

Ivybridge Tennis Club – Treasurers Report

21st June 2017

Introduction

As predicted at the EGM, 2016 has been a standstill year financially as our plans for change during 2016 could not be implemented. The reasons for this have been described by the Chairman in his report. Looking forward through and beyond 2017, prospects are a lot brighter.

Formal Accounts for 2016

We have circulated the 2016 Accounts in advance. I have also updated the synopsis of the past 4 years accounts, which I circulated last year, to include 2016. The figures, again, speak for themselves – the club continued to stand still financially. In 2016 we just failed to cover our operating costs and the LTA loan repayment with a loss of just over £500. So yet again nothing has been available to build up capital for a carpet replacement. Our “savings” in an investment account were £16,921 (last year £21,192) and we had £12,673 of net current assets (last year £5,487) at the year end. The main reason for the drop in investment value is that we realized some to pay our annual insurance in a lump sum up front, saving about £500.

We also had a close shave last year when HMRC wrote to us to say our CASC status had been rescinded as requests for information in 2015 had not been responded to. This could have cost us up to £50,000 in rate relief and a lot of work was needed to demonstrate that we still complied with the relevant criteria. The key point about CASC status, is the need to comply with strict rules on the proportion of member / non-member income.

Prospects for 2017 and beyond

As discussed last year, this club needs to improve profitability by at least £15,000 to £20,000 to put it onto a sustainable basis and I am pleased to report that the strategy being followed provides the club with prospects of achieving that target. Two great opportunities have arisen which has enabled this: the generous contributions from the LTA towards the cost of employing our Club Manager and the agreement with Paul to terminate the contract with TennisMad and to bring the coaching in house.

There are 5 strands to increasing profitability:

1. The target for the coaching budget is a net profit of £15,000 in the first 12 months from 1st April (£10,000 in the 2017 Accounts). This target will be raised each year thereafter. The fees for the use of the courts for coaching will still be credited to the clubs traditional accounts as previously to enable comparability. The committee intends to put this profit straight into a Sinking Fund for future carpet renewal and not use it for current club running expenses.
2. Increase membership over three years to between 240 and 250 full members
3. Increase indoor court utilization to a realistic maximum say exceeding 80% from current 68%
4. Significantly improve the profitability from the cafe
5. Ensure that third parties utilising our facilities pay a fair market rate for their use.

Paul is accountable for item 1, Paul and Sue jointly for items 2 & 3 and Sue is accountable for items 4 & 5 (with support from the committee).

As decided last year, the club could not continue without effective management and so we are most grateful for the LTA support in this regard. The challenge we face is to ensure that profitability is increased by sufficient to cover the costs of employing the manager when the LTA support falls away after 3 years. The committee believes that this is achievable by hitting the targets for items 2 to 5 above. There will be a need to commit to some capital expenditure on Signage, IT, an updated till (EPOS system) and various other items. We also need to increase expenditure on branding and marketing. It is therefore probable that initial increases in profitability from items 2 to 5 may be masked by such expenditure in 2017 but this is planned for.

Subscriptions

We discussed the issues around setting and collection of subscriptions last year and at the EGM. All I need to report now is that the changes were very successful and the collection of the subscriptions was far more effective and efficient. I would like to thank the members for their co-operation.

I would like to remind members again that under the club rules, membership is for a year (or a part year to the next annual renewal date). Payment by direct debit is a concession to smooth members' outgoings. It is definitely not a monthly membership system. Members paying by direct debit cannot cancel and rejoin as and when they like, as payment by direct debit involves a commitment to pay for the whole subscription year.

Project Assistance

Further to the Chairman's request for assistance for specialist projects, I would be grateful for support in two areas from anyone who has some financial management or accountancy knowledge. The first is to review our VAT status and see if we can improve our VAT efficiency. The second is to provide some assistance in developing a cashflow monitoring tool and then incorporating the monthly management accounts to improve our monitoring capability. If anyone believes they can help, please would you contact me.

Conclusion

I believe that the financial prospects for the club are far better than at any time in the last few years but it won't be an easy journey and there are various risks that we will need to keep under review. Still I hope that I have conveyed a more optimistic outlook than I was able to do last year.

Mark Owen
Treasurer