

DIRECTORS' REPORT – June 2024

At the time of last year's AGM the Board was heavily focused on addressing the significant risk to the club's viability posed by the increase in utility costs.

The actions taken to reduce energy consumption included the installation of LED floodlights for the tennis courts, LED lights around the exterior of the clubhouse and in the corridors within the clubhouse, the installation of submeters on each of the main circuits within the clubhouse to allow us to identify where further savings could be made and tighter monitoring and control of gas consumption. We are pleased to report that these actions were successful in reducing our electricity consumption by around 40% and gas consumption by around 10% compared to prior years.

As a result, the increase in utility and other costs during 2023 was fully offset by the increase in subscription and other income resulting in a surplus before non-recurring income of £28,432, up slightly on prior year of £25,207. Further details in relation to our financial results are set out in the Finance Director's report.

We continue to face increasing costs, particularly in relation to the maintenance of the clubhouse, and we need to continue to generate a positive cash flow to repay our loans and fund payments into the sinking fund for replacement of the tennis courts. There is limited scope to reduce costs without impacting on the quality of our facilities and our focus is therefore on generating additional revenues and maximising the utilisation of our facilities in whatever way we can.

At last year's AGM we highlighted our intention to develop a long-term strategic plan for the club as a whole which is aligned with the long-term plans and objectives of our individual sections. This will allow us to prioritise and plan further investment in our clubhouse and playing facilities to maximise the opportunities for adults and children of all levels to participate in sport at our club.

To commence the process, a series of strategy sessions were held during the Autumn attended by representatives from each of the sections and the Board to discuss what we all saw as the opportunities and challenges facing each of the sections and the club as a whole and how best to move forward together. As part of these sessions, we developed the Hillhead Sports Club Culture Value Statement which sets who we are and what we want to be and forms the foundation for our long-term strategic plan.

Recognising the benefits of the cross-section strategy sessions, we are in the process of implementing a revised governance structure to facilitate greater co-ordination between the HSC board and the sections in relation to both the day-to-day management of the club and our future strategy. New sub-committees of the board will provide a forum for ensuring that decisions are taken with due consideration of their impact across all sections and that we maximise opportunities to generate additional revenues, for example through grants and external sponsorship, by leveraging the scale of the club as a whole.

One of the challenges that we face as a volunteer led organisation is continuing to find volunteers willing to give up their valuable time to support the club and sections. We hope that one of the benefits of the new subcommittee structure is that roles will be clearly defined and we can move towards a structure where we have more volunteers each doing less time consuming roles rather than relying very heavily on a small number of individuals having to spend a significant proportion of their time supporting the club.

Our membership numbers had fallen back to around 800 members at the time of last year's AGM, having peaked at around 875 in 2022. Total membership has remained stable at around 800 members comprising 500 adult playing members, 210 under 18's, 70 non-playing members and 20 life members. As part of our strategy, we are looking at how to increase our membership, both through growth of existing sections and the addition of new sections.

In the period since our last AGM, our Board membership increased from seven to nine with Felix Hodson joining the Board in the Autumn and Caleb Akpo-Young joining very recently. Keith Fowler and Richard Bond have decided to step down from the Board and we would like to thank them both for their extensive service to Club over many years. Stuart Trotter took over as our Hub Manager from Shona Ross during the year and we would like to thank Shona for her hard work over a number of years in developing our hub activities which have provided a valuable source of additional revenue.

2022 marked the centenary of the formation of Hillhead High School War Memorial Trust and we were pleased to mark that occasion with a memorial service held in the clubhouse on 13 November 2022. This year marks the centenary of the opening of Hughenden and we held a Ceilidh on 24 May in the clubhouse to celebrate the occasion. In addition, we have been successful in securing a civic reception to be held in Glasgow City Chambers on 20 September 2024.

Finally, we would like to thank all of the volunteers within each of the sporting sections for their hard work in ensuring the smooth running of their section and therefore of the club as whole. It is easy to forget given the scale of our club that it is run entirely by volunteers supported only by a small part time operations team and all of their efforts are very much appreciated.

Alan Wilson

On behalf of the Board of Hillhead High School War Memorial Trust Limited

4 June 2024

FINANCE DIRECTOR'S REPORT – June 2024

Introduction

This report is based on the consolidated accounts of Hillhead High School War Memorial Trust Limited ("HHSWMT") and its wholly owned trading subsidiary, Hughenden Services Limited ("HSL") for the year ended 31 December 2023 which are shown in Appendix A.

Net surplus before grants, donations and other non-recurring income

We achieved a net surplus before grants, donations and other non-recurring income of £28,432 (2022: £25,207) representing an improvement of £3,225. Total income increased by £46,181 to £309,666 while total expenditure increased by £42,956 to £281,234.

