Finance Directors Report – Board Meeting 4th March 2015

Executive Summary

This report includes the transactions for the period from 1 September to 31 December, not all the figures are fully reconciled but this shows the indicative position, it is proposed to present Quarterly Management accounts in this format (subject to agreement) at future Board Meetings.

The trading for the four months shows total Revenue of £45,301 with Direct expenditure of £20,697, overheads of £28,454 showing a net deficit for the period of £3,850. At the end of December the company had £226,287 in the bank.

During the appointment process for the Finance Director position it was identified that in order to prepare detailed accounts there was a requirement for a book keeping resource in addition to the FD role. The detail processing of the accounts is being performed by an Audax member Nigel Armstrong who runs a Management Accounts practice.

Results to end December 2014

1-Income and Expenditure by Director (Appendix 1)

This schedule summaries the income and expenditure by Director for their area of responsibility, the accuracy of this will improve as I learn more about the responsibilities and activities of each team. Detail is available for each section should this be required

The areas are divided as follows (these can be changed if required)

Chairman - Chris Crossland – Central Admin / Mileater
Membership – Mike Wigley – Membership
Publicity & Publications – Daniel Webb – Publicity / Arrivee
Calendar Events – Martin Foley – Calendar Events
Permanent Events – John Ward – Permanents / OCD
Events Services Director – Peter Lewis – Brevet Cards / Validations / Recorder / Badges

- Costs include £12,778 for the AGM
- No adjustment has been made for any Accrual / Prepayments at August 2014
- No adjustment has been made for 5 year memberships previously received or received during the period which need to be spread over the 5 years
- Most membership income in received early in 2015
- It is proposed to measure against Previous years income and costs in future years
- This can be produced in more detail and will be circulated to each Director for their areas
- Some work is still required to split some costs – i.e. Permanent / Calendar events etc

2 – Income and Expenditure by Month for Audax Combined (Appendix 2)

This schedule presents the transaction by month from 1 September

- This will be more relevant as more trend information is available and can be produced by Director
- Again will be more useful when compared with prior year and budgets if these are available

3 – Combined Year to date actual, compared with Budget and prior year for Audax(Appendix 3) – this can be produced and circulated to each Director, at the moment this has limited information

4 – Membership Schedule

This schedule shows the number of membership joining / renewing by month based on income into the bank, this will be useful when compared to previous years – this may not be required, not sure what information is produced by the Membership Director.

5 – Balance Sheet

- No adjustments have been made since the year end as noted above for accrual / prepayment and 5 year memberships

6 – Capital Expenditure Projects

- Details of any approved Capital Expenditure, detail approved values, payments to date and progress -New web site?

7 – Queries for unknow items

Having taken over part way through the year there are some queries which have not been included in the above figures, if these can be identified and confirmed they will be included for the next meeting.

- 6/10/14 Madgett £117 – Arrivee advert?
- 9/10/14 Busch Mull £268 – Arrivee advert?
- 16/10/14 paid in 500422 £42 – assume members cheque
- 13/11/14 Taylor £500
- 14/11/14 paid in 500554 £19 – assume members cheque
- 9/12/14 paid in 500423 £49

- 17/11/14 – Atos re Accor £396.90
- 30/12/14 – R Cortis for Steve £1500 – Assume for Steve Abraham

Key Statistics

I intend to identify some key measures, suggestions would be welcome but could include:

- Number of events by month by distance
- Number of events by Regions (what is a region?)
- Number of entrants, no shows, not completed
- Number of miles cycled by month

Cash and Banking

At the moment the company operates 5 bank accounts with Lloyds

- General Bank Account
- Validations Bank Account
- Events Bank Account
- Special Account for Legacy monies
- Special Account for one off events (AGM etc)

The accounts were set up when the company was still an association and have not been changed with the change in legal entity, the accounts are all linked so anyone with access (full or read only) can see all the bank accounts.

The bank accounts needs to be updated to reflect the change in structure, it is also proposed to create them all individually so that read only access can be given to each team to see transactions, this will allow the use of on-line banking facilities for event organisers instead of cheques. New signatures also need to be added.

The figures above indicate that the company has approximately £x cash, the accounts we have are non interest bearing accounts, it is proposed to look for an interest bearing account for £100k for 6 months.

Audax members and organisers use Paypal as a method of payment, it appears that this process has developed over a number of years but the Paypal accounts are not necessarily linked to the most appropriate email address or bank account. These are currently being reviewed with the intention to link them to the new accounts hopefully with email addresses under the new domain.

Proposal

- 5 new bank accounts be set up
- Deposit £100k on interest for 6 months
- Signatures to the accounts – P Salmons, C Crossland, P Stewart, N Armstrong
- Review and update Paypal links

Other Items

- The company currently has its registered office in Axminster - as Finance Director I propose to change the address to my home to ensure all official post is dealt with appropriately
- I understand there are historic values which have been paid as Honorarium to some members of Audax, with adjustments made for Tax and NI. Having spoken with the Chair, it is proposed that a Remuneration Committee should be formed from two of the three Non-Executive Directors and the Chair to review the levels, roles, timing and method of these being paid
- Approval for Expenditure – It would be helpful to have agreed levels of delegated authority for Directors and teams, where by they can approve items of expenditure without seeking Board Approval – not sure if this is in place or needs reviewing
- Expenses Claims -As we are preparing accounts at department level it is important that all costs are accurately allocated, Appendix 5 shows a suggested expenses claim form. Any claim should be approved by a Director before being paid (Directors expenses will be approved by the Chair, with the Chair Expenses being approved by the Finance Director)
- Banking Support Document – As above it is important that monies banked can be correctly allocated, Appendix 6 shows a suggested layout (where one is not already in place). Some teams already supply detailed supporting schedules for banking which is much appreciated.
- Year End Accounts – The company is small enough that a full audit is not required, however I propose to identify a number of potential organisations which could perform and "Independent Examination" subject to Board Approval
- As noted above the book keeping for Audax is being performed by a qualified accountant who operates a Management Accounts Business, it was originally suggested that this work equated to 5 hours per week, it would appear that it may be slightly less than. Having discussed the time requirements the proposal for the Board is that an annual payment of £2500 be made for these services.

Summary

The above figures while not fully complete are intended to show the level of detail which can be proposed with the current resources and on line Sage system. Feedback about the layout, detail and content are welcome.

The other areas identified above are for discussion following some initial conversation with members of the Board and their team, if there are other areas which should be covered again please let me know