

## *Treasurer's Report Financial year ending 31 July 2011*

Expenditure during the year was roughly in line with that of previous years. The membership fee of £10 was sufficient to ensure that income matched the expenditure; there was a shortfall of some £1300 in the previous year. This year, there was a surplus of £134, leading to a theoretical Corporation Tax liability of some £28, as shown in the accounts. As this is still well below the limit that would cause HMRC to change UK-TUG's status from a 'dormant' to an 'active' voluntary association, no action needs to be taken at present. The accumulated funds (assets less all liabilities) amounted at the year end to just over £10,000, or about three years' expenditure at the current rate.

As explained in the Notes to the Accounts, UK-TUG is a voluntary association whose purposes are charitable (educational and scientific). It cannot register as a charity, because its annual gross income is less than the minimum £5000 threshold required. Nevertheless, the accounting principles adopted are those applicable to charities, as set out in the Statement of Recommended Practice of the Charities Act.

UK-TUG's constitution requires independent examination of its accounts. Since 2007, there is no requirement for annual scrutiny of the accounts of charities whose annual income is less than £10,000. Indeed, if an independent examiner has been appointed and finds that the income is less than this figure, the examiner is required to refer back to the committee of Trustees for explicit confirmation that the examination should proceed. This is no doubt because other changes introduced since 2006 greatly increase the requirements, and hence the cost, of independent examination for charities that do require it. A professional firm of accountants with the necessary qualifications (which many small firms no longer have) would charge in the region of £750-£1000.

For these reasons, I have recommended to the committee that the Constitution be changed so that a formal independent examination is no longer required, as the financial implications would be severe if we were obliged to appoint a professionally qualified independent examiner and pay normal professional fees at the current level. The committee will bring forward proposals to ensure that a satisfactory level of scrutiny takes place, for the protection of the Treasurer and the committee as well as for members at large.

*John Peters*  
*UK-TUG Treasurer*