

Guarantor Members' Written
Questions submitted to
11TH Annual General Meeting
Millbrooke House
Tuesday 26th February 2019
10.30am

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Q Mel Barnes – Question relating to Cash at Bank

Q Our Cash at Bank balances have made an alarming reduction as the figures below show.

<i>2103/2014</i>	<i>£519,000</i>
<i>2014/15</i>	<i>£478,000</i>
<i>2015/2016</i>	<i>£460,000</i>
<i>2016/2017</i>	<i>£282,000</i>
<i>2017/2018</i>	<i>£215,000</i>

All figures rounded to nearest 000.

I realise that some of this cash in recent years has been invested but I also believe the old adage 'Cash is King'. In truth in any balance sheet the only absolutely reliable figure is 'Cash at Bank' all others are best assessments as to value.

At current levels of operating I see no prospect of halting the decline and I would therefore like to hear the Trustees views on this.

A Historically, during the time when the Charity was contracted by the Local Authority to deliver the statutory service provision for visually impaired Islanders, there was a specific contractual requirement that the Charity operated with at least three years of

cash reserves. Since the Local Authority decided to contract out services for both visually impaired and hearing impaired Islanders under a single contract to deliver dual Sensory Support Services, the Charity has not been involved in delivering statutory service provision. Thus a review of policy regarding Cash at Bank and Reserves held was both possible and, indeed, necessary.

In a period when bank interest rates were, and remain, relatively low, to make more effective use of cash reserves the Trustees decided to invest in a medium-low risk investment portfolio, managed by Charles Stanley on our behalf. The value of investments and income generated from them are also fully reported in our accounts and a formal review of investments is undertaken each year. It is recognised that there has been recent turbulence in the stock market, heavily influenced by President Trump's policies in America having widespread international impact, poorer economic performance in various European countries and, to a certain extent uncertainties resulting from current Brexit negotiations. Following the review undertaken in February 2019 between the Trustees and involving our Charles Stanley investment manager, the Trustees confirmed the portfolio we hold is balanced to achieve some income on investment and long term growth. The Trustees have instructed Charles Stanley to sell some of the investments currently held in shares over the coming year to release 50% of the funding required to invest in the charity's 2020 Vision project to commission a bespoke outreach vehicle.

As previously identified and commented upon, what the Trustees recognise is that we are now almost entirely dependent upon voluntary donations and, in recent years, most significant amongst these is legacy income. Because of the varying value and unpredictable nature of such gifts, the amount received in legacies

during any particular year will, clearly, impact on the cash reserves or investments held by the Charity.

Trustees revised their legacy policy in 2018 to identify that a greater percentage of any legacy income received would be devoted to delivering VI Member services. During the past year a new legacy giving leaflet has been produced and legacy giving has been and will continue to be more actively promoted.

When looking back at historic accounts when taking the 'cash at bank' and 'investments' figures together, plus the annual income earned from investments, the Trustees do not consider there to be an 'alarming reduction' in reserves. However, what the Trustees certainly recognise and are actively working towards is the need to broaden and strengthen our income generation to remain sustainable. Fundraising through grant applications will increasingly form a strand of income generation and it has to be recognised that the vast majority of grant funders will not even consider applications from Charity's who hold reserves of even 1 year's working capital or more, hence as fully explained on page 25 of the Trustees Annual Report and Accounts, the Charity currently commits to holding nine months of working capital.

Ends.

