



## Financial Report for the Year Ended 30 April 2011

### Income and Expenditure Overview

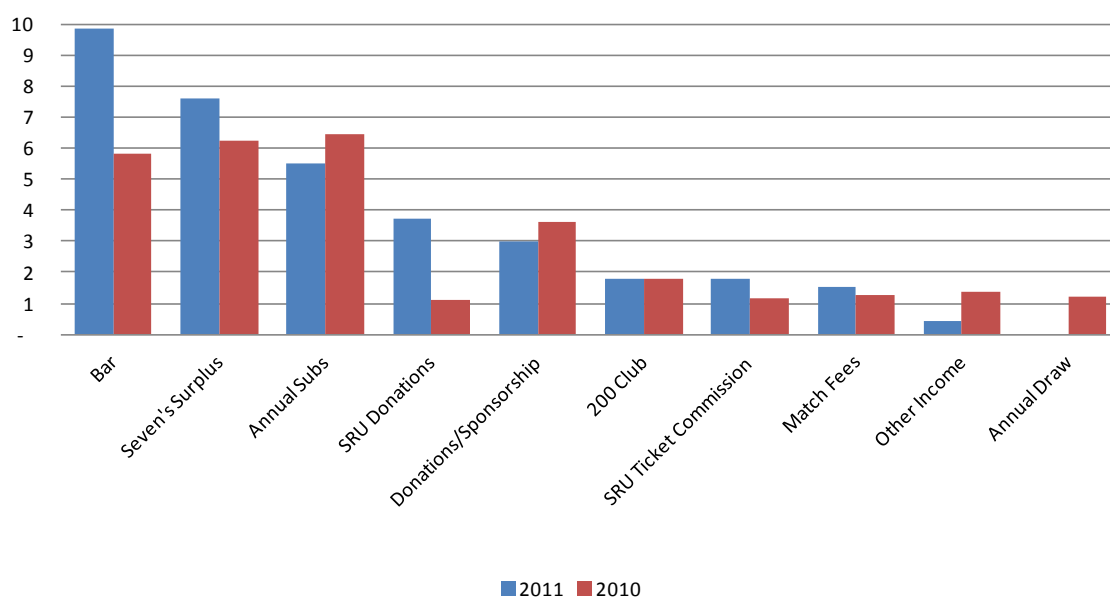
The club delivered a net surplus of £8.0K for the year ended April 2011 (YE11); a significant improvement on YE10 when the club had a surplus of £4.6K and a stellar improvement on YE09 when the club lost £8.7K. This figure includes a provision of £4.7K for back rent demanded by the council, in the absence of which the surplus would have exceeded the record £9.3K achieved in YE08. The main reasons for the improvement are:

- Repairs and maintenance costs fell to £1.0K (£5.5K for YE10)
- Increased bar profit of £9.8K (£5.8K for YE10)
- Increase in SRU donations to £3.7K (£1.1K for YE10)
- Increase in 7s surplus to £7.6K (£6.2K for YE10)

