



# MANAGEMENT ACCOUNTS

Six months to 30<sup>th</sup> June 2019

## Introduction

Please see below Management Accounts for the Six months ended 30th June 2019. These are provided for Trustees and Finance Committee members' use and are not for wider distribution.

Actuals are compared to Budget, this is the approved Budget from December 2018 but where the profile across the year was clearly wrong these have been re-phased. In addition, internal rents and subsidies have now been included to complete the picture. A likely out turn or Forecast is also included.

Within June accounts we have spread the unrecoverable VAT over the costs and departments that it relates to. Where this has had a significant impact, note has been made.

## Summary of Actual and Likely Turnout for Year

	January - June		July - December		Full Year	
	2019	Budget	Forecast	Budget	Forecast	Budget
Income	658,666	617,000	804,484	808,072	1,463,149	1,425,072
Expenditure	(688,539)	(605,972)	(774,923)	(793,642)	(1,463,462)	(1,399,614)
<b>Net (Loss)/Profit</b>	<b>(29,874)</b>	<b>11,028</b>	<b>29,560</b>	<b>14,430</b>	<b>-313</b>	<b>25,458</b>
<b>Reserves Carried Forward</b>	<b>3,901,752</b>	<b>3,942,653</b>			<b>3,864,612</b>	<b>3,890,383</b>

Overall a deficit of £29,874 has been recorded to date against a budgeted surplus of £11,028.

There are many reasons so these are explained within the three key areas.

However our investment with COIF returned a surplus for the year to date of £165,000 so we are still well placed to meet the £1 per member grant going forward.

## 2018 Note

2018 had Starburst at the start of the year whereas this year we have Supernova in November 2019, which explains the difference in activity levels.

Unfortunately, although most omissions and errors for last year have been identified and corrected there are still a few issues of timing where the actual timing of when revenue or cost should be recognised was not correct.

Profit and Loss - Six months to June 30<sup>th</sup> 2019

	Six months to 30 June 2019	Six months to 30 June 2019	VARIANCE	Six months to 30 June 2018	Year to 31 December 2019 FORECAST	Year to 31 December 2019 BUDGET	Year to 31 December 2019 VARIANCE	Year to 31 December 2018 ACTUALS
	ACTUALS	BUDGET		ACTUALS				
Funds	12,153	12,320	(167)	24,595	33,033	33,360	(327)	47,101
Membership subs	330,981	334,790	(3,809)	316,302	660,911	671,400	(10,489)	652,307
Other Income	27,295	1,125	26,170	7,636	29,714	3,000	26,714	17,834
Hautbois Income	193,117	160,103	33,014	180,823	464,201	433,483	30,718	478,998
Event Income	10,945	10,660	285	448,959	89,488	79,031	10,457	469,604
Sales	59,412	85,500	(26,088)	101,811	164,606	180,000	(15,394)	182,537
Interest	725	3,500	(2,775)	3,083	5,225	8,000	(2,775)	6,712
Rental Income	8,175	9,002	(827)	8,531	15,971	16,798	(827)	17,068
<b>TOTAL INCOME</b>	<b>642,803</b>	<b>617,000</b>	<b>25,803</b>	<b>1,091,740</b>	<b>1,463,149</b>	<b>1,425,072</b>	<b>38,077</b>	<b>1,872,161</b>
Payroll	327,986	320,600	(7,386)	311,743	653,285	643,355	(9,930)	662,019
Associated staff costs	21,668	20,650	(1,018)	21,538	33,948	32,750	(1,198)	41,412
Materials	47,602	61,000	13,398	85,175	126,799	128,000	1,201	157,400
Venue cost	21,391	9,000	(12,391)	361,554	120,072	89,058	(31,014)	414,693
Funds	22,637	29,820	7,183	33,908	88,727	95,910	7,183	147,850
Utilities	20,173	12,000	(8,173)	14,904	27,827	23,900	(3,927)	27,465
Services	12,394	15,202	2,808	15,288	26,443	29,084	2,641	28,882
Equipment leases	680	1,050	370	1,878	1,730	2,100	370	3,083
Equipment purchases	40,520	31,000	(9,520)	49,802	58,048	50,200	(7,848)	73,975
Office supplies	5,592	7,350	1,758	16,330	17,882	17,786	(96)	24,610
Transaction charges	1,123	2,960	1,837	4,092	4,882	6,598	1,716	10,068
Activities	9,106	4,200	(4,906)	322	25,150	20,244	(4,906)	(81)
Marketing	4,147	5,100	953	5,781	16,800	17,753	953	11,588
Professional fees	25,180	24,350	(830)	21,227	50,463	49,495	(968)	40,510
Servicing, Repairs and maintenance	51,531	33,500	(18,031)	33,181	72,183	54,181	(18,002)	52,252
Travel	16,487	15,200	(1,287)	65,670	60,422	59,025	(1,397)	86,939
Catering	22,841	12,990	(9,851)	30,063	55,026	45,175	(9,851)	61,043
Irrecoverable VAT	17,599	26,000	8,401	24,138	17,599	35,000	17,401	48,426
<b>TOTAL EXPENDITURE</b>	<b>668,658</b>	<b>631,972</b>	<b>(36,686)</b>	<b>1,096,594</b>	<b>1,457,287</b>	<b>1,399,614</b>	<b>(57,673)</b>	<b>1,892,134</b>
<b>NET PROFIT</b>	<b>(25,855)</b>	<b>(14,972)</b>	<b>(10,883)</b>	<b>(4,854)</b>	<b>5,863</b>	<b>25,458</b>	<b>(19,595)</b>	<b>(19,974)</b>