Income

We have three principal sources of income – subscriptions, Café Source Too ("CST") and hire of the clubhouse and grounds.

Subscription income increased to £158,193 (2022: £132,340) as a result of the increase in subscription rates implemented on 1 January 2023. The increase in subscription rates was required as a result of the significant increase in utility costs.

Rental and service charge income from CST increased to £70,156 (2022: £54,890) as a result of an increase in CST turnover, on which our rental income is based, and an increase in recharges for gas and electricity reflecting the increase in utility prices.

Hire of the grounds and tennis courts decreased slightly to £55,991 (2022: £56,957) having recovered strongly in 2021 to around 15% above pre Covid levels.

Hire income from our indoor facilities (the function room, multi-purpose room and gym) increased to £24,532 (2022: £19,260) and is now around 20% up on pre covid levels.

Expenditure

The increase in total expenditure by £42,956 was as a result of :

- Electricity, gas and telephone increasing by £23,387 (49%) to £71,340 before recharges to Café Source. An increase in our electricity tariff by a factor of 2.5 with effect from 1 February 2023 was offset by the significant efforts made to identify potential savings which resulted in an overall reduction in electricity consumption in 2023 by around 40% compared to the prior year. In addition, our gas tariff increased by a factor of 2x with effect from 23 July 2023 and savings of around 10% in consumption were achieved.
- Upkeep of premises increasing by £8,207 (13%) to £72,266. Our planned preventative maintenance contract came to the end of its 3 year term and had to be renegotiated in addition to which there were a number of ad hoc repairs required in relation to the clubhouse.
- All other costs increasing by £13,162 (10%) reflecting a combination of inflationary increases and specific items including recommencement of business rates, premises licence fees and reception charges and expenditure on social media offset by a gain on disposal of £1,800 on the trade in of the grass cutting mower for a new machine.

Grants, donations and other non-recurring income

Grants, donations and other non-recurring income totalled £10,730 (2022: £24,089) and principally comprised:

- a contribution of £3,500 from the cricket section in relation to the grounds costs associated with the wicket.
- grants received from Glasgow life of £1,710 in relation to social media costs and £750 in relation to the Pride in Touch tournament which we hosted in July 2023
- contributions of £2,520 from the rugby and cricket sections towards the purchase of a new mower. The cost of the mower was also part funded by a loan of £3,000 received from the Western District Cricket Union, repayment of which is being funded by HCC. Grants and contributions include £750 received from HCC in respect of these repayments.
- Donations from members of £1,500.

Grants and donations and other non-recurring items of £24,089 in 2022 comprised-

- Covid related grants from Glasgow City Council of £2,100;
- a contribution of £5,444 from the cricket section in relation to the renovation of the wicket.
- A contribution of £3,000 from the tennis section towards the costs of the new tennis floodlights installed in December 2021
- Back rental in relation to the telephone mast of £13,341 following renegotiation of the rental agreement and relating to the period 2014 to 2021.
- Donations from members of £244.

Net surplus

The net surplus before depreciation decreased by £10,134 to £39,162 reflecting the small increase the surplus before grants, donations and other non-recurring income by £3,225 offset by the decrease in grants, donations and other non-recurring income by £13,359.

Depreciation fell slightly to £32,572 (2022: £33,140) due to certain assets being fully depreciated as a result of which we achieved an overall surplus for the year of £6,590 (2022: £16,156).

Capital expenditure

Capital expenditure in 2023 totalled £17,343 and principally comprised £6,400 for the purchase of a new mower which was fully funded by grants and donations together with the trade in of the old mower, £7,005 for the installation of a new roof access ladder which was required under health & safety regulations and £2,005 for the installation of electricity submeters to facilitate the identification of where electricity consumption within the clubhouse could be reduced.

Cash at bank

Our total cash at the end of the year increased by £17,547 to £134,970 (2022: £117,423).

As noted in last year's report, our cash position has benefitted from the receipt of a loan of £50,000 under the Bounce Back Loan Scheme ("BBLs"), repayment of which commenced in November 2021 and in respect of which there was a balance outstanding of £38,375 at 31 December 2023 (2022 : £42,446).

We also have a loan from the LTA in respect of which there was a balance outstanding of £28,915 at 31 December 2023 (2022 : £35,340). In addition, our total cash balance at 31 December 2023 of £134,970 includes £38,564 (2022: £24,594) set aside in a sinking fund for replacement of the tennis courts under the terms of the LTA Loan agreement.

Outlook

While the net surplus before non-recurring items for 2023 showed a small improvement on 2022 and our total cash balance remains healthy, we need to continue to generate a positive operating cash flow to fund repayment of our loans and transfers to the sinking fund in respect of the tennis courts. We have an ageing clubhouse and are significantly exposed to ad hoc repairs in relation to the fabric of the building and the plant and equipment providing heating, ventilation, water and electrical services.