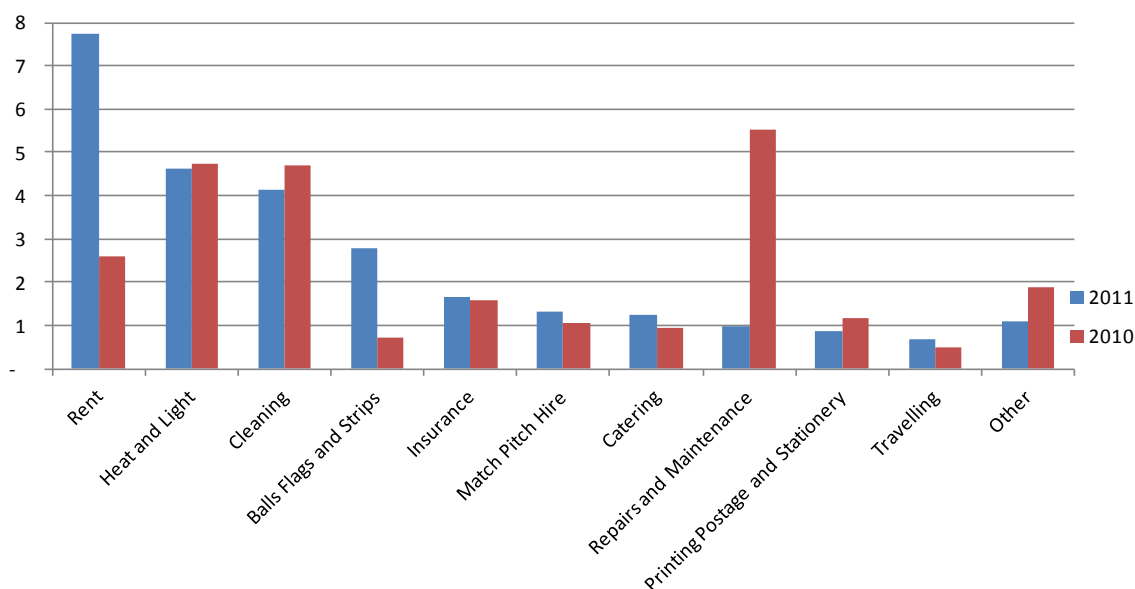
These large favourable variances were, however, offset by adverse variances against the following items:

- Back rent demand of £4.7K
- Cost of kit increased to £2.8K (£0.7K for YE10)
- Zero annual draw income (£1.2K for YE10)
- Fall in annual subscription income to £5.5K (£6.4K for YE10)

Overall income for the year breaks down as below (£K):



And expenditure (£K):



## Analysis of Year on Year Movements

**Rent (£5.1K adverse):** In March, The City of Edinburgh Council (COEC) issued us with an invoice for back rent of £4,750 dating back to year 2000. The invoice was accompanied by a letter threatening legal action unless the account was settled in full within 30 days. The issue had previously been raised with the club some years' ago as a result of which preliminary negotiations had taken place. These negotiations had failed to yield a resolution and nothing more was heard from COEC until receipt of the above invoice. COEC agreed to the club's request for a stay of execution pending legal advice. As of November 2011 the matter remains open but as yet we have been unable to find a mutually convenient time to discuss with COEC. No money has yet changed hands, but a provision has been included in the accounts on the grounds that it is highly likely that we will need to pay this amount in the near future.

**Repairs and Maintenance (£4.6K favourable):** The club has undertaken large capital projects in both the previous two financial years - ladies' loos YE10 and new floor YE09. In YE11 there were no such large projects, hence the favourable variance.

**Bar Profit (£4.0K favourable):** The bar has taken great strides since its 'annus horribilis' in YE09 when margins plummeted to 14%. The recovery began last year as margins rose to 25% - still unacceptably low - but finally providing evidence of the 'green shoots of recovery'. In YE11 the margin rose again to 40%, a fantastic result given where we were two years' ago. There was large fluctuation of the margin across the year with a low of 26% over the summer months countered by a high of 51% for September. This year the bar has once again had a shaky summer with margin down to 32% but increased to 51% for September and October. The bar contributed nearly £10K to club funds in YE11 - larger than any other

source of income but 40% net margin is still at the bottom end of where we should be aiming. Given our gross margins, there is no reason at all that we cannot achieve a net margin in the high 40% or even in excess of 50%. We should take a moment at this point to note our appreciation for outgoing bar convener Tony Doran and the truly amazing job that he has done for the past number of years. Tony not only guided the bar through some of its darkest hours but was also the beating heart of the club throughout the whole period.

**SRU Donations (£2.6K favourable):** Largely the result of a £2K grant to assist with the cost of the ladies' loos refurbishment. Thanks go to outgoing president John Alden who showed that 'if you don't ask you don't get'. We should keep our ears to the ground in case there are any future opportunities to receive a windfall from Murrayfield.

