



The British Chamber of Commerce for Italy

THE BRITISH CHAMBER OF COMMERCE FOR ITALY (INCORPORATED)

REPORT OF THE COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2019

Members of the Council are regarded as Directors for the purposes of the Companies Act.

The Councillors have the pleasure of submitting the Report and Accounts of The British Chamber of Commerce for Italy (the '**Chamber**') for the year ended 31 December 2019.

Principal activities

The Chamber is a private, non-profit organisation whose mission is to assist and encourage the development of trade and investment between the United Kingdom and Italy and to support and promote the interests of its members' commercial activities.

We work closely with the British Embassy in Rome, the British Consulate in Milan and the Department for International Trade.

Founded in Genoa in 1904, the Chamber's head office is based in Milan and regional branches are operative throughout Italy.

At year end, the Chamber had a total of 254 members, of which 28 ELCS, (2018 - 241), representing a wide range of Italian and British companies as well as individuals.

In 2019, the Chamber partnered with supporting companies for various Brexit conferences and roundtable events, recommenced its Diversity & Inclusion series and continued the series of events by its Next Generation group and by its Tax and Legal Chapter.

We held successful new events including executive networking business breakfasts, a significant conference focused on Artificial Intelligence and another on Fintech, two high-end Inclusive Finance evenings, as well as several successful themed seminars and aperitivi events. The Chamber also continued with its program of business lunches and golf days.

We organised two very successful gala events in May and at Christmas. At the May gala event, we held the second of our annual British Chamber Business Excellence Awards showcasing outstanding companies who are leading the way in business in Italy. At this event we awarded five outstanding companies, recognised by their peers as leaders in the categories of:

- Diversity;
- Internationalisation;



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- Digital Transformation;
- Corporate Social Responsibility, and
- Education and talent Management (for staff).

We are grateful that four Members have committed to sponsoring this annual event for a three-year period from 2018 through until 2020.

Internally, we identified key special project teams on topics important to the Chamber's future and ongoing performance, including on: Brexit, Sustainability, Inclusive Finance, Diversity, Human Capital, Fashion and Luxury and Tax Reform.

Our activities in early 2020 have been significantly curtailed as a result of the COVID-19 emergency. Nevertheless, the Chamber remains open for business and, although live events have been postponed until after social distancing restrictions have been lifted, we continue with on-line events and to provide support to our members in these difficult times.

Councillors

At the 2019 AGM, following election at Council in March, Tom Noad succeeded Daniel Shillito as the Chamber's president. The Chamber thanks Daniel for his tireless work in his two years as president in driving the Chamber's mission forward. Amongst other innovations, Daniel introduced the annual Business Excellence Awards. As immediate past president, Daniel continues in office as vice president.

At the same AGM, John Law and Victoria Rowlands took office as elected vice presidents.

The following further changes were made to the membership of the Council during 2019:

- Michele Cicchetti, Nicol Ogston, Catriona Graham and Bepi Pezzulli joined the Council; and
- Romina Gaudiosi and Tim Flear resigned from the Council.

In October 2019, Tim Flear came to the end of his posting as HM Consul General and Director of Trade and Investment, Italy and was succeeded in those roles by Catriona Graham. HM Consul General is *ex officio* non-voting vice-president and councillor of the Chamber. Tim gave five years of valuable support, insight and advice to the Council for which we thank him. We look forward to working with Catriona throughout her posting.

In September 2019, Bepi Pezzuli was appointed to the Council as representative of new sponsoring sustaining member, Tonucci & Partners.

In November 2019, Michele Cicchetti replaced Romina Gaudiosi as representative of sponsoring sustaining member, DWF.

In 2020, both Lesley Jackson and Donatella Cungi completed the maximum permitted 10-year period on Council and have stepped down prior to, or with effect from, the upcoming AGM. In addition, Nicol Ogston has decided to leave Italy for new challenges and will step down from



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Council with effect from the AGM. We would like to thank all the retiring councillors for their contributions and, in particular, Donatella and Lesley for a full decade of their hard work, support and insight.

We would like to thank all existing Councillors who continued to support the Chamber throughout 2019 and we welcome the contribution of our new councillors and their willingness to help guide the future of the Chamber.

Staff

Our thanks as ever go to Aaron Pugliesi, the Chamber's Secretary General and the Chamber's staff, Maria Rosa Allegra, Maria Luisa Fantoni and Simona Cordovani along with all our interns. However, such thanks are ever more deserved for the way they have reacted to the COVID-19 emergency by continuing to work from home organising on-line events and assisting our members.

Financial review

The net result of activities for 2019 is a deficit for the year of €10,660. This is less than the deficit for 2018 of €23,768 and less than the deficit budgeted for 2019 of €14,390. This has resulted in a decrease in the accumulated fund from €35,137 at the end of 2018 to €24,477 at the end of 2019.

