

Treasurer's Report

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During the course of this year's accounts preparation, some errors were found in the 13/14 Accounts regarding attribution of expenses to the correct financial year. These errors have been corrected in the restated comparative figures in this year's accounts (see note 8 therein), and are used in the remainder of the report.

Financial summary

The income and expenditure report shows a total income of £190,132, which comprises a number of income streams that may be categorised as 'rowing' (such as membership fees), 'commercial' (such as bar sales and function room hire) or 'general' (expenses that are difficult to apportion, such as bank interest). The commercial income streams have associated with them a cost of sales (bar purchases and function supplies). By subtracting these costs, the gross profit from each stream can be calculated and the results are shown in the chart below. The corresponding figures from the previous two financial years are included for comparison.

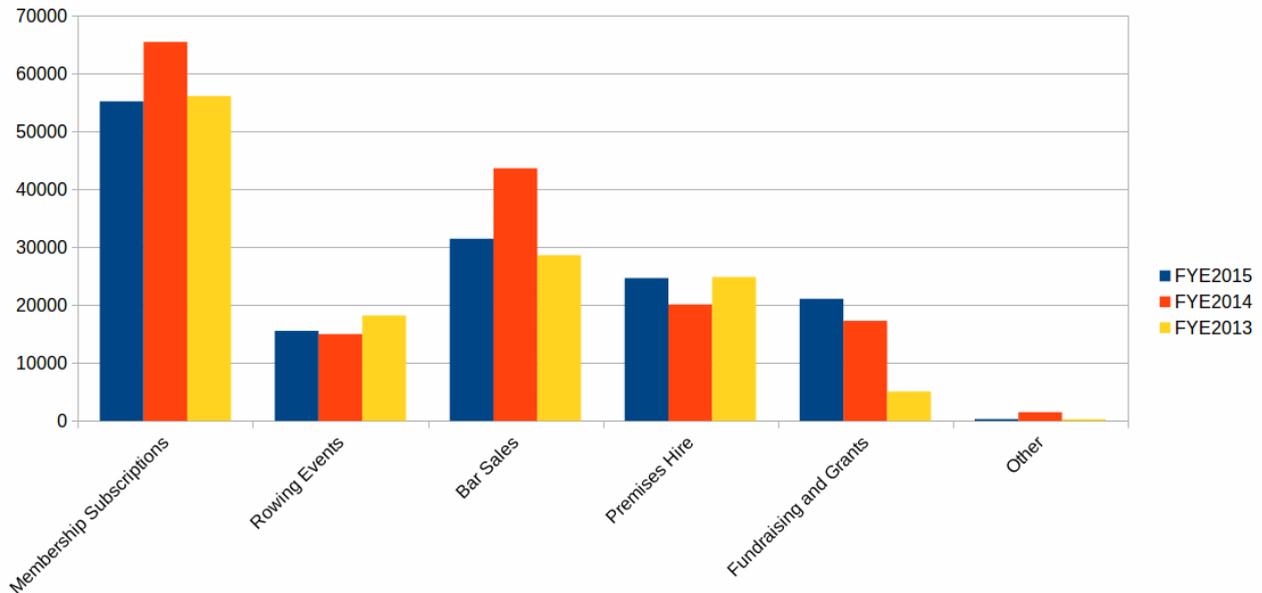


Figure 1: Gross profit categorised by income stream.

It seems that 2013/14 was a better year than might normally be expected, as shown by the comparatively high membership subs and bar takings. I used the data from the 2013/14 year to budget for 2014/15, and it is now clear that this was over-optimistic. As I explain further below, we have had to make a few sacrifices since the last AGM. Fundraising income is high this year because the Cardiff Met donation of £10,000 (after tax) towards the gym has been attributed to this year.

The total expenses attributable to the year, together with the corresponding figures for the previous financial year, are shown in the chart below. (All categories less than £10,000 have been grouped under 'Other'; a detailed breakdown of this year's figures is given in the accompanying accounts.)

