

Light Aircraft Association Limited

AGM 2019 Treasurer's Report

During 2018 the Association achieved a stable and satisfactory financial performance. A reduction in the recorded turnover from the 2017 accounts reflects the previous year's donation of £81,025 from LAA Educational Trust following the decision of the trustees to close the charity. This donation was passed to the Armstrong Isaacs Fund and is shown as a Restricted Fund in the accounts. Turnover from normal operations during 2018 were £1,312,580 and costs were £1,249,721; creating an operating surplus of £62,859 or 4.79% of turnover.

The underlying turnover from operations rose at around 1.1% from the previous year as expected. This, combined with an increase in costs of £68,888 – largely due to the long expected and welcome arrival of additional staff in the engineering department, additional member training courses and contributing towards the costs of a GA Alliance airspace consultant – has resulting in a 54% reduction in underlying operating surplus to £62,859. This reduction is not quite as much as originally planned!

Historically the Board has set a target of a 2% surplus to build reserves against difficult trading conditions. Last year, to ensure that we properly preserve our status as a not-for-profit mutual trading organisation, the Board set a deficit target of 2.7%. Although we have cut the surplus very significantly, it remains a surplus and although we are not in risk of losing our mutual trading status, we will continue to monitor this closely. I'm afraid some habits die hard! As a result, our reserves have risen to £1,406,321 which remains sufficient to protect our members from any significant increase in the cost of membership, at least in the short term.

I want particularly to mention that in response to member suggestions, the Board agreed last year to invest up to 25% of our reserves in higher yield investments as the standard deposit accounts produce low returns of a maximum of 1%. As a result, we elected to invest £150,000 with Brewin Dolphin, a well-respected fund manager, aimed at a conservative mix of yield and capital gain and another £50,000 with Zopa, a peer to peer lending organisation. Currently we are obtaining return between 3% and 5% from these investments.

You can find more details on the accounts if you wish in the July issue of Light Aviation and also on the website (www.laa.uk.com).

Will Garton-Jones
Treasurer