

Inverness Backcountry Snowsports Club

Treasurer's report: 01 June 2022 – 31 May 2023

Summary

- The Club has changed its bank account from Virgin Money to NatWest.
- Payments from the new bank account require authorisation by two people, the previous arrangement only required one authorisation.
- To facilitate financial planning (and committee organisation) the Annual General Meeting has been moved to June. These changes should be reflected in amendments to the Club's constitution in due course.
- There is a recommendation to increase membership fees with effect from the end of October. This is to compensate for inflationary pressures and an increase in the cost of affiliation to Mountaineering Scotland.
- The Club's programme of domestic and international meets covered its costs. Three subsidised training events were held. The Spring Ceilidh ran at a loss and the organisation of a similar event needs to take into account the lessons learned from this experience.
- The Club goes into the new financial year on a sound financial footing and with the reserves needed for the Club to operate successfully.

Financial management

This year, at the recommendation of the Treasurer and with the approval of IBSC Committee members, changes were made to the way the club manages its banking. IBSC was using a Virgin Money Business account, but has now changed to a NatWest Business account.

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Banking arrangements and account signatories

The club had used a Clydesdale/Virgin Money Clubs and Societies account for a number of years. This allowed for online banking and there is a branch of the bank in Inverness.

The account was charged for if there were more than 10 transactions in a calendar month (which in some months there were). A monthly fee of £6.50 was then applied and a charge made for each additional transaction above the 10 free transactions.

This account only needed the authority of one signatory to issue a cheque or to authorise an electronic payment. This arrangement left both the signatories and the club vulnerable to errors and dishonesty. With no oversight, there was an increased risk that individual signatories could be scammed or make unauthorised withdrawals from the Club's account.

Clearly, a greater level of security would be provided for both the signatories and all the other members of the club by the requirement that every payment be authorised by two signatories. The Virgin account did not offer the facility for dual signatory authorisation.

Alternative bank accounts were looked at and the one found most appropriate to the Club's circumstances was a NatWest Business account. An account was opened in December 2022 and linked to the NatWest Bankline for Communities service. This allows signatories for the account to make payments electronically. A payment can be set up by any signatory but is not made until approved by one of the other signatories – this is an on-line process.

The other advantages of the NatWest account for the Club are:

- it is designed for not-for-profit organisations, like a charity or club;
- banking is free if the account's annual credit turnover is less than £100,000 and remains at this level;
- cheque and paying in books are provided;

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- everyday support is provided from texts and email alerts;
- up to four individual signatories can be authorised on the account;
- free access to the NatWest business accounting software *FreeAgent*;
- digital banking that allows most day-to-day banking activities to be carried out 24/7 and the viewing of up to 7 years of transactions;
- use of a mobile banking app; and
- a branch network throughout Scotland, which makes it relatively easy to access in-branch help if needed. For example, when changing signatories.

The Virgin account was closed in January 2023 and the funds contained were moved to the NatWest account under the Current Account Switch Guarantee (<https://www.uswitch.com/current-accounts/guides/current-account-switching/>). Any payment after the transfer sent to the Virgin account is automatically transferred to the new account. There are four signatories to the Club's NatWest account: Christopher Dyer (Treasurer), Alan Bird (Secretary), Paul Whitefoot (Communications Officer) and Brendan Hughes (Training Officer).

Recommendation: The Treasurer recommends the Club's constitution be amended to incorporate the requirement for dual authorisation of payments and a minimum number of account signatories (three).

Scheduling of future Annual General Meetings (AGMs) and the club financial year

The club's financial year is determined by the constitution:

'6. Finances a) The financial year of the Club will run from the First (1st) of June to the Thirty-first (31st) of May of the following year...'