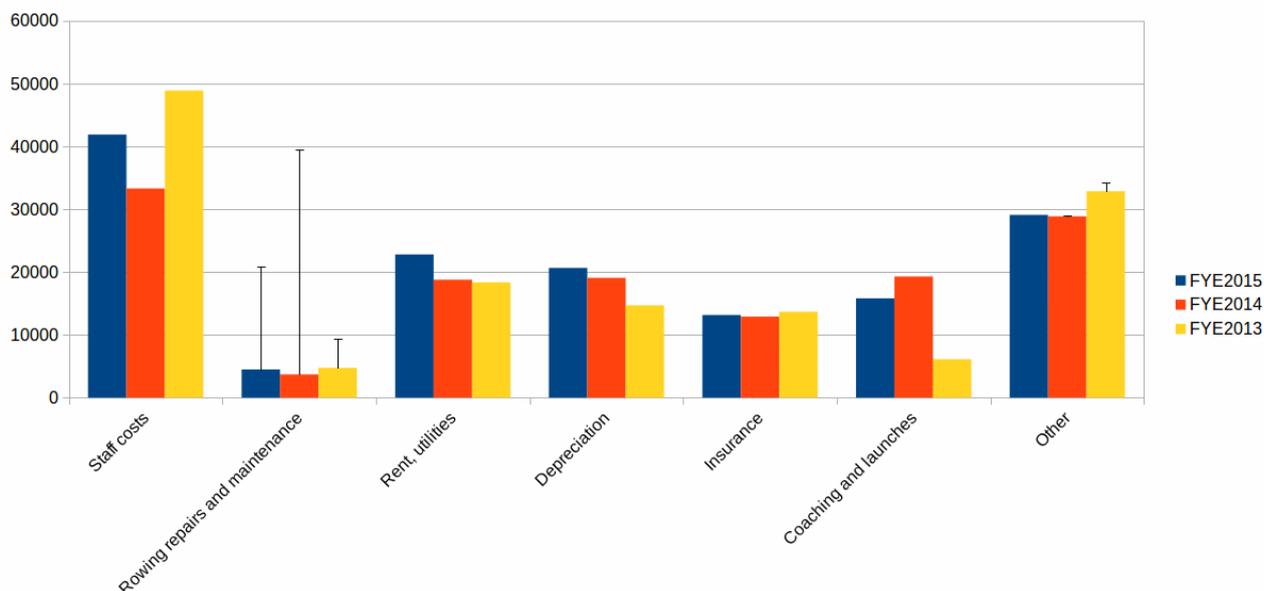


Figure 2: Categorisation of expenses. Error bars, where added, represent purchased assets (e.g. boats).

Staff costs have increased this year compared to 2013/14, due to our taking on a full-time bar manager for part of this year, and due to Chris assisting with bar management at a disproportionately low cost in 2013/14. Coaching expenses are down slightly on last year, as it has proven difficult to find the paid coaching that is in demand at the club.

The table below attributes our income and expenditure to 'rowing', 'commercial' and 'general' categories. Our overhead costs (mortgage interest, utility bills etc) are met by profits from the rowing and commercial sides in equal measure.

	Commercial	General	Rowing (excl.purchased assets)	Total
Income	£77,267	£304	£70,795	£148,366
Expenditure	£41,899	£72,157	£33,900	£147,956
Total	£35,368	-£71,853	£36,895	£410

Table 1: Grouping of income and expenditure by category.

Last year

Various changes and activities were planned this time last year and were highlighted in last year's report. Here I describe progress made on each of these:

- **Bar manager:**

We appointed a Bar Manager, Jim Meah, in November. His experience proved a real asset to the club, and he alerted the House Committee to a number of issues with the commercial side. An improved stock control system was introduced, and the bar stock orders have been greatly reduced as a result. The cellar and kitchen areas were cleaned out and necessary refurbishment work done. Our utility bills have been renegotiated and are now much lower. Unfortunately Jim resigned at the end of April. I would like to thank him for his work while he was with us and wish him well in his future endeavours. Since Jim resigned, Chris Hughes and Ian Peter have been working very hard to continue the ongoing operation of the commercial side. We are continuing to take a good number of function bookings, and conversations are ongoing about how to ensure the bar turns a profit. More broadly, the management structure is a topic of ongoing discussion. Proposals include a full-time bar manager, or two part-time staff, one employed in an overseeing 'Club Manager' role and the other employed to cover day-to-day management as a 'Bar Steward'. Management of the bar is currently covered by Ian and Chris on an 'as-needed' basis, with casual staff working the bar. This arrangement is flexible and cost-effective and I would like to thank Ian and Chris for all of their efforts this year.

- **Paid coaching:**

This time last year, a coaching structure was agreed by the GMC. Coaching was to be provided by three part-time coaches (Dan Grant, Sam Tibbenham and Robbie Massey). Two of these coaches moved away part-way through the year, and the third coach left in August. Since then it has proven difficult to attract candidates of suitable experience and calibre. We are in the process of appointing a full time coach to support the club; it is thought that a full time post should attract a high-calibre coach, from further afield if necessary. The hope is that this coach can train and support our volunteer coaches and multiply the benefit. This benefit does come at a high financial cost, and I discuss the long-term financial implications below.

- **Indoor racking at the bay:**

Part way through the year we realised that the commercial profits and membership subs weren't showing the increases that were hoped for, and so we were forced to cancel these plans.

- **Gym refurbishment:**

I would like to thank Dan Briley (in particular) for his assistance on this front – if not for his driving the refurbishment forwards, we would probably still be complaining monthly about the lack of progress on engaging a surveyor. Thanks to the generosity of him and Dai Briley, the gym has now been refurbished at a cost of significantly less than the £39K that was set aside. The surplus has gone towards supporting a paid coach for the year ahead (see below).

- **Funding the purchase of an eight:**

Because of the size of the men's senior squad, the Rowing Committee decided that a coxed four would be a more strategic purchase (and more realistic than an eight given the £10k budget), and one was bought in November.

- **Financial reserves:**

This is a contentious issue and requires a balance to be made between supporting our current rowers and ensuring that the Club is financially secure for the sake of its future rowers. I discuss this further below.

