

Finance Director Report

30th March 2021

Summary

The on-going pandemic continues to make planning very difficult. However, we expect a return to OTB chess in the Summer of 2021 under the current guidelines, even if this is delayed we can be cautiously optimistic that we will have a full return to the board at some point in 2021/22. Of course, even on the return of OTB chess, both general chess activity and our membership level is not likely to immediately recover to previous levels and this is reflected in our budgeted figures.

At the moment we are predicting a smaller than anticipated loss of just over £5000 for 2020/21. The ECF can certainly take some credit for this, as all directors have strictly controlled expenditure and we have made a number of savings administratively. We should still note that this loss would be far greater without the various grants, donations and government support we received through the year. Without those we would be looking at a loss of nearly £40,000.

In addition, quite a few items of expenditure have been pushed back in to 2021/22 so we should expect to continue to feel the effects of the pandemic in next year's results as well. Our reserves are budgeted to drop to under £10000 at the end of 2021/22, before recovering to around £30000 in 2022/23.

Even if the immediate crisis has been averted there is plenty of work to do to get the ECF back in to a strong financial position. I would like to thank our members for their continued support.

Cash position

In round figures we currently have £143,730 in the main account and £41,500 in the Cambridge & Counties account. The C&C account is in the process of being closed and will shortly be transferred to the main account.

There is a VAT liability of £4186 and ring-fenced funds of around £32,659.

So net cash of £148,385 with expenses of around £12,000 per month. As predicted membership income has slowed to a trickle since the BOCC and we are not expecting much more to come in. Still, we should not have cash flow issues before the new membership season begins in July 21.

Current Year 2020/21

At the moment we are predicting a smaller than anticipated loss of just over £5000. As mentioned in the summary this loss would be far greater without the various grants, donations and government support we received through the year, without those we would be looking at a loss of nearly £40,000.

- Membership income received is £121,062 (compared to £195,755 for same period last year). We are not likely to receive much more membership income in the current year so will clearly fall well short of the budgeted £161.2k.
- A small amount of 'on-line' Game fee has been collected but we are not expecting to receive any of the usual game fee due to no OTB chess being played.
- We made a small profit from the British On-line Chess Championships (BOCC) but in general our on-line chess has been organised to maintain contact with our members rather than to make profit.
- We have managed to reduce our expenditure considerably but efforts to move to a smaller office have been hampered by the presence of the ECF library. Arrangements are now in place to move this as soon as Covid restrictions allow, at which point we have the option of moving to a smaller office.
- Significant savings have been made by holding meetings on-line, I am proposing that the majority of meetings continue to be held on-line going forward. Though the occasional face to face meeting may be of benefit.
- Salaries are also down with the office now being just the two full time staff.
- Significant expenditure on updating our IT systems is required and budgeted for in 2021 and subsequent years.
- There is no breakdown for the 2021 British Championships as it will be a much-reduced event. We anticipate a small loss of around £2000 due to the extra costs; this amount is budgeted in the figures for 2021/22 as the event will now take place after 31/8/21.

2021/22 Budget

Membership numbers: The spreadsheet containing our membership predictions is attached. Under the current guidelines we are expecting

OTB chess to be back up and running from the summer onwards, meaning a gradual return to our usual membership levels. Whilst our keenest and most active Gold members should return at a good rate, a slower rate is anticipated for Bronze/club players who may well be older and more cautious. It may also be some time before all local leagues are back up and running, some clubs will no doubt not return at all. We should not expect our income to immediately return to previous levels.

It is certainly possible that there could be delays to the return of OTB chess as lifting the current restrictions will depend on the progress of the vaccination program and Coronavirus numbers. A delay of a few months should only affect our cash flow and would be quite manageable without substantial budget changes. In the very worst case of no OTB chess in 2021/22 then we can expect similar numbers to the current year and would have to adjust the budget accordingly.

International Expenditure: International expenditure will be higher than usual in 2021/22, as the year will contain both a European Championships and an Olympiad. This will have a significant effect on our budget for the year and will mean we can expect a substantial loss. This will be balanced by the fact that there will be little International expenditure in 2022/23. In the worst case we may need to approach the PIF for funding (possibly in the form of a short-term loan) to ease the cash flow effect of two events on one year. Of course, if significant sponsorship is found for one or both events, this will not be necessary. I believe there are positive discussions in this regard but as yet nothing concrete.

Membership pricing: Due to the obvious financial difficulties many members will be currently facing, fees will remain unchanged for 2021/22.

I am proposing to increase prices along the previously suggested levels (See the membership projections spreadsheet) in 2022/23 to assist with our financial recovery. This should be reviewed as the 21/22 membership numbers become clearer.

Women's Chess: The budget for Women's Chess will be £8000, just below usual (£10,000) levels of funding. The '2022 International year of Women in chess' events will be funded from the remaining funds from the Chess Trust grant for Women's Chess.

Adam Ashton

Finance Director

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