

Treasurer's Report

1 CLUB FUNDING

As reported in previous years, the club is reliant on the support of a number of its members in giving loans. During the year, £100k was repaid to members and £20k was repaid on LTA loans, but an additional £115k was raised from members. £50k of this was used to reduce creditors at 1 January 2014, mainly in respect of contractors for the work on reconfiguring the artificial grass tennis courts and the balance was necessary to fund the year's non recurring expenditure totalling £63k, the major part of which was resurfacing work on the upper tennis courts.

The total loans figure at 31 December 2014 was £740k, compared with £745k at the end of 2013. This is within our authorised borrowing limit of £800k and no increase or decrease in this limit is currently proposed.

The cost of replacing the tennis airhall (balloon) that was damaged by the storm on 28<sup>th</sup> October 2013, and the provision of a temporary patched fix of the old "skin" in February, March and April was fully covered by our insurers, and this element of the claim totalled £82k. Thanks to Mike Russum for his determined input and technical expertise in helping the gmc members to get both the temporary repair and, by all accounts, very satisfactory replacement balloon.

At the time of writing, the insurers have also paid the club £15k on account, for loss of "profits" and have offered a further £5k, which I have not accepted, since I believe the claim for loss of profits should be in the region of £40k. Our annual insurance premium has, however, increased from £7.8k in 2013 to £12.5k for 2014 and 2015. Thanks to our insurance brokers for ensuring that this increase is manageable and for pegging the premium for this year. The overall effect of the storm damage has been to reduce club funds in the short term (increased insurance premiums and delay and uncertainty in loss of profits settlement) and medium term, but it of longer-term benefit, because the balloon skin would have had to be replaced within a few years.

Concern has been expressed about the club's finances in the following respects:

- a) The continued level of debt.

Treasurer's Report

- b) Whether the club can continue to maintain its facilities to a level expected by members, or at least at a level that will not result in members failing to renew their membership.
- c) The use of short-term debt to fund long-term projects and the ageing of member loans.

In respect of a) above, the level of debt has not dropped since 2012 because of the reconfiguration and relaying of the artificial grass courts. This improvement in the facilities is of benefit not only because of the improved playing surface, but also because the layout is better and gives us a better chance of getting planning approval for lights. There do exist different viewpoints on the gmc, regarding the level of debt.

As regards b) above, the necessary expenditure on maintaining tennis court surfaces (the primary item in respect of large, irregular outlays) has averaged, over the last 14 years, about £35k per annum. A reduction of at least £50k per annum, on average, over the next three years is reasonably achievable, if the planned expenditure is limited to essential repair items and does not include further improvements.

Referring to para c), the proposed expenditure over the next three years is planned to be matched with loan funding that correlates to the life of the facilities for which the expenditure is made. Member loans due within one year have decreased from £455k at the end of 2013 to £240k at the end of 2014. There does of course remain the fallback position of raising a fixed bank loan.

## 2 THE CLUB'S ACCOUNTS

The Club's accounts show a surplus before depreciation for the year of £45k, (compared with £35k in 2013 and a break-even position in 2012). I would draw your attention to a few items.

The contribution by the junior tennis programme, is £44k (2013: £61k and 2012: £25k).

Treasurer's Report

The Club's energy costs were reported as remaining high in 2013. This was largely due to increased electricity consumption and the replacement of the electrical heating system in the new squash courts by gas-powered units has clearly reduced this figure. The cost for the year has decreased by £9k from £36k in 2013 to £27k in 2014 and this very much justifies the £22k expenditure in 2013.

Squash expenses remain higher than in years prior to 2013 as a result of the club forming a team in the Premier Squash League and the initial costs of setting up a junior squash coaching programme. The club did not receive the level of sponsorship that had been hoped for the PSL participation.

Maintenance and major non recurring works in 2014 totalled £178k, compared with £205k in 2013. A large part of this expenditure is essential and routine, but contained the VAT inclusive figure of £30k on repairing the upper tennis courts. We anticipate that £15k will be required in order to repair the root damage to tennis court four.

A cash flow statement for 2014 is included in the audited financial statements and a projected cash flow statement for 2015 will shortly be available on request.

#### 4 EXAMINATION OF THE CLUB'S ACCOUNTS

Collards Accountants were appointed at the last AGM to examine the 2014 accounts on a voluntary full audit basis, at a cost of £4,500 plus VAT. The audit report provides an opinion giving the highest reasonable level of assurance, and remains the gold standard.

#### 5 CONCLUSION

The club is committed to financial consolidation during 2015, following a number of years of expansion of the facilities. The capacity for us to ensure that essential Club renewals, maintenance and repairs are carried out remains good.

Bob Taylor 2 March 2015