

## Wikimedia UK AGM 8 June 2013 - Treasurer's Report

This year's AGM marks a turning point in the company's progress as the Board comes to terms with the regulatory demands of charitable status. The financial year to 31 January 2013 was the company's first full year as a charity since successfully registering with the Charity Commission in November 2011. Our 2012-13 Annual Report & audited Accounts will therefore be posted on the Charity Commission website, in addition to being filed at Companies House, once they have been formally approved and signed off by the Board, with the auditors having signed off on their audit report for that year, which is now under the Charities Act 2011.

Mindful of this, we have been taking extra care to ensure that our statutory Accounts under the Companies Act and our Annual Report under both Acts comply fully with the Charities SORP 2005 – ie, the Statement of Recommended Practice on accounting and reporting by charities. At the same time, we have been reviewing our compliance with company law in that regard, and so you will note that we are not asking today's meeting to "approve" those documents as was always done before the incorporation of our company. Instead, once the 2012-13 Annual Report & audited Accounts are approved by the Board, probably in mid-July, they will be filed with the authorities and at the same time circulated to all our members, as is required by company law, and well before the October deadline for that.

That is also what had to be done for the 2011-12 Report & Accounts, which were signed off only some weeks after the June 2012 AGM and then posted on the Wikimedia website as well as being filed at Companies House. However, normal practice for company AGMs includes the formality of "presenting" to the company membership the signed-off Annual Report & Accounts for the previous financial year, usually circulated beforehand for that purpose, and with a Q&A session at the AGM to afford members the opportunity to engage with the Board on any aspect of its administration for that year in the light of those documents. To be able to do this in future, we are proposing to arrange for next year's AGM to be in September, perhaps, instead of June, thus allowing more time for completion of the annual audit.

Meanwhile, as a preview from our draft 2012-13 Annual Report & Accounts as discussed yesterday with the auditors, I can tell you that our total income was just over £425k compared with nearly £700k for 2011-12, primarily voluntary income from our numerous supporters among the wiki community, and that out of over £850 in reserves of unspent income from previous years we made a grant of £510k to the Wikimedia Foundation last year for distribution to other Chapters out of its Grants Dissemination Fund. That was nearly double the grant we made to them in 2011-12. Other expenditure last year totalled £477k compared with £151k in 2011-12, thus a threefold increase. £150k of this was for salaries as the company took on more staff, and Jon will be able to confirm that this growth in staffing to cope with the increasing range of our charitable activities has continued in the current year, taking staff numbers up to 9 or 10, I think.

The direct costs of these projects, led by our volunteers, amounted to over £100k last year, being twice the amount spent in 2011-12. Similarly, the direct costs of our fundraising activities also doubled, from £24k to £48k last year. Among our other costs for last year were £30k for our London headquarters offices compared with just £3k in 2011-12, £16k for legal and professional fees, mainly to do with constitutional changes, compared with £21k in 2011-12 to do mainly with achieving charity registration, and £12k on audit and accountancy fees for our first full year as a registered charity, compared with £5k in 2011-12 when we were not subject to the rigorous regulatory regime with which we now have to comply.

That left us with corporate free reserves of just over £260k after setting aside as a designated fund the €40k (£35k) that we were committed to contributing towards the Europeana project under our existing agreement with our project-partners. As the real need during a time of such rapid expansion as we are now experiencing is to protect our standing costs, that is to say, the

costs we are committed to whether or not we might have to cut back on project activities in the event of an unexpected financial crisis, I calculate that this £260k represents just 6 months' worth of our present level of over half-a-million pounds annual expenditure on staff costs, premises and constitutional costs, whereas at 31 January 2012 on the same basis we had 36 months of such costs in hand as free reserves. So it is unsurprising that this year the grant-funding is the other way around, with a substantial contribution for the financing of our 20-13-14 budget coming from the Foundation – nearly one-third of a million pounds, in fact.

For the current financial year we have, as you know, an agreed budget of some three-quarters of a million pounds. This is mainly spread over a very wide range of public benefit charitable projects, including direct project costs of £70k for Europeana and other international projects, £84k for GLAM, nearly £50k for general outreach projects such as “train the trainers”, plus a recently agreed £25k grant towards Wiki Cymru’s “Welsh Pathways” project which is being funded mainly by the Welsh Government, also £35k for educational programmes and £40k for various project grants and travel grants.

The 5-year strategic plan we are now developing envisages further expansion that will take us into the ranks of the multi-million-pound UK charities with even more rigorous compliance requirements.

We have therefore been developing a project-based internal financial management reporting system for quarterly monitoring by the Board through the Audit & risk Committee that we established shortly after I joined the Board in February and with the first of these new-style management reports expected to come to the mid-July Board Meeting.

That will also facilitate our accounting for annual expenditure on the same project-by-project basis in our statutory accounts for 2013-14 onwards, as is required by the Charities SORP for all the larger charities, instead of using the expense-based presentation that smaller charities are allowed to opt for and which we have been using up to now.

As the driver for the current upgrading of the Board’s internal management systems and procedures, we have been working our way through the 50 or so recommendations that came out of last year’s independent review of our governance. This review was, as you know, at the instigation of the Foundation and was carried out by the Compass Partnership. Their Report in January 2013, just before I was co-opted onto the Board, has since formed the basis for the Board’s step-by-step implementation of the best-practice principles that we are now expected, as a high-profile charity within the world’s leading regulatory regime for charities, to adhere to.

The Audit & Risk Committee, on which as Hon. Treasurer I serve as one among three trustees, the others being Doug and Ashley, was one outcome from that implementation. The ARC held its first meeting at the end of April, timed to dovetail with the May Board Meeting, a pattern we will aim to follow for the future. Another outcome was the establishment of the Governance Committee, on which I serve along with Chris and Mike, to guide the Board through all these steps towards the height of best practice in charity governance that we must now be seen to follow. An early result from this was the Board’s approval of a Delegation Scheme to enable the CE to manage, and to be held accountable to us for, our charity’s rapidly expanding workload and staffing and to empower him to be able to deliver the public benefit achievements that our volunteers must look for in leading the many projects that are now running.

The development of our all-important volunteer-relationships for such projects is of paramount importance to us. It will therefore continue to feature as a top priority for future Board Meetings.

What more can I tell you in my capacity as Treasurer? That is for you to ask, if you will, and if allowed from the Chair – assuming there other aspects of our finances that anyone feels should have been aired for you here today. –

**Greyham Dawes**