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The Club's officers have, in the past, been appointed at a November AGM (the timing of the AGM is not specified in the constitution). In this situation the handover of the accounts takes place half-way through a financial year, albeit the first six months of the year are unlikely to see much activity. The transfer of the Club's Treasurer role from one person to another will inevitably involve a delay because of the need to set up the authority to act as a signatory on the Club's bank account and to enable access to the account on-line. In practice this means that a Treasurer elected at an AGM held in November may not be able to access the club's bank account until sometime in December and in the meantime is going to be effectively prevented from carrying out their role at one of the busiest times of the year.

For all committee members, appointment earlier in the year allows for a period to settle in to their roles before the increased activity in the Autumn.

Similarly:

'6. Finances... b) The annual subscription, fixed each year by the Annual General Meeting, will be due on or before the Thirty-first (31st) October of the year running...'

This is an issue because subscription reminders are sent out mid-October for renewal by the end of the month and the AGM is being held in mid-November. If the AGM is to approve the subscription level to be implemented for the current year it should take place before subscriptions are renewed.

Recommendation: The Treasurer recommends the appointment of the Treasurer (and hence the other club officers) is coordinated with the clubs financial year so a term of appointment covers a whole financial year. The AGM should be held in June, which is a quiet time for club activities and when even summer trips are likely already paid and

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accounted for. The Club's constitution should be amended to require the AGM to be held within three months of the end of the financial year.

The Club's financial records and accounts

The Club is now using three pieces of software to collect, process and record members' payments. MembershipWorks is the interface members use when booking and paying for events and membership and is what members see on the Club's website.

MembershipWorks integrates with Stripe, a payment processing platform. Stripe allows the Club to transfer the payment made in MembershipWorks from a member's bank account into the Club's account by way of a credit or debit card. Stripe charges the payment to the card, takes a fee and then transfers the balance to the Club's bank account. The Club's bank account is integrated with accounting software called FreeAgent. FreeAgent has been used to generate all of the figures in this report. All of these records are stored in the Cloud, meaning the Club's records are protected and available from anywhere through the internet. FreeAgent is free to the Club through the NatWest account, but would otherwise cost around £20 per month. All of the transactions recorded in FreeAgent are completely auditable.

Proposed increase in IBSC membership fees 2023-24

The Club's constitution requires that the annual subscription be fixed each year by the Annual General Meeting. The Club Committee is proposing an increase in membership fees as set out below.

Adult member £33.50 (currently £31).

Over 60s membership £30.50 (currently £28).

Student/Unemployed membership £30.50 (currently £28).

Adult member, already a member of Mountaineering Scotland £24.50 (currently £24.50).

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Mountaineering Scotland are increasing club membership fees from £17.55 to £20.15 for the year 1 April 2023 – 31 March 2024, an increase of £2.60 and this needs to be passed directly to members. This is the first increase in Mountaineering Scotland membership fees in three years and compared to individual membership at £39 the club rate of £20.15 is good value for money. The Committee has taken the view that, given current reserves, there is no justification for raising the fee levied by IBSC despite inflationary pressures (and IBSC has absorbed a small proportion of the Mountaineering Scotland increase).

Those members who are paying the *Adult member, already a member of Mountaineering Scotland* rate of £24.50 are already contributing disproportionately to the club's income.

This has come about because of the change in membership fees that occurred when the club affiliated to Mountaineering Scotland. In order to reduce the disparity it is proposed that the cost of this membership remains the same for this year. This rate has not increased in the last eight years.

Recommendation: The Treasurer recommends the introduction of the new membership fees with effect from 31 October 2023.

IBSC accounts

The move to using accounting software has required that some of our accounting processes are formalised.

These accounts have been prepared on an accruals basis. This means that costs the Club incurs are recorded in the Profit and Loss account at the time the Club uses what it has paid for, which may not be when the cost was met. For example, the hut fees for the Stravaiging in Scavaig meet taking place in July 2023 have been paid for in this financial year (2022-23) but will be accounted for in 2023-24, which is the year when the meet takes place.