A deficit for the first six months of £25,855 is £10,883 worse than anticipated.

The change in accounting practice on VAT where we split the irrecoverable VAT (partial exemption) at the time of purchase has brought forward just under £3,000 of cost and also reduces our estimate for the year by £6,000.

Detailed explanations are given below departmental schedules.

## Profit and Loss - Terminology

Funds	Income from discretionary means such as grants, donations and legacies
Membership subscriptions	Subscription income from members
Other Income	Interorganisational recharges
Hautbois Income	All revenue for accommodation, catering and activities earned by Hautbois for stays in the period.
Event Income	Specific event income.
Sales	Retail sales through the shop
Interest	Interest from bank balances
Rental Income	Rental income on properties owned by the Association.
Payroll	Salary cost of permanent and temporary staff inclusive of pension and NI
Associated staff costs	Training, recruitment costs, clothing.
Materials	Materials for resale or use within the organisation.
Venue cost	Venues for events, training and meetings
Funds	Grants given both internally and externally
Utilities	Electricity, gas and water
Services	Regular supply contracts eg broadband, phone
Equipment leases	Photocopiers, franking machine, card machines, water coolers etc.
Equipment purchases	Items under £1,000 bought in year
Office supplies	Stationery and IT supplies
Transaction charges	Merchant charges on card receipts and bank charges
Activities	Expenditure related to providing our activities.
Marketing	3 <sup>rd</sup> party expenditure in promoting the organisation.
Professional fees	Legal and accountancy with HR support
Servicing, Repairs and maintenance	Repair of all equipment and property/estate
Travel	Domestic and overseas travel costs
Catering	All food related expenditure both inhouse and external
Irrecoverable VAT	Unrecoverable VAT due to our partially exempt status. This is now spread over the expenditure and departments it relates to but was separate in 2018 and the Budget.
Depreciation	Charge on previously capitalised items to reflect their use to the organisation.