**Balls, Flags and Strips (£2.0K adverse):** We purchased new strips in YE11 funded almost entirely by sponsorship. We don't anticipate purchasing any strips this season.

**Sevens' Surplus (£1.4K favourable):** Our annual 7-a-side tournament continues, not only to be a great day out, but also a great money spinner for the club. This year proved particularly awkward to organise as only two out of the usual four pitches were declared playable. Despite this the event was a fabulous success on the pitch and provided a bumper payday off it. Once again we took good money in the beer tent, the burger stall and over the bar. We were also blessed with generous sponsorship from Blyth and Blyth and a host of other regular sponsors.

**Annual Draw (£1.2K adverse):** We didn't bother to organise an annual draw in YE11 as a result of which we failed to bank the £1.2K 'free money' that we had done in YE10. This report recommended last year that a specific post on committee with responsibility for organising the annual draw be established. This has now been done and this year's draw will take place in December.

**Annual Subscription Income (£1.0K adverse):** The reduction in subscription income is due in part to reduced membership last season - many weekends we struggled to field two full XVs. There is also an issue with non-payment of subs. This should be the club's triple A rated income stream since, unlike sponsorship, it is entirely within the control of members. This season we have had plenty of players almost every weekend and yet to date have collected £1.2K less than last season. This means that there a number of active club members who have so far failed to pay. You know who you are so pay up. Everyone needs to pay without exception.

## Key Financial Issues for YE12

The key financial challenges facing the club remain broadly the same year by year. Of those issues identified last year, the key point of attempting to broaden our sponsorship base still needs to be addressed. Once again, the club is heavily dependent upon the generous sponsorship of £7K we receive from Blyth and Blyth for the annual 7-a-side tournament -

once again, extreme gratitude to Mike Horner for this. The club needs the next generation of members to begin to come through with sponsorship of the same generosity as the previous.

It was also suggested that we should reassess how we reward our sponsors, perhaps with a move away from the expensive traditional fixture card to a heavier online presence. I'm pleased to report that we have successfully affected this transition and this season, for the first time, did not produce a hard copy fixture card. All of our sponsors seem to be content with the online alternative and so we will stick with this format.

The previous financial report highlighted cashflow as being of critical importance to a small organisation such as ENRFC. This time last year we had clear funds of £17.8K and the equivalent figure this year is £22.2K. Although this seems like a large amount, it will rapidly be eaten up by work required imminently to the bunker. The bar room desperately needs some new furniture, behind the bar also needs a refit of some description, the gents' loos are long overdue some attention and the boiler will almost certainly need replacement at some point in the not too distant future. We've probably got adequate funds for just one of the above projects.

It is for this reason that we cannot afford to take our eye off the ball in terms of keeping costs down and maintaining revenues. That's why it is vital that everyone pays their annual subs and weekly match fees, vital that nobody gives out the odd free drink or generous measure from the bar or 'borrows' £20 from the till at the end of the night to get to Garibaldis, and vital that all club members pursue every avenue to find new sponsors for the club.

The club is on a stronger financial footing than it has been for some years. The club only thrives thanks to the hard work and generosity of its members. As ever it can only continue to thrive if everyone continues to do their bit.

Andrew Bernard  
(Honourable Treasurer)

## **Audit Report**

The club's constitution stipulates that an auditor be appointed who, "shall not be a member of any of the committees of the club". It was felt appropriate that the accounts should be audited by an independent third party with no affiliation to the club. To this end an audit was carried out by Chris Dickson, a registered auditor. Following his audit he made the following statement:

### **Basis of Examiner's Statement**

My examination includes a review of the accounting records kept by the Club and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the General Committee concerning any such matters. The procedures undertaken do not verify the accuracy or completeness of the accounting records and do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

### **Examiner's Statement**

In the course of my examination, no matter has come to my attention:

1. which gives me reasonable cause to believe that in any material respect the requirements:
  - to keep proper accounting records; and
  - to prepare accounts which accord with the accounting records have not been met; or
2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Chris Dickson  
(Registered Auditor)

## **Notes to the Accounts**

The detailed accounting schedules are below to which the following notes are relevant.