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The Summary 22-23 sheet (see Appendix 1) shows the money that has been credited to and debited from the Club during this financial year. (The figures in the summary have been rounded to whole numbers.)

The initial bank balance of £11545 is taken from the bank reconciliation for the Virgin Money account (see Appendix 2a – Virgin reconciliation) and incorporates the retained income – money that is available to the Club to distribute – from the 2021-22 financial year. The summary sheet shows a retained income of £9693, a difference of £1852 from the opening bank balance. These figures differ because some of the money in the bank on 01 June 2022 was owed to creditors from the previous financial year, and some had been paid to the club in the previous financial year for a meet happening in the 2022-23 financial year. These figures are shown as the opening balances in Creditors 22-23 (£743.05) and Prepayments 22-23 (£1108.95) (see Appendix 1 – Financial Summary).

Creditors are owed money by the Club, in effect they have made a loan to us, the initial creditors from the start of the year have been paid and the Club has no outstanding creditors.

Total income is money the club has generated through its activities and is essentially membership fees and payments for meets and events the Club has run.

On the debit side are the costs of membership, such as the fees the Club pays to Mountaineering Scotland, and the cost of events, such as booking accommodation.

There are also the Club's administrative expenses (or fixed costs). These are broadly the costs the Club incurs that are not directly linked to membership or events, such as paying for software licenses and hosting the website. Finally, Prepayments are payments either made in the previous financial year for events in this year, or payments made in this year for events in the next financial year. The debit items on the summary sheet deducted from

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the credit items produce the closing bank balance of £10595. This corresponds to the actual bank balance taken from the bank reconciliation for the NatWest account (see Appendix 2b – NatWest reconciliation).

Income from Club events

Every residential event the club ran (16 in total), both domestic and international, covered its costs. The Club aims to generate an excess income of five to ten percent on these events. This is done because the cost of these events is often incurred in advance and the Club cannot guarantee to fill all of the available places. Nevertheless, the events still go ahead and the cost to participating members is unaffected, any excess income helps to defray a loss caused by not filling all of the available places. If all of the places are filled the excess provides income that the Club can put towards other objectives, such as buying equipment or subsidising training places.

The Club ran three training days with the aim of allowing members to develop their off-piste and touring skills. These were subsidised by the Club as a benefit of membership, to encourage new members to attend one-day events thereby providing confidence for attending weekend events, and to develop skills within the Club needed to maintain and develop the Club's activities.

The Spring Ceilidh, held at the end of May, was successful as an event but did not cover its costs, making a loss of around £660. The ceilidh was organised in response to feedback from members in the Membership Survey held at the end of 2022. Nearly all respondents said they were in favour of holding a ceilidh with the aim of developing the social side of Club membership. Based on the experience gained from this event it is hoped that, with adjustments to the organisation, future social events of this kind will cover their costs.

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Overall, the club had a net income from events it ran of around £460 (see Appendix 3 – event income and expenses), and had a net income surplus for the year of £1872.

Retained income carried forward into 2023-24 is £11564 (the sum of the closing bank account balance and prepayments made for next year).

Funds needed for viable operation

The Committee has taken the view that the Club should keep a reserve of funds equivalent to one year's administrative expenses. Based on the expenditure for this year and allowing a contingency of around 10% this gives a reserve needed of £3200.

In organising its winter programme, the Club often has to book accommodation months in advance of the events and before the majority of our funds have been received from membership fees. In order to put a programme together event organisers need access to sufficient funds to book accommodation. Based on last year's figures that requires funds of £6200. (International meets require a deposit of £200 per person. If we run 3 meets with 6 people at each we need £3,600 plus the deposits required for domestic meets). A reserve of £10000 should be enough to cover the Club's administrative costs and the booking of a comprehensive programme of domestic and international meets. The Club's current reserves are sufficient for these purposes.

31 May 2023 (revised 27 June 2023)

Chris Dyer

Treasurer

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