

**Light Aircraft Association Limited**  
**Treasurer's Report for the Year Ended 31 December 2022**  
**For the 2023 AGM**

This report is primarily based on the audited accounts to the year end of 2022 where despite the challenges created by substantial levels of inflation and the loss of funds due to a financial fraud, the Association has achieved a stable but not sustainable financial performance overall. However, I can't pretend that the events of 2022 and their impact on the finance and financial processes was anything other than very great.

We have all been hit by a period of greatly increased inflation leading to higher general costs and the Association is no exception to that. The loss of £64,523 due to fraud during this period has been extensively covered in separate communications. The team worked hard and successfully to find operating cost savings in 2022 in the region of £60,000 and the fraud removed the benefit of this for this period though of course we retain the benefit of it moving into the current year.

Due to the fraud, we have had to review all our financial processes and take steps to close any gaps which could be exploited by fraudsters with a number of changes implemented including moving our primary bank account, reviewing all the authority levels, implementing online payments and authorisations, training our staff and Directors specifically to spot potential fraud and escalating some specific complaints to the Financial Ombudsman, which process is yet to complete. Any funds eventually recovered will be shown as a credit in the 2023 accounts. Whilst not as disastrous for the Association purely from a financial perspective as it could have been, it has been a traumatic and demanding period for all involved.

For ease of communication, I have rounded the following numbers to the nearest £1,000.

Revenues were up 5% at £1.374m in comparison with £1.306m in 2021 and £1.196m in 2020. Membership income at £543k was up 4% on 2020 (£520k). Permit renewals were up 8% at £672k against £622k in 2021. Together these represent 88% of the total revenue which is similar to last year.

The Association continued to exercise careful cost control, though there were significant cost increases notably in magazine print costs increasing by 19% to £210k from £176k on the back of a 13% increase in the previous year, and premises costs rose by 17%. Total staff costs reduced by 3% to £746k due to some vacancies remaining open for part of the year. Total costs for 2022 excluding the exceptional loss due to fraud were £1.455m, down 2% on the £1.484m in 2021. This resulted in an operating loss of £146k for the year when the exceptional item was included. As a result of the negative change to the value of our investments, the pre-tax loss increased to £164k with a resulting reduction in reserves from £1.130m to £961k.

The Board is satisfied that reserves remain adequate to meet the requirements of the Association, however, the recent levels of operating loss cannot be sustained. Whilst successive years of loss and reduction in reserves reflect, in part, the agreed use of reserves to cover short term deficits to increase engineering staffing levels, it is evident that current income levels are insufficient to meet the costs of running the Association. Increases in fees approved for 2023 and a full review of activities and costs currently underway will focus on returning the Association to surplus by the end of 2024.

Will Garton-Jones  
Treasurer