

Treasurer's Report for the AGM on February 16th 2019

Financial statement for period 1st October 2017 to 30th September 2018

Summary

The club continues to see healthy growth in its membership numbers. On-water activity increased and the committee has been able to increase the fleet by buying additional boats.

Combined sales of food and drink have plateaued compared to the previous year. Bar sales are up and food sales are down. Some remedial action is required to address the downturn in food sales. This is against a background of a material increase in wages.

This was the first full financial year since the club was obliged by accounting rule changes to include the building on its balance sheet. As a consequence there is a notable amount of depreciation included for the first time which is contributing to a small financial paper loss for the year of £3,019. If this had not been the case, there would have been a profit of £14,231. There is no corporation tax to pay for 2017-18.

More detail

Tangible Fixed Assets - Land and Buildings

Members will recall from the last Treasurer's Report that the club was required by accounting law to include the building on its balance sheet. On 12th Jan 2018, Marchand Petit independently revalued the building at £1,150,000. Given a choice in accounting treatments, it was decided to include the property valuation effective from the start of year and take depreciation on a 2% straight line basis from the date of valuation. The depreciation amount of £17,250 recognises three quarters of a year of depreciation, and the building carrying value at the end of the year was £1,132,750.

As the cost of an independent commercial evaluation is quite high (£500+VAT), it is unlikely that the building will be revalued more frequently than every 3 to 4 years.

Tangible Fixed Assets - Plant and Machinery etc.

The club has invested in other assets throughout the year and this is seen as an increase of £34,606, consisting of:

Property improvements

Ladies shower refurb = £7180

3 Sash windows = £2400

Shower improvements = £4474

(Note: DHNA donated £5,000 towards the shower refurbishment).

Boats and canoes

Rigiflex CAP 400 = £7700

3 x Toppers = £1670

Ribeye safety boat Chloe = £6085

Box trailer = £1345

RS Vision = £2500

FeelFree Gemini sport canoe = £492

Furniture & Fixtures

PA system = £323

BBQ = £125

Kitchen grills = £312

Creditors - Amounts Falling due within 1 Year

Other Creditors has increased because of the timing of the payroll. It includes a full month of September wages which were paid after the year end on 2nd October.

| | 2017-18 | 2016-17 |
|------------------|---------------|---------------|
| Accruals | | |
| Subscriptions | 23,571 | 20,000 |
| Wages | 11,435 | - |
| General accruals | 5,212 | 3,677 |
| | 40,218 | 23,677 |
| Members cards | 22,336 | 21,852 |
| Members loans | 3,650 | 4,650 |
| Bushells deposit | 3,750 | 3,750 |
| | 69,954 | 53,929 |

CASC limits

The club is a Community Amateur Sports Club (CASC) for HMRC's purposes. As a CASC, one of the limits we have is not to exceed non-member revenue of £100,000. The basis of calculating non-member revenue has been reviewed with the accountants and for 2017-18 this stands at £90,407.

There is a risk that if we continue to grow non-member revenue, the CASC rules state we must either reduce the non-member activity below the limit or hive off the non-member activity, for example, to a fully tax paying subsidiary. The club needs to monitor its non-member revenue carefully.

Food and drink paid for by members' discount cards is definitionally member revenue and excluded from the calculation. Members should endeavour to make bar and food purchases via their discount cards wherever possible and also enjoy the discount price.

Within the limit of £100,000, there cannot be a rental income greater than £30,000 and for the financial year we received £23,450. It is unlikely that we would breach this limit in the near future.

Cash at bank and in hand

Cash at bank and in hand includes the clubs bank accounts (current, canoe and savings accounts) and the petty cash and bar float. This looks very healthy at £98,130, however, this does include the money on members' cards. This isn't the clubs money but is a liability. At the year end, money on members' cards stood at £22,336 hence our true cash at bank and in hand is £75,794.

Loan

The club has a historic loan secured against the building.

Opening balance = £16,636
Repayments made = £4,112
Interest paid = £1,025
Closing balance = £13,892

The loan repayments were kept at the same rate of £343 per month throughout the period. Interest is incurred quarterly on a reducing balance.

Income from bar and food

Year on year, the total income from bar and food sales was flat (£200,459 vs £200,244). However, bar sales increased by £9,565 (+7%) whilst food sales dropped £9,350 (-14.7%).

The drop in food sales is a reversal of the previous few years' trend for growth. The Committee is aware of the need to understand why this has happened. This downward movement of sales needs to be reversed if the level of staffing and service is to be maintained.

Wages and Salaries

The total Wages and salaries have increased by £13,208 (+15.1%). In the main this has been because of more hours spent:

| | 2017-18 | 2016-17 | Increase |
|--------------------------|---------|---------|--------------|
| Bookkeeping | 331 | 31 | 300 (+967%) |
| Bar staff - non-salaried | 3946 | 3467 | 479 (+13.8%) |
| Kitchen | 4293 | 3996 | 297 (+7.4%) |

Bookkeeping

In the absence of a permanent Treasurer over the last few years, the previous Treasurer acted as Bookkeeper. In October 2017, the club employed our current Bookkeeper on a part time basis. Extra hours have been incurred supporting the Commodore in the absence of a permanent Treasurer and several handovers to short term Treasurers. After 2 months of 2016-17, the previous Treasurer went self-employed so those subsequent hours do not show in Wages and Salaries. For the purposes of comparison and restating those invoices as hours, the equivalent estimate of bookkeeping hours would be: 2017-18 = 426.7 hours, 2016-17 = 170 hours (+151%).

Note: as Bookkeeping wages are now material, they have been moved in the accounts to administrative expenses (Accountancy and bookkeeping costs).

Bar

Some of the bar staff hours increase is proportional to the sales growth as we've used more staff at busier times. The committee also agreed to a contractual minimum level of hours throughout summer and winter to ensure we can retain staff, whilst freeing up the Steward for administrative duties.

Kitchen

The amount of shifts the Chef and hours his Assistant have done is broadly flat YoY. The hours increase is mainly due to additional Kitchen Porter hours.

Salary Rates

The committee has a policy of paying its staff 10% above minimum wage, with increases in line with minimum wage rises. Adopting this policy means rates for hourly staff over 25 years old increased 7.6% in the year. Note that the UK Government has already announced an increase of 4.85% in the minimum wage in April 2019.

Rent receivable

The increase in rent receivable reflects a full year of rent from Bushells for the upstairs restaurant, whereas the previous year included a rent rebate in lieu of property fit-out.

Subscription Income

The Committee did not increase membership subscription rates in the year, consequently all the growth in subscription income is down to new memberships.

Administrative expenses

Overall there has been good cost management of the administrative expenses. The number has only risen because of the increase in building depreciation and including Bookkeeping wages.

Looking ahead

Improved controls around staff hours have been introduced. In summer, we will not offer food on Mondays and Tuesdays. Members are invited to contact the Bar Officer with suggestions for improving food sales.

The committee has subsequently reviewed the bank loan and has agreed to increase the repayments from £343 to £600 per month, effective December 2018. This should shorten the term of the loan by 21 months to finish in November 2020 and save approximately £1000 in interest payments. Once paid off, the committee will consider whether to keep this level of payment into the club's deposit account to grow reserves.

In September 2018, the club's administrative PC failed and we lost our Sage accounting system but were lucky to have a backup of the data. We took the opportunity to switch to Xero (a cloud-based multi-user accounting system), and have restructured some of our accounts. We hope to improve transparency for members of costs and revenues for our waterborne and training activities going forward.

Tony Brighton
DYC Treasurer