). This will apply to all trips announced after 20<sup>th</sup> April 2018.

<b>CWW Budget 2018</b>	2018 Budget	2017 Actual	2017 Budget	2016 Actual
<b>Income</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Subs (and trip admin fees)	17,000	15,080	17,000	16,313
The Circular and friends Subs	6,800	6,471	6,800	5,920
AWE	0	15	0	0
Christmas Party AGM & annual lunch (net)	250	-1,240	300	514
Tastings net	300	255	1,000	910
Total income	24,350	20,581	25,100	23,657 (1)
<b>Operating costs and expenses</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Membership cards	600	546	500	219 (2)
The Circular (Circle Update)	8,400	7,455	8,400	6,489 (3)
Stationery/postage	300	294	300	222
AGM	0	0	800	786 (4)
Website	3,200	3,947	3,200	5,573
Charitable Donations (net in 2016)	750	2,075	2,075	2,075
Marketing	0	600	0	0
Administration	9,000	9,432	6,500	6,390
Bank charges and audit	750	632	950	894
Committee Expenses	700	808	500	421
Telephone	260	275	180	159
Other costs	35	35	35	35
Total costs	23,995	26,099	23,440	23,263
Budgeted/actual profit/loss	355	-5,518	1,660	394

## Notes:

(1) The totals differ to those in the accounts as, following the convention used by my predecessor, some items are netted

(2) The 2016 figure is artificially low due to costs due in 2016 having been charged in 2015

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(4) For the 2018 actual and 2018 budget this costs has been netted into the Christmas Party and Annual lunch entry in the income section, due to a change in procedures by the accountant

Respectfully submitted

Keith Grainger  
Hon Treasurer  
April 2018