

Light Aircraft Association Limited

## **AGM 2020 Treasurer's Report**

As in previous years the Association has achieved a stable and satisfactory financial performance during the 2019 financial year. The recorded turnover of £1,308,724 remains largely similar to that of 2017 and 2018, but in line with our planned investment in member services, training and the recruitment of new skilled staff, as well as developing a staged succession of skills and resources for the years ahead, our costs rose from £1,248,368 in 2018 to £1,358,226 generating an operating deficit of £49,502.

This is part of a planned strategy to increase our spending in the short-term future. In recent years, the LAA has shown a surplus of anything up to £185,000, generating reserves of more than £1.3 million and we felt that this was inappropriate for a not-for-profit members' association. As a result the board agreed to a 2019 budget that, unlike previous years, did not require the Association to show a nominal 2% surplus on turnover.

### **COVID**

Although outside the timescale of the 2019 accounts, we cannot ignore the effects of the COVID virus on the wider environment and on sport flying in early 2020. The suspension of general aviation for several weeks had a significant short-term effect on LAA revenues, but we elected not to furlough any staff and our investment in past years in remote Cloud-based IT systems has meant that the LAA has been able to serve its members via a home-working in an almost seamless manner.

Both COVID and exceptionally poor early spring weather led to the effective cessation of permit check flights and mod completion testing, creating a 50% reduction in Engineering incomes in the first half of 2020. Fortunately we had the financial reserves to ride this dip and there has subsequently been a recovery. However GA activity and LAA incomes remain below predictions and this will have an effect on forward planning for 2021.

### **Reserves**

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 we regard these investments as 'long-term' therefore expect that they will recover as the global economy gets back on its feet.

Within its reserves, the LAA also currently holds circa £230,000 in allocated accounts or 'reserved funds' such as an LAA HQ Buildings Fund, the Armstrong Isaacs Fund and Trophies Fund. These were created, in some cases many years ago, for specific purposes and there are restrictions on any future use. The Armstrong Isaacs fund was further boosted earlier this year by a £50,000 legacy contribution from the estate of the late Dr Ian Brewster. Some of this will be invested in areas including the development of social media programmes, updating our website and increasing the breadth of member training activities.

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](http://www.laa.uk.com)).

Will Garton-Jones  
Treasurer