

### **AGM 2021 Treasurer's Report**

As in previous years, and even despite the challenges create by the Covid pandemic, the Association has achieved a stable and satisfactory financial performance both during the 2020 financial year which is recorded in the audited accounts, and subsequently into 2021.

As our Chairman has recorded in his written statement at the head of the accounts, Covid precautions forced the suspension of general aviation for several weeks and curtailed many traditional LAA activities including member training courses and marketing events, as well as the cancellation of the 2020 LAA Rally. This had a significant short-term effect on revenues.

It is a sign of our resilience as an organisation that we have weathered these storms, but our 2020 revenues as a result dropped from £1,308,724 in 2019 to £1,196,160; a fall of £112,564.

Thanks are due to the LAA HQ team for both maintaining a service in these hard times, which included changing processes to enable home-working, and implementing a programme of careful cost control. Our original planning was for expenditure of £1,391,260 in 2020. We achieved £1,122,106.

Overall, we generated a deficit of £113,920 last year, but it should be remembered that we had already made a decision in 2019 to run at a planned deficit of up to £135,000 in 2020 and 2021, to invest our reserves in restructuring our Engineering resources to provide better services to members. We felt that holding reserves of more than £1.3 million was inappropriate for a not-for-profit members' association.

As a result of this strategy, our reserves were reduced from £1,365,534 at the end of 2019, to £1,293,448 at the end of 2020. We are continuing this strategy into 2021 and 2022, although a small number of targeted increases in areas including some engineering fees will be implemented in the coming year, with a view to the LAA returning to a lower level of deficit while absorbing inflationary pressures and higher costs in the coming months. Our financial model is targeting a return to a zero deficit by 2023.

The Association's reserves are held in a number of bank accounts and investment funds, ensuring that we remain below the Government threshold for compensation if a bank were to close. These investments have been affected by the COVID-related financial recession which have led to declining interest returns. However as we regard these investments as 'long-term' we therefore expect that they will recover as the global economy gets back on its feet. In addition, in 2018 we made the decision to invest a proportion of our reserves in higher yield investments. Our investment of £150,000 with Brewin Dolphin, a well-respected fund manager and £50,000 with Zopa, a peer to peer lending organisation have continued to deliver a return about 3% higher than lower-risk investments.

You can find more details on the accounts if you wish in the August 2021 issue of Light Aviation magazine and also on the website ([www.laa.uk.com](http://www.laa.uk.com)).

Will Garton-Jones  
Treasurer