1. VAT - in common with UK GAAP, income and expense items are presented exclusive of VAT.
2. Stock - stock is valued at the lower of cost and net realisable value.
3. Depreciation - fixed assets are depreciated on a 20% straight line basis.

## Income and Expenditure Account

	2011 £	2010 £
<b>Income</b>		
Bar Account	9,824	5,843
Other Income	23,491	22,386
200 Club	1,800	1,800
<b>Total Income</b>	<b>35,115</b>	<b>30,030</b>
<b>Expenditure</b>		
Match Pitch Hire	1,308	1,058
Audit Fee	70	-
Club Telephone	164	176
Catering	1,259	938
Balls Flags and Strips	2,780	734
Rent	7,734 *	2,600
Heat and Light	4,632	4,742
Cleaning	4,143	4,699
Repairs and Maintenance	962	5,539
Alarm System	254	261
Licences	-	197
Insurance	1,662	1,594
Printing Postage and Stationery	867	1,175
Travelling	680	502
Misc. Expenses	204	292
Entertainments	-	543
Depreciation	415	415
<b>Total Expenditure</b>	<b>27,134</b>	<b>25,465</b>
<b>Profit/(loss) for the year</b>	<b>7,981 *</b>	<b>4,565</b>

\*Includes provision of £4,750 for back rent

## Balance Sheet

	2011 £	2010 £
<b>Fixed Assets</b>	415	829
<b>Current Assets</b>		
Stock	1,777	3,392
Debtors & Prepayments	9,513	7,900
Bank - Treasurer's Account	24,431	16,313
Cash Float	330	330
VAT	-	-
	<u>36,051</u>	<u>27,935</u>
<b>Current Liabilities</b>		
Creditors and Accruals	9,368 *	9,926
VAT	1,323	1,044
	<u>10,691</u>	<u>10,970</u>
<b>Net Current Assets</b>	<u>25,361</u>	<u>16,965</u>
<b>Net Assets</b>	<u><u>25,775</u></u>	<u><u>17,794</u></u>
<b>Net Assets BF</b>	17,794	13,229
<b>Surplus for Year</b>	7,981	4,565
<b>Net Assets CF</b>	<u><u>25,775</u></u>	<u><u>17,794</u></u>

\*Includes provision of £4,750 for back rent

## Other Income

	2011 £	2010 £
Subs          Playing	4,770	5,410
Non-playing	732	1,034
Donations/Sponsorship	2,986	3,636
SRU Ticket Commission	1,765	1,146
Match Fees	1,515	1,247
Interest Received	-	-
Annual Draw	-	1,212
Seven's Surplus	7,615	6,248
SRU Donations	3,700	1,100
Other Income	408	1,354
<b>Total Other Income</b>	<u><u>23,491</u></u>	<u><u>22,386</u></u>



## Bar Account

		2011		2010
		£		£
Gross Sales		24,547		22,772
Weekly Raffle		186		460
		<u>24,733</u>		<u>23,232</u>
Opening Stock	Wet	2,345		1,033
	Dry	<u>1,113</u>		<u>901</u>
		3,458		1,934
Purchases	Wet	13,324		13,311
	Dry	281		1,765
Prepaid Invoices		(3,771)		-
Outstanding Invoices		<u>3,394</u>		<u>3,771</u>
		13,228		18,847
Closing Stock	Wet	(1,347)		(2,299)
	Dry	<u>(430)</u>		<u>(1,093)</u>
		(1,777)		(3,392)
Cost of Sales		<u>14,909</u>		<u>17,389</u>
Gross Profit/(Loss)		<u>9,824</u>	40%	<u>5,843</u>
				25%