

Treasurer's Report

In line with financial markets worldwide and the ongoing effects of global uncertainty caused in large part to the War in the Ukraine, the Society's financial position has almost completely reversed from that in 2021.

As a result the Net Deficit this year is (\$4,852,780) compared to last year's Net Surplus of \$4,656,355. The overall Society's portfolio (managed via Essential Assets Ltd) has dropped from \$33.3m to 28.9m, a drop of 13%. This is largely paper only and the Directors feel that, when markets rebound, this deficit will largely disappear in future years.

What does this mean?

The CPS has money in investments that is managed by a professional investment firm. Because of what is happening around the world the value of the investments has dropped. This is quite normal for investments to go up and down over time.

A loan of \$2m was made some years ago by CP Society to Cerebral Investments Limited. The Directors have impaired this loan by \$350,000, in other words recognising that this part of the loan is NOT going to be repaid. This impairment is in relation to the loan made by Cerebral Investments Limited to CIL Aircon, which has been written-off in its entirety. This is because CIL Aircon is insolvent with liquidators appointed and the \$350,000 loaned to this entity will not be repaid. It is possible that, once the assets of Cerebral Investments Limited are finally realised, we may recover more or less of the loan made to that entity. The variable here is dependent on the sale value of the Stanmore Bay Property. The board again considered this impairment appropriate.

What does this mean?

A few years ago, the CP Society loaned CIL some money. CIL loaned that money to CIL Aircon. CIL Aircon was unable to pay their debts. The board have accepted that \$350,000 is not going to be repaid.

CIL has a property at Stanmore Bay which the Board have approved to sell when the market is right. Hopefully this means we may get back some of the \$350,000 not repaid via the difference in what the property was purchased for and what it will sell for.

The Society is still in a healthy financial position and the Board is confident that it can continue pursue the strategic objectives laid out in the new Strategic Plan.

What does this mean?

The CP Society has funds to continue with strategic plans for the future!

The Board looks forward to heading into the next year in a still very reasonable financial position.

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Peter Wynne-Jones
Independent Director and Treasurer
May 2022 to date