The main factors contributing to the reduced deficit for 2019 are:

1. Membership subscriptions stabilised during the year showing a small increase on 2018 as compared to the decrease of €18,454 we experienced between 2017 and 2018.
2. Net revenues on Events (revenues less cost of services related to events) were also stable at €49,223 as compared with €48,746 in the prior year.
3. Net revenues from ELCS was also stable at €2,063 compared with €1,578 in the prior year.
4. We were able to reduce expenditure successfully in a number of areas such as travel, office costs, IT and legal services.
5. In March 2019 we moved to new premises in Via Sforza which will enable us to save on rental and utilities in future years. The saving for 2019 was largely offset by one-off costs associated with the move, in particular transport for €5,243. The investment on new furniture was very limited as a result of a generous donation of surplus furniture from Barclays.
6. Staff costs were marginally lower as a result of a salary reimbursement by INAIL for one employee for the period of sick leave following a minor accident while travelling home from work.
7. Bad debt expense increased in 2019 by €2,780 as compared to a decrease in of €3,800 in 2018.
8. As more fully described in the notes to the accounts, in 2019 we adopted a new accounting standard (IFRS 16 – Leases). This new standard requires our office rental agreement to be



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treated as a "right-of-use" asset, by recognising in non-current assets the present value of the future rental payments due over the six-year life of the agreement and recognising a similar amount as a lease liability. Subsequent lease payments are allocated between interest expense and a reduction in lease liability while the "right-of-use" asset is depreciated over the life of the contract. In the statement of income and expenditure, this change in accounting has resulted in a decrease in rental expense and an increase depreciation and interest expense. The net impact of this change on the statement of income and expenditure, as compared to the old accounting treatment, is to increase the deficit for the year by approximately €2,500.

Our liquidity remains good at €189,988 as compared to €186,855 in the prior year and benefits from deferred income of €96,533 (payments of 2020 membership fees in 2019 and deferred sponsorship revenues relating primarily to the Gala Awards ceremony of 2020).

As discussed in Notes 2 and 20 of the Accounts and as required by IAS1 *Presentation of Financial Statements*, our accounts are prepared on the going concern basis. Under the going concern basis of accounting, the financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future unless management either intends to liquidate the entity or has no alternative but to cease operations.

As noted above, the Chamber incurred a net loss of €10,660 for 2019, compared to a loss of €23,768 for 2018, and had an accumulated fund at the end of the year amounting to €24,477. The reduced loss for 2019 as compared to 2018 is the consequence of cost saving measures that were implemented in 2019 and which were expected to result in profits in 2020 of at least €10,000. However, the COVID-19 emergency has had a significant impact on our operations requiring us to defer important live events, close our offices for the duration of the emergency and experience a slowdown in collection of membership subscriptions. Under such conditions the question arises as to the extent that the Chamber can be profitable and solvent in 2020 and continue its operations in the foreseeable future.

During the COVID-19 emergency, the Chamber has taken every possible step to further contain costs and sustain revenues. We have required our staff to work remotely from home and, compatibly with our remaining activities, use up accrued vacation, we have requested a deferral of office rental and, generally, have reduced the operating costs of the office. On the revenue side, we have switched to organizing on-line events and this has generated a stream of previously untapped revenue with minimal costs which partially compensates the loss of revenues from live events. In addition, we have increased revenues from current membership subscriptions (at the end of May) by approximately €20,000 compared to last year. However, the Chamber is dependent primarily on our members paying their subscriptions and, like many companies in this period of emergency, we are experiencing a slowdown in collection with a balance of overdue member subscriptions at the end of May of about €70,000 as compared to €20,000 at the same time last year. While we are vigorously chasing those members that have still not paid, given the economic difficulties that many may be experiencing, some uncertainty exists as to the amounts that we will eventually collect.



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Nevertheless, as a result of our efforts at containing costs and increasing revenues, our cash in bank at the end of May is at €220,000, higher than our cash in bank at the same time last year of €200,000. In addition, membership subscriptions for approximately €40,000 will fall due in July. Given the balance of cash in bank at the end of May of €220,000, the fact that our operating costs are stable at approximately €25,000 per month, even if no further subscription revenues are collected for the rest of the year we have sufficient cash in hand to finance our operations through the end of the year. As a result, the directors of the Chamber believe that the going concern basis remains appropriate for these accounts.

Directors

The directors for the whole or part of the year were:

On behalf of the Council,

Tom Noad

Daniel Shillito

Donatella Cungi

Lesley Jackson (resigned in 2020)

John J. Law

Bepi Pezzulli

Sharon Reilly

Victoria Rowlands

Mariateresa Giussani

Francesco Fantini

Michele Cicchetti

Ignacio Izquierdo

Nicol Ogston

Roberto Franchini

Tom Noad

President

Roberto Franchini

Treasurer

Milan, 10 June 2020