- **Revaluation of assets:**

This has been partially done. Our fleet of boats and related equipment was revalued during the past year, and the balance sheet has been updated. Our land and buildings will soon be revalued, and we have asked our insurance broker to recommend a surveyor.

Other queries:

Throughout the year I have been queried on a couple of our expenses, and given the relative frequency of these queries I would like to address them here.

- **Trailer fees**

In this year's accounts (and from now on), truck and trailer expenses (fuel, MOT, trailer repairs etc) are offset against trailer fee income (£7.50 per person per journey). There is a slight deficit of £232, but this includes £294 that has been written off owing to race entry fees that were not collected through the year (£174 has since been recovered). I recommend keeping trailer fees as they are, and will endeavour to make sure that the process of members paying for *all* races up front is properly enforced in future.

- **Learn To Row**

This activity seems to serve two purposes: to provide beginning rowers with coaching from qualified coaches, and to raise funds for the club. Our policy of paying (most of) our qualified coaches £10/hour for their services reduces the funds raised through Learn To Row, and in my opinion this policy needs review. I have been informed that it is difficult to find volunteers. I would recommend members stepping up – those of you who have coached Pub and Club crews in this or previous years will realise how fulfilling it can be to help bring new rowers up to speed.

Next year:

Next year is likely to be more difficult than usual financially and so careful planning is needed. Difficulties are as follows:

- **British Gas debt repayment**

The renegotiation of our electricity rates has unfortunately alerted British Gas to our large outstanding bill, and they have started debiting repayments at the rate of £1000/month over and above our current usage costs. This should clear our debt by Nov 2016.

- **Cardiff Council cancellation of rates relief**

Our discretionary relief from Council rates has been cancelled as of April 2015, which adds an additional expense of £7,500 per year. Their reasoning is that we do not make clear in our Constitution that we are 'not-for-profit'. After some discussion they have agreed to reinstate our rates relief, as of April 2015, if we make certain changes to our Constitution and cap our membership fees at £300. Reducing our full membership fees, from £308 to £300, is of obvious net benefit (we don't have many monthly members). I should point out that the Constitutional amendments needed represent a fundamental change to the operation of the Club, and deserve careful thought.

- **VAT**

We are seeking professional advice relating to our recovery of input VAT. Some money has been set aside to cover the possibility that we over-recovered VAT in the past.

- **Paid coaching**

This represents a large additional expense of up to £20,600 per year (including on-costs). For this year, funding has been provided using the surplus from the £39,000 budget set aside for the gym refurbishment. This is a 'one-off' spend and thus unsustainable in the long term. The GMC have agreed to fund the coach for a three month trial period, with the intention of having a rolling contract to follow on. During these three months we will need to assess the benefits to the Club of having a full-time coach in place, and ways of sustaining that arrangement if it is of enough benefit. Possible ways of sustaining the coach include having their workload allocated towards fundraising events (e.g. corporate team-building rowing events through the day), or through raising membership fees. Given the ongoing situation with our rates relief cancellation and the £300 cap on annual subscriptions, we would need to seek advice on alternative fee structures if we are to pursue a membership rise. In my opinion, it would also be prudent to perform a market analysis of surrounding rowing clubs.

Further ahead:

Rowing is a sport that involves expensive equipment. This requires large capital spends to be made to keep our fleet up to date, but it is essential to make sure that we can afford these spends before we make them. There are also several competing demands such as the landing stage, various upgrades to the function room area and provision of a full time coach. It is important that all proposals for spends are considered in the broader context of our ongoing operation, and to that end I am steering the GMC towards a regime of planning our expenditure. The Rowing and House Committees have provided a list of spends, which is long and will take a considerable amount of time (several years) to work through. Some amount of triage and compromise is needed in the meantime. Our cashflow is monitored against projections each month and spends will be prioritised as and when spare funds become available. With that said, I am trying to ringfence fundraising income (Pub and Club, Learn to Row and events organised by the Fundraising Committee) towards the bigger capital spends and I encourage you to support these activities.

We have in the recent past held lots of money in reserve. This was a precautionary measure taken in the absence of reliable information about our finances. A clearer picture is starting to emerge, and so some of the money previously held back has been released, most of which is going towards supporting the full time coach this year. We do, however, still need to hold a significant amount back. The difficulties highlighted above need to be covered, and the landing stage will soon need refurbishment. It is important also to ensure that the club continues to enjoy a healthy cashflow, and so money needs to be in place to cover our large regular expenses (the largest is our insurance renewal, which costs upwards of £13k and is payable in August). For these reasons it is crucial, as things stand, to keep a fairly large amount of cash in reserve.

Summary

To summarise as briefly as I can:

- A financial reporting system is in place and is being used to inform our ongoing decisions
- Both rowing and commercial sides are profitable to the extent that our overheads are covered, but not to the extent that we can spend freely and without due consideration
- Areas of focus for ongoing discussion are our commercial management, our coaching provision and our spending plans
- Finances are tight, and larger spends need support from members, both in organising and attending fundraising events. The Club has many working parts, and whatever your skill set, there is scope for you to get involved and help us keep our spending power high and our running costs low. This is your Club – over to you!