Revenue for the year ended 31st March 2014 was £977,754, a fall of £300,995 from £1,278,749 in the year 2012/13. The main factors giving rise to this fall were lower Conference revenue, less revenue from seminars, lower publications revenue (due a lot to more ITSMF chapters switching to buy direct from publishers), and the ending of an administrative services contract ITSMF UK held with ITSMF International.

Pleasingly, in the year membership revenue held up well (£258,294 vs £262,591), whilst strong success was enjoyed with the growth and popularity of the Forum’s programme of masterclasses (a rise in revenue from £26,950 to £74,195).

Overheads - including salaries, rent, marketing, printing and postage and other office expenses – fell to £767,680 (from £836,448). The cost of salaries/contracted staff fell significantly (23%) to £299,682 from £389,156 in 2012/13.

There was an overall operating loss of £255,345, made up of two elements:

i) a charge for depreciation of fixed assets of £110,674 that included a brought-forward and exceptional write-off of an investment in a new website system and

ii) a trading deficit of £144,671.

For comparison, the overall result in the previous year was an operating loss of £71,868.

At the end of the year cash assets stood at £348,041 (£484,282 the previous year) and overall net assets equalled £249,478 (£504,642 the previous year). The value of outstanding debtors fell to £126,746 from £215,928. Due to the increased write-down, the value of tangible (fixed) assets fell in year from £115,393 to £11,676.

Overall, a disappointing year financially, notwithstanding reasonably stable membership and a useful reduction in overheads. Even allowing for the exceptional depreciation charge, the Forum unfortunately still made a significant loss. Fortunately, the organisation had a reasonably strong balance sheet to bear this loss, but further losses of this scale are not sustainable.

Reassuringly, in the current year – 2014/15 – following the preparation of a prudent budget and enhanced financial and operational management - the Forum at the year mid-point (end Sept 2014) was trading profitably and on budget. For the year as a whole, the Board is confidently aiming to significantly scale back its historic losses and achieve only a small operating loss for the year with just a modest call upon the Forum’s reserves probably for a temporary few months late 2014 to balance monthly cashflows. Unfortunately, until the organisation comes to the end of its current office lease (mid-2015) and develops a wider range of income sources, it will be difficult to see any substantial surpluses.

However, with a new CEO and a freshly constituted Management Board expected at the 2014 AGM, the Forum’s Board are confident that the organisation has turned a corner and is putting itself in a stronger position to face the future with confidence.

Mike P. Owen
Chief Executive
October 2014