

## Is your club fit for business

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Adrian Houstoun from top twenty accountancy firm, Kingston Smith (LLP) offers some tips on getting your club in financial shape for the season ahead.

Up and down the country promotion and relegation issues have now been settled, generating swathes of welcome good news and sadly an equal amount of bad news. For many, the first matches of the next league campaign will be on the first Saturday in September, with warm up matches taking place from mid August. This leaves little time to address the key issues to ensure that the club is in the best position, not only during the summer but into the next season and beyond.

There are obvious tasks ahead. On the formal side, most committees will have to arrange for the preparation of the year end accounts, the external audit or examination and the approval of the accounts at the AGM. Has the club looked at adding value from the process rather than treating it as a painful nuisance?

### Consider A Contractual Arrangement

It used to be common for the accounts to be audited by a member. In fact, many constitutions specifically require the audit to be done by a member and often this is an honorary role. However, a contractual relationship with a modest fee might put the club in a better position, particularly if problems occur. If a modest fee is paid, you may also receive more timely input than if you expect everything for free.

### Review Your IT Resource

It might also be a useful time to consider your IT resource. Many smaller clubs rely on the personal computers of committee members. These resources can change when an officer changes. If you were required to evidence transactions over the last few years for tax or insurance purposes, could it be done? Do the IT systems used for accounts purposes dovetail with those used for bar trading and membership details? And, whilst on the subject of accounts and IT, the end of a season is also a good time to update your databases.

### Fix Your Year End Dates

It is surprising that some clubs do not have their year end corresponding with the end of the season. This would allow the year end procedures to be carried out at the least busy time. In addition, if you have to make an insurance declaration and accounts figures have to be disclosed, it is a lot easier if the insurance period, the accounts period and the rugby season all correspond.

### Make Plans To Actively Increase Your Revenue

There will hardly be a club in the land that doesn't want to increase its income but how many have a planned approach to ensure that opportunities are maximised? For example, many clubs have a dinner to mark the end of the season. Such an event can generate a lot more revenue if it is arranged as a high profile, prestigious event.

Hiring out the club for rugby or non-rugby events such as weddings and corporate parties is also a good income source. However, in order to generate maximum revenue you will need a clubhouse that is maintained to a high standard. The close season is a good opportunity to redecorate.

The first six weeks of the forthcoming season will be shared with the Rugby World Cup, providing an ideal opportunity to increase revenue. Instead of leaving matters to the last minute, identify any of your own important matches that clash with your country's world cup matches and plan a lunch or similar attraction with TV screens. If you market these now you should be able to boost attendance and income rather than see both drop.

A number of external factors will also affect the revenue generating opportunities of the club. Take the smoking ban, for example, which is being introduced on 1 July, before the new season starts. Has the committee considered how the ban may affect clubhouse sales for those that still wish to smoke? What provision, if any, will need to be made to accommodate smokers. Are there any health and safety risks in the positioning of such smoking areas?

### Consider Recruiting A Commercial Manager

Many clubs have not even considered recruiting a commercial manager, but those that have usually have a success story to tell. The committee of volunteers usually have busy lives and day jobs. Employing someone in a dedicated role can make good financial sense. The role may include raising advertising revenue and sponsorship income as well as building relationships with the local community, including businesses and schools. If you employ the right person they should be self financing within a short period. In the following season it should be possible for them to generate a profit. This approach will not be appropriate for all clubs but it should be given consideration, even if the outcome is that a commercial manager is not needed.

### Look At Your Club's Charitable Status

In the last issue of running rugby we looked at Charitable Amateur Sports Club (CASC) status. The end of season and accounts year end is a good time to look at your club's status, if you have not done so already. If necessary, set up a small sub committee to deal with the issue. Even if the club is not a CASC it should make certain that its tax position is controlled. Many clubs will be mutual organisations and are likely to be taxed on non mutual income. When there was a £10,000 nil rate band there was not an issue for most clubs. However, now you will need to understand HMRC's policy on small amounts of non mutual trading. Other taxes are also important such as employment taxes and VAT.

### Review Your Tax Arrangements

I have come across clubs who have made or proposed changes to their club's VAT status, for example de-registering, without considering the wider impact. The close season is a good time to review your arrangements to ensure that you are dealing with tax correctly.

The above are just a few suggestions to help you to organise your club for next season and beyond. There will be many other issues depending on the size of your club and its resources. Remember, a well planned club is more likely to be successful on the pitch. Good luck!

