

Coolhurst Lawn Tennis and Squash Rackets Club AGM 14 March 2016  
Treasurer's Report

**1 CLUB FUNDING**

This year has been one of consolidation and I am pleased to report a reduction in club indebtedness in excess of £130k.

I referred last year to concern expressed over the club's overall debt level. I believe, that one year on, this concern can be somewhat allayed, but it will be necessary in 2016 for expenditure to be limited to essential items and thus hopefully reduce debt below £1/2m.

**2 CLUB ACCOUNTS**

The following are appended to this report:

- a) Summary of the Income and Expenditure Account in a simplified condensed format.
- b) Junior Programme – Detailed Income and Expenditure Account. \*
- c) Cash flow statement for 2016.

A copy of the audited statutory accounts has been posted on the club website.

The club's internal management accounts have been prepared on lines devised by Nick Collin. Please contact him if you wish to receive a copy.

\* An amount of £9k was written off due to the fact it was outstanding for over 4 months. Any amounts received will be reflected in the 2016 accounts.

**3 PERSONAL**

There is an ongoing difference of opinion regarding the preparation of financial information for internal management purposes, in which I am currently in a minority on the GMC, a fact I accept but I strongly believe that the majority view lead by Nick Collin, is of little value, indeed misleading. For those who may wish to follow the argument I have attached an appendix to this report.

I believe that some who were initially convinced by his presentation are now having reservations.

As a result of this difference of opinion a number of GMC members have prevailed upon Victor Wilks to stand against me for the post of treasurer.

The 2012 accounts I prepared were presented to the 2013 AGM unapproved by the directors because the newly appointed auditor/independent examiner strongly influenced by his co-auditor Victor Wilks had expressed an opinion that they did not satisfy the requirements of the relevant accounting standards.

Following the AGM, external auditors Messrs Collards, who have extensive experience of clubs such as Coolhurst – they audit the Cumberland accounts, were appointed. They filed the un-amended 2012 accounts and have since audited subsequent years, with unqualified audit reports, on accounts prepared on the same basis as I prepared in 2012. In other words, the objections raised by the co-auditors were invalid, a fact accepted by the Independent examiner who subsequently confirmed as much to Fraser Searle who was then vice chairman of the GMC.

It would not surprise me that, if Victor Wilks is elected treasurer, he would seek to reopen this

matter. I accept he holds strong, albeit incorrect, views on accounts presentation.

In my role as Treasurer, I have always given priority to developing the effectiveness of the action under the water line, rather than the splashing that occurs on the surface.

If I am re-elected I can confirm that I shall serve the full term for the year.

If I am not re-elected, I shall depart the scene proud of the contribution I have made to managing the club finances during a difficult period following the major expenditure of the additional squash and other facilities. I am also confident that my stance regarding the financial modelling process being introduced will not make a material difference to the club's overall financial performance. Any improvement here will be dependent largely on the way we can gain new tennis & squash members & retain our existing membership.

One final point, if Victor Wilks is elected it will be the case that the chairman, vice chairman, secretary and treasurer will all be representatives of the tennis section. This would indicate a lack of balance regarding the principal office holders on the GMC.

Bob Taylor 9 March 2016

## Appendix

### Allocation of overheads

All businesses incur overheads and in order to determine as accurately as possible the profitability of the different activities seek to allocate their overheads to the varied sources of their income. They can then make decisions such as closing down unprofitable production centres, switching production lines, investing in research and development, increase or decrease marketing etc. etc.

Overhead allocation is therefore a necessary management tool for complex businesses.

Nick Collin has persuaded a number of his colleagues that Coolhurst has been lacking in this respect.

The view I have taken as treasurer following on from my predecessors is that Coolhurst is a relatively simple and straightforward operation in that it is in essence a club providing tennis and squash facilities. There are gym studio and treatment room sources of income but they are relatively minor.

We have never sought to go down the route of full overhead allocation since we would never find ourselves in the position of saying tennis is more profitable than squash or vice versa so let's convert some of our facilities from one to the other.

The management theory is not a practical application in our case.

