

## Minutes of the Finance Committee, 23 July 2015

### Present:

Maurice Blount  
Craig Willets  
Jon Hine

### Apologies:

Paul Bradshaw  
Martin Lunn

### 1. Actions from previous meetings:

#### **CW to ask previous advisor to do another valuation of land and buildings**

Ongoing. CW to ask our insurance broker to recommend a valuation agent.

#### **JH to ask the Watermen if they would be willing to photograph and document all current trophies in a register**

Ongoing. MB to approach Steve Denley Hill for a valuation.

#### **MB and HP to review VAT and PAYE issues amongst other things**

Ongoing. MB to raise issue as he instructs accountant to prepare/confirm accounts for 2014/15 financial year.

#### **PB to ask Russell to comment on the quotes RE gym**

Done. The Brileys have been instructed to refurbish the upstairs gym per their quote.

#### **CW to ask House Committee for list of proposed spends, with costings**

Done. The spend list has been circulated together with the rowing spend list, to the GMC.

#### **MB to review income and expenditure for January and report to GMC for approval of budgets for Rowing and House Committees in February.**

Done. The budgets for the 2015/16 year are an item on the current agenda.

### 2. Size and purpose of reserve

Before the meeting it was pointed out that the reserve is not intended as a safety net, but rather to meet our obligations in the event that the club experiences severe financial difficulty. MB suggested that if the club were to 'go under', our assets could simply be sold off to cover things. CW agreed, mentioning that our insurance broker has made similar comments. It was agreed that the reserve should be enough to prevent the club from going under in the first place. MB unsure how to cost this up - what obligations might we have, if the club were faced with sudden difficulty? JH and CW suggested the following:

Redundancy pay for our bar staff/coaches: MB confirmed that this is minimal as our employees are now all engaged on a casual basis.

Paying off any remaining term of contracts that are paid in arrears, and any current debts: Current debts total 20K, of which 16.5K is British Gas, 2.5K is Molson Coors (bar stock) and the rest are mostly paid off by direct debit. This amount will decrease rapidly as British Gas are repaid.

Functions deposits: MB suggested all of these should be held in reserve in case refunds become necessary. JH and CW pointed out that we are insured against income lost due to our premises becoming inoperable and/or due to our losing our license.

It was concluded that, in the long term, only a relatively small amount was likely to be needed in the reserve. The 36K currently held based on a 2-month turnover policy, together with the 14K surplus from the gym, is probably too high in the long term. With that said, it was agreed that there are several current liabilities that should be quantified before any of the reserves are spent.

### 3. Current and anticipated liabilities

It was agreed by those present that, although the amount held back in reserve is too high in the long term, some funds should be held back for various large spends that will be needed soon. These are;

Landing stage replacement: This could cost as much as 50K. It was suggested that if money needs to be raised at short notice, we could probably raise funds through remortgaging (outstanding mortgage is around 45K)

**Action: MB to chase Laura Statts about potential landing stage cost**

British Gas debt: This is 16K, but the payment plan has already been budgeted for and will be paid off by Oct. 2016.

VAT bill: There is potentially an issue related to recovery of input tax relating to exempt supplies. HP and MB are continuing to seek advice from a tax advisor so that the existence, and size, of any error made is known. MB suggested it could be more than 10K.

**Action: MB to raise VAT issue with accountant when he meets to arrange accounts preparation**

Cancellation of rates relief: This occurred recently, as the Council have concluded that we are not not-for-profit on the grounds that a) we do not explicitly say so in our constitution and b) We charge above 300 for full membership. The cancellation of rates relief results in an additional 7.5K payable each year. Given the year ahead is already very tightly budgeted, MB proposed paying the 7.5K out of reserves if we do not successfully appeal the decision.

**Action: MB, JL and Martin Lunn to assess possibility of reinstatement of relief**

Several other spends were identified by Martin Lunn over email before the meeting. These were:

Launch replacement: CW suggested that replacing the engines, as opposed to the entire launch, will cost only 1.2-1.5K per engine, and that if a serviceable engine is bought then it should last for 10 years. Some money should be set aside for servicing each year (300 per engine).

Truck: This has low mileage each year and so should last for some time – it has already lasted at least 7 years without any problems. Eventually, the truck will need to be replaced at a cost of around 7-10K. Annual MOT/servicing costs are already budgeted for.

Trailer: The maintenance costs for the trailer were met entirely by members' trailer fees last year.

**Action: MB to check whether this year is representative.**

Function room: This needs to be maintained regularly. MB suggested this be included in the House Budget alongside their ongoing spends.

Bearing in mind the above, it was agreed by those present that it was not prudent to release any funds out of the reserves, until reliable estimates are obtained for the landing stage and VAT costs.

4. Spending plan

MB distributed a copy of a provisional spending plan for the year ahead (attached). Comments made by email before the meeting included:

- The rowing spends and coaching spends are 'placeholders', and are expected to be redistributed (within budgetary constraints) by the Rowing Committee.
- The House spends are those deemed 'essential'.
- It is anticipated that there will be a slight surplus above 21K, but we cannot rely on this. Instead, there is a wishlist, which will be worked down as and when this surplus materialises.
- The longer term spends such as landing stage and truck replacement should be included on the wishlist alongside the current spend priorities of the House and Rowing Committees

It was agreed that 4.2K was an appropriate amount to allocate to the House Committee for the spends they felt were

essential. MB hopes to strike a balance between spending the funds that are available while also holding money back for looming large spends such as the landing stage and VAT bill. MB suggested that spending reserves now is unsustainable in the long term, especially if it inflates members' expectations, but also that cutting spending any further (in anticipation of the landing stage/VAT) will cause severe difficulty in the short term, and this might be unnecessary if the landing stage lasts for a couple more years and if the VAT liability is non-existent/small.

#### 5. Other business:

MB asked JH and CW about frequency of FC meetings. Quarterly was agreed in the first instance, but only if there's something that specifically needs discussion.

MB reported an offer from our accountant for indemnity (from professional fees incurred by the accountant) in the event of a VAT investigation, but pointed out that this offer was probably made without knowledge of our current VAT situation. It was agreed that for the price (144 for the year), it was worth taking out whether the current VAT issue is covered by it or not.