

## **Commentary for the Trustees of Victoria Community Association YE 31 January 2023**

### **Overview:**

The charity has shown a positive financial position, with a net income of £5,312.54 for the year ending January 2023. This reflects prudent financial management, despite a significant increase in costs related to equipment and operational expenses.

---

### **Comparison of Income and Expenses:**

#### **Income:**

**1. Total Income: £35,255.89, primarily derived from:**

- **Grants (£23,700):** The main source of income, contributing 67% of total income. Key funders include Onward Homes (£10,000) and Six Town Housing (£3,000).
- **Hall and Room Hire (£7,596):** Contributed 22% of income, showcasing steady revenue from community use of facilities.
- **Donations and Legacies (£3,162.50):** Smaller, yet important, contributions through foundation donations.
- **Youth Club and Other Trading Activities (£797.39):** Provided supplementary income.

#### **Expenses:**

**1. Total Expenditure: £29,943.35, primarily comprising:**

- **Charity Activities (£15,282.27):** Investments in equipment (£15,094.29) reflect operational improvements or expansion.
- **Utilities (£4,179.52):** Breakdown of utility costs:
  - **Electricity: £1,885.20,** the largest single utility cost.
  - **Gas (BG Gas): £710.40,** source and purpose unclear, warranting review.
  - **Water: £695.92,** steady and expected.
  - **Gas Supply: £888.00,** overpayment of £400.27 at year-end further increased to £1,022.53 by October 2024. This suggests inaccurate billing or monitoring issues, requiring resolution.
- **Repairs and Maintenance (£4,009.80):** Indicative of active facility use.
- **Insurance (£1,300.01):** A necessary safeguard for charity operations.
- **Training (£840):** Demonstrates ongoing investment in staff development.

**2. Net Operating Income: £5,312.54, reflecting a healthy surplus to support future activities.**

---

## Comparison of Assets and Liabilities:

### Assets:

1. **Net Assets: £24,097.77**, a £5,312.54 increase from the previous year (£18,785.23).
2. **Cash Reserves: £24,097.77**, indicating strong liquidity and the ability to meet short-term obligations.

### Liabilities:

- The charity does not report any liabilities, reflecting a stable financial foundation with no debt obligations.

---

## Fund Analysis:

1. **Restricted Funds (£7,570):** Allocated for specific purposes, ensuring compliance with donor restrictions.
2. **Youth Club Account (£8,497.77):** Well-funded and a cornerstone of the charity's community efforts.
3. **Unrestricted Funds (£8,030):** Provides operational flexibility for the charity.

---

## Key Observations:

1. **Utility Overpayment:** The overpayment of £400.27 on the gas account, which grew to £1,022.53 by October 2024, requires investigation. Clarify the purpose of BG Gas charges (£710.40) to ensure accuracy and appropriateness.
2. **Income Reliance on Grants:** Grants constitute 67% of total income, highlighting the need to diversify revenue streams for long-term sustainability.
3. **Equipment Investment:** Significant spending on equipment (£15,094.29) suggests growth in capacity but should be regularly reviewed to ensure alignment with strategic goals.

---

## Recommendations:

1. **Utility Cost Review:**
  - Investigate the overpayment on the gas account and address billing inaccuracies promptly.
  - Determine the purpose of BG Gas charges and ensure they are valid and necessary.

Consider an energy audit to identify opportunities for reducing costs.

**2. Diversify Income Streams:**

- Promote hall and room hire to maximise steady revenue.
- Explore additional funding opportunities, such as corporate sponsorships or community fundraising.

**3. Establish a Reserve Fund:**

- Allocate part of the surplus to a designated reserve fund to safeguard against unforeseen costs or income shortfalls.

**4. Monitor Equipment Investment:**

- Track the impact of equipment spending to ensure it supports operational efficiency and community outcomes.

**5. Engage Funders with Impact Reports:**

- Demonstrate how grants and donations are driving positive community change to strengthen future funding applications.

---

**Conclusion:**

Victoria Community Association remains in a robust financial position with a surplus and no liabilities. Addressing utility overpayments and diversifying income sources will ensure continued sustainability while supporting impactful community initiatives.