After initial consideration Nick Collin has rejected the full overhead allocation approach and adopted a partial one of highlighting readily ascertainable expenses and allocating them to a source of income. Thus under his system the 2015 adult tennis contribution is said to be £247k being Income £257 less expenses £10k. My objection to what he proposes is that these so-called contributions are meaningless, in fact misleading.

In other words, either take the plunge and come up with realistic contributions after full overhead allocation, or continue the approach that since our options of switching between our two principal sources of income are non-existent, we continue to manage our affairs focusing on gross income and cash management. A 2015 surplus of £107k is a healthy result.

## Coolhurst Lawn Tennis and Squash Rackets Club

### Income & Expenditure for the 12 months to 31 December 2015

	Notes	12 months to 31 Dec 15		12 months to 31 Dec 14	
		£ 000.0	£ 000.0	£ 000.0	£ 000.0
<b>INCOME</b>					
<b>Tennis</b>					
Subscriptions		207.9		207.5	
Court Fees		44.5		42.6	
Junior Program		69.4		43.7	
Total Tennis			321.8		293.8
<b>Squash</b>					
Subscriptions		86.8		79.0	
Court Fees		45.8		42.7	
Total Squash			132.6		121.7
<b>Bar</b>					
Income	3.0	150.1		3.3	167.5
Direct costs		81.9		97.9	
Gross margin	45%	68.2		42%	69.6
Wages	54%	80.8		76.2	
Net Bar			(12.6)		(6.6)
<b>Other</b>					
Gym - net income		21.9		22.2	
Studio & Treatment Rooms		20.6		18.7	
Miscellaneous income	(a)	12.3		3.0	
			54.8		43.9
Total Income			496.6		452.8
<b>EXPENDITURE</b>					
Management and administration		110.3		113.0	
Repairs and maintenance	(b)	101.3		114.8	
Water Rates and Council Tax		7.3		6.0	
Insurance		12.5		12.5	
Gas and Electricity		38.8		27.5	
Telecoms		3.6		4.7	
Tennis	(c)	5.7		2.6	
Squash	(d)	5.4		14.3	
Booking system		8.1		7.4	
Bank charges and interest		28.5		27.1	
Professional Fees		5.6		7.4	
Other		4.1		8.2	
Depreciation		13.9		13.9	
Total Expenditure			345.1		359.4
Surplus before non recurring			151.5		93.4
Less: non recurring/discretionary	(e)		(44.9)		(62.9)
Net surplus			106.6		30.5

## Coolhurst Lawn Tennis and Squash Rackets Club

### Notes on Income and Expenditure for the 12 months to 31 December 2015

	£ 000.0
<u>(a) Miscellaneous Income</u>	
Access fees	5.0
Visitor fees	1.4
Insurance Claim received for balloon	4.5
Other	1.4
Total Miscellaneous Income	<u>12.3</u>
<u>(b) Repairs &amp; Maintenance</u>	
Groundsman - materials purchased	19.1
Other contractors	7.2
Cleaning - Wages	31.2
- Materials	4.9
TV channels subscriptions	6.0
Water coolers	3.8
Refuse/waste disposal	4.4
Electrical and IT	5.8
General Repairs - numerous small items	18.9
Total Repairs & Maintenance	<u>101.3</u>
<u>(c) Expenditure - Tennis (net)</u>	£ 000.0
St Aloysius rent	5.8
Tennis Balls (net)	2.1
Affiliation fees	1.5
Tournament & match fees	(2.4)
Head Equipment Sales (net)	(1.4)
Miscellaneous (net)	0.1
Net Tennis Expenditure	<u>5.7</u>
<u>(d) Expenditure - Squash</u>	
Net PSL costs	8.7
Net Junior Programme Expenditure	4.6
Squash - club nights	(6.9)
Squash Match fees	(1.6)
Other	0.6
Net Squash Expenditure	<u>5.4</u>
<u>(e) Non recurring and discretionary maintenance &amp; renewals</u>	
Squash	7.9
Tennis	6.5
Clubhouse - including bar	11.5
Studio and Gym	0.8
Grounds	3.8
Total non recurring and discretionary expenditure	<u>30.5</u>
Irrecoverable VAT written off	14.4
Total Non recurring including irrecoverable VAT	<u>44.9</u>