We therefore need to continue to increase our revenues by whatever means we can in order to generate sufficient positive cash flow to repay our loans as they fall due, fund the transfers required to the sinking fund for replacement of the tennis courts and generate sufficient cash reserves to provide a cushion against unforeseen events.

Alan Wilson
Finance Director
4 June 2024

Appendix A

Hillhead High School War Memorial Trust Limited Consolidated Income and Expenditure Account Year ended 31 December 2023

	Years ended 31 December	
	2023	2022
Income:		
Members subscriptions	158,193	132,340
Café Source Too	70,156	54,890
Hire income	-	
Grounds and tennis courts	55,991	56,957
Hall hire and gym	24,532	19,260
Bank interest	794	38
Total income	309,666	263,485
Expenditure:		
Upkeep of grounds	52,110	49,808
Upkeep of premises	72,266	64,059
Electricity, gas and telephone	71,340	47,953
Water and Non domestic rates	11,714	10,351
Insurance	15,273	15,821
Professional fees	28,122	25,574
Independent accountant's fee for review of accounts	5,257	4,425
Stationery, marketing and sundries	3,441	948
Contribution to section expenses	7,349	4,242
Reception & furniture charges	5,320	3,377
Membership direct debit processing and bank charges	9,817	10,508
HP, lease and loan interest	1,025	1,212
Gain on sale of fixed assets	(1,800)	-
Total expenditure	281,234	238,278
Net surplus/(deficit) before non recurring income	28,432	25,207
Grants, donations and other non recurring income		
Covid grants	-	2,100
Grants and contributions towards operating costs	5,960	5,444
Grants and contributions towards capital expenditure	3,270	3,000
Donations from members	1,500	204
Telecoms mast back rental	-	13,341
	10,730	24,089
Net surplus before depreciation	39,162	49,296
Depreciation	(32,572)	(33,140)
Net surplus	6,590	16,156

Hillhead High School War Memorial Trust Limited
Consolidated Balance Sheet
At 31 December 2023

	At 31 December 2023	At 31 December 2022
Fixed assets	<u>1,492,550</u>	<u>1,507,779</u>
Current assets		
Trade debtors	10,310	16,546
Prepayments and accrued income	3,377	2,364
Cash at bank	134,970	117,423
	<u>148,657</u>	<u>136,333</u>
Current liabilities		
Trade creditors	29,928	35,440
Accruals	13,462	8,175
Deferred income	1,606	3,316
VAT	3,108	1,921
Loan from LTA for funding new tennis courts	6,426	6,426
Bounce Back Loan Scheme Loan	5,216	4,071
WDCU Loan	1,000	-
	<u>60,746</u>	<u>59,349</u>
Net current assets	<u>87,911</u>	<u>76,984</u>
Creditors falling due after more than one year		
Loan from LTA for funding new tennis courts	22,489	28,914
Bounce Back Loan Scheme Loan	33,159	38,375
WDCU Loan	1,250	
Other loans	-	500
	<u>56,898</u>	<u>67,789</u>
Net assets	<u>1,523,563</u>	<u>1,516,974</u>
Reserves		
Income and expenditure account	1,516,187	1,509,598
The J Liversidge Fund	7,376	7,376
	<u>1,523,563</u>	<u>1,516,974</u>

Hillhead High School War Memorial Trust Limited Consolidated Statement of Cash Flows

	Years ended 31 December	
	2023	2022
Cash flows from operating activities		
(Deficit)/surplus for the financial year	6,590	16,156
Adjustments for:		
Depreciation	32,572	33,140
(Gain)/loss on disposal of tangible fixed assets	(1,800)	-
Donations towards capital expenditure	(3,270)	(3,000)
Decrease/(increase) in debtors	5,223	2,638
Increase/(decrease) in creditors	(1,249)	(36,036)
Net cash generated from operations	<u>38,066</u>	<u>12,898</u>
Cash flow from investing activities		
Purchase of fixed assets	(17,343)	(4,258)
Proceeds on disposal of fixed assets	1,800	-
Donations received towards capital expenditure	3,270	3,000
	<u>(12,273)</u>	<u>(1,258)</u>
Cash flow before financing activities	<u>25,793</u>	<u>11,640</u>
Cash flow from financing activities		
Repayment of LTA loan	(6,425)	(6,427)
Repayment of Bounce Back Scheme Loan	(4,071)	(5,887)
Receipt of WDCU loan (net of repayments)	2,250	-
	<u>(8,246)</u>	<u>(12,314)</u>
Net cash flow	17,547	(674)
Cash at beginning of year	117,423	118,097
Cash at end of year	<u>134,970</u>	<u>117,423</u>