Treasurer's Speech

Turning to the consolidated NRA/NSC Group financial statements and the Income and Expenditure Account to start with, in the year to December 2022 total consolidated income rose 18% year on year to £8.8million producing a consolidated net surplus, including a £69,000 loss on restricted fund investments, of £160,000. This compares with a surplus of £846,000 in 2021.

The single largest driver for this significant year-on-year change in surplus was the increase in staff costs by about a quarter to £3.1M. This was the result of a combination of the comparative effect of furlough grants received during 2021 on the one hand, and wage increases and fewer unfilled vacancies during 2022 on the other. Although overall staff expenditure compares reasonably to pre-Covid on a like-for-like basis, it did highlight the sensitivity of the overall performance to inflationary factors.

Another post-Covid effect was the ability to catch up on some of the discretionary maintenance that had been previously delayed. The Group spent over £500,000 during 2022 on maintenance of the estate and ranges, which was about the same as the spend in the previous two years.

As mentioned before, the Group's revenue has historically had three main sources: range fees, membership subscriptions and estate income. However, the importance of the BSG business, which we acquired in August 2020*,* cannot be overstated - its divisional profit in 2022 exceeded that of the consolidated Group for the whole year. It is clear that BSG makes a very significant financial contribution to the Charity's ability to pursue its objectives such as holding marksmanship competitions and training.

Moving to the Group Balance Sheet, the group's net assets increased to £9.1million although the Charity's free reserves which considers our liquidity remain negative, as a significant proportion of the Group's assets are in the form of Fixed Assets such as Land and Buildings.

However, a market valuation of £10million for the estate, which we obtained in 2020, continues to enable us to access a £1million overdraft facility. This facility is an important part of the Charity's reserves policy in the absence of an unrestricted sinking fund.

Thankfully, the overdraft has not been used since April 2021 and the 2022 year-end unrestricted cash balance, which is historically the peak point in the year, was a healthy £539,000.

However, it is worth bearing in mind that the year-end net current liability position also links into this cash position. The NRA receives its 2023 subscriptions during the last month of the year, which flatters the cash balance as this is primarily 2023 revenue.

This brings us on neatly to Cash Flow. Unfortunately, the improvement in the liquidity of the Group which we saw in 2021 faltered in 2022 with increased cash demands. The cause of this was multi-faceted: lower net cashflow generation from the higher operating costs I mentioned earlier; higher working capital requirements, particularly in ammunition stock given the question mark over possible supply issues; and pivotally, Capital Expenditure:
Capex soared during 2022 to almost £1million, with about half spent on range and estate improvements and the rest on freehold and leasehold additions including the purchase of Site 103.

This was registered in one of the Trustees' monthly Key Performance Indicators, which the Chairman mentioned - the Acid Test Ratio – which measures the proportion of cash and readily monetisable assets to the level of current liabilities.

The Trustees have set a floor threshold at 1x cover, but this was in breach for 5 months of 2022.

Our expectation, however, is for the unrestricted net cash position to remain positive throughout 2023 and our base case forecasts provided to our Auditors, haysmacintyre, during the external audit are that we will also end 2023 with a net positive cash balance and will have made headway in curing the acid test ratio breach.

As a result, the primary financial aim for the Trustees in 2023 remains for us to restore fully our balance sheet resilience as described in our Reserves Policy, which sets out our target for unrestricted net cash of at least £250,000 and an Acid Test Ratio of at least 1x cover at all times.

Whilst I would hope that we can achieve this by the end of this financial year, the economic conditions in 2023 are not without their own challenges and we are certainly not immune from the effects of inflationary pressures on our cost base, in particular rising wages and increases in energy costs.

Nevertheless, our projections for the current year are that the Group will generate a modest surplus before changes in investments of around £100,000, which would represent about a 1% net margin on the Group's turnover.

This will allow for expenditure of around £750k on capital assets and maintenance and the continued support of the Group's charitable objectives.

Clearly, the thin margins we operate with mean we remain sensitive to any adverse events and economic headwinds that can affect our operations, but with the support of Andrew and his Finance team I feel we are in a very good place to navigate them.