## Coolhurst Lawn Tennis and Squash Rackets Club

### Junior Programme Income & Expenditure for the 12 months to 31 December 2015

	12 months to 31 Dec 15 £ 000.00		12 months to 31 Dec 14 £ 000.00
Camps income	82.9		81.6
Camps coaches fees	49.9		52.0
Gross camps surplus	39.8% <u>33.0</u>	36.3%	<u>29.6</u>
Term income	188.1		185.0
Term coaches fees	96.9		127.1
Gross term surplus/(deficit)	48.5% <u>91.2</u>	31.3%	<u>57.9</u>
Total camps and term income	271.0		266.7
Total coaches fees	146.8		179.1
Gross camps surplus/(deficit)	45.8% <u>124.2</u>	32.8%	<u>87.5</u>
Competition income	3.3		5.6
Competition expenses	2.6		4.2
Competition surplus/(deficit)	20.8% <u>0.7</u>	24.0%	<u>1.3</u>
Administration costs	46.4		26.8
Transaction and other costs	4.6		18.4
Marketing costs	0.5		-
Stationary costs	0.4		-
Equipment purchases	3.3		-
Training	0.3		-
Total Junior Tennis Income	274.3		272.2
Total Junior Tennis Expenditure	204.9		228.5
Net Junior Tennis surplus per I&E	25.3% <u>69.4</u>	16.1%	<u>43.7</u>
Squash Junior Program Income	18.6		7.2
Squash Junior Program Expenditure	23.3		12.4
Net Junior Squash Program surplus/(deficit)	<u>(4.6)</u>		<u>(5.2)</u>
Total Junior Programs Income	292.9		279.4
Total Junior Programs Expenditure	228.1		240.9
Net Junior Programs surplus	<u>64.8</u>		<u>38.5</u>

## Coolhurst Lawn Tennis and Squash Rackets Club

## Treasurer's Cash Flow Budget 2016

	4 Months Jan to Apr 16 £'000	6 Months May to Oct 16 £'000	2 Months Nov & Dec 16 £'000	Total 2016 £'000
<b>INCOME</b>				
<b>Tennis</b>				
Subscriptions	164	40	4	208
Court Fees	20	12	12	44
Net Junior Program	26	41	2	69
<b>Total Tennis</b>	<b>210</b>	<b>93</b>	<b>18</b>	<b>321</b>
<b>Squash</b>				
Subscriptions	10	72	5	87
Court Fees	16	22	8	46
<b>Total Squash</b>	<b>26</b>	<b>94</b>	<b>13</b>	<b>133</b>
<b>Bar</b>				
Income	48	77	25	150
Direct costs	27	43	11	81
Gross margin	21	34	14	69
Wages	26	39	16	81
<b>Net Bar (deficit)</b>	<b>(5)</b>	<b>(5)</b>	<b>(2)</b>	<b>(12)</b>
Gym - net income/(loss)	10	5	7	22
Studio & Treatment Rooms	7	11	3	21
Other income	1	1	-	2
<b>Total Income</b>	<b>249</b>	<b>199</b>	<b>39</b>	<b>487</b>
<b>EXPENDITURE</b>				
Repairs and maintenance	38	51	12	101
Management	25	37	13	75
Administration	10	18	7	35
Water Rates and Council Tax	4	7	3	14
Insurance	12	-	-	12
Gas and Electricity	16	14	8	38
Telecoms	1	2	1	4
Tennis	2	4	-	6
Squash	4	2	-	6
Booking system	3	4	1	8
Bank charges and interest	1	-	21	22
Professional Fees	1	1	5	7
Miscellaneous expenses	1	2	1	4
<b>Total Expenditure</b>	<b>118</b>	<b>142</b>	<b>72</b>	<b>332</b>
Surplus/(deficit) prior to discretionary items	131	57	(33)	155
Discretionary Items	(10)	(5)	-	(15)
Bank Balance at beginning	4	48	95	4
	125	100	62	144
Loans (repaid)	(77)	(5)	-	(82)
<b>Bank balance at end</b>	<b>48</b>	<b>95</b>	<b>62</b>	<b>62</b>