Profit and Loss - Region

	Six months to 30 June 2019 ACTUALS	Six months to 30 June 2019 BUDGET	VARIANCE	Six months to 30 June 2018 ACTUALS	Year to 31 December 2019 FORECAST	Year to 31 December 2019 BUDGET	VARIANCE	Year to 31 December 2018 ACTUALS
Funds	3,930	-	3,930	13,389	3,930	-	3,930	18,092
Membership subs	329,487	334,790	(5,303)	315,767	659,587	671,400	(11,813)	651,670
Other Income	22,573	-	22,573	4,804	22,573	-	22,573	14,458
Hautbois Income	-	-	-	3,617	-	-	-	3,917
Event Income	2,069	-	2,069	436,388	69,839	51,621	18,218	439,922
Sales	-	-	-	804	-	-	-	613
Interest	725	3,500	(2,775)	3,083	5,225	8,000	(2,775)	6,712
Rental Income	7,173	8,000	(827)	7,529	13,971	14,798	(827)	15,064
<b>TOTAL INCOME</b>	<b>365,958</b>	<b>346,290</b>	<b>19,668</b>	<b>785,381</b>	<b>775,126</b>	<b>745,819</b>	<b>29,307</b>	<b>1,150,447</b>
Payroll	139,535	150,000	10,465	144,879	290,435	300,900	10,465	318,285
Associated staff costs	14,633	7,500	(7,133)	11,017	22,233	15,100	(7,133)	22,553
Materials	8,307	3,000	(5,307)	31,848	17,223	6,000	(11,223)	39,596
Venue cost	21,391	9,000	(12,391)	361,563	120,072	89,058	(31,014)	413,533
Funds	22,637	29,820	7,183	33,908	88,727	95,910	7,183	147,850
Utilities	3,308	3,000	(308)	3,501	6,208	5,900	(308)	8,469
Services	6,005	7,000	995	9,349	11,280	12,275	995	16,310
Equipment leases	555	1,050	495	1,421	1,605	2,100	495	2,236
Equipment purchases	4,503	8,000	3,497	18,452	11,203	14,700	3,497	26,820
Office supplies	2,303	6,000	3,697	13,187	11,153	14,850	3,697	16,959
Transaction charges	500	1,800	1,300	2,927	2,898	4,198	1,300	7,975
Activities	7,274	-	(7,274)	(932)	19,174	11,900	(7,274)	(1,781)
Marketing	1,398	5,000	3,602	2,984	13,901	17,503	3,602	6,867
Professional fees	25,890	23,000	(2,890)	24,929	49,540	46,650	(2,890)	48,748
Servicing, Repairs and maintenance	22,880	14,000	(8,880)	14,026	39,500	30,620	(8,880)	18,967
Travel	14,859	13,500	(1,359)	63,042	56,884	55,525	(1,359)	82,878
Catering	2,907	1,200	(1,707)	8,081	14,982	13,275	(1,707)	17,228
Irrecoverable VAT	-	26,000	26,000	24,138	0	35,000	35,000	48,426
<b>TOTAL EXPENDITURE</b>	<b>298,884</b>	<b>308,870</b>	<b>9,986</b>	<b>768,320</b>	<b>777,017</b>	<b>771,464</b>	<b>(5,553)</b>	<b>1,241,920</b>
<b>NET PROFIT</b>	<b>67,074</b>	<b>37,420</b>	<b>29,654</b>	<b>17,061</b>	<b>(1,891)</b>	<b>(25,645)</b>	<b>23,754</b>	<b>(91,473)</b>

## Region - VAT Accounting Change

As expected the positive impact is on Region with the single “Irrecoverable VAT” line replaced by the analysis as VAT is spread. Region benefits by £8,750 on the first half year as the £17,600 is replaced by £8,850 spread over associated staff costs, professional fees and repairs and maintenance.

## Region - Income

No movement in Fund Income in the month, the year to date includes Delivering Diversity £2,015 and Space to Grow Together Grant £1,500.

Subscription income from membership continues to run at a combined rate of 1.6% down for the year as the 3% fall in membership from February flows through.

Other Income reflects income relating to program with costs shown against venue, activities and travel. Although showing a surplus on this line to Budget, at bottom line all are maintaining the break even or agreed subsidy level.

Other income has been deferred to the month of the actual trip for future events/trips together with held costs :

## Region - Expenditure

The staffing situation in Finance resolved itself and with the savings earlier in the year across MRC we retained a £4,000 underspend between payroll and associated staff costs leading into July/August where this is utilised in temporary cover.

Most costs relating to trips and events are in line with individual budgets although timing is astray.

**Note:** Held within the Balance Sheet under debtors is the loan of £10,000 made in January to Kidlington District which will start to be repaid in January 2022 and fully repaid by January 2025.

Servicing and repairs reflects hefty expenditure earlier in the year which has been allowed for within the annual budget including work on the facias and gable ends of £5,828.

Utilities have come closer in line as the seasonal effect kicks in.

Equipment Purchases remains the four new laptops in March and April. This was however all allowed for within the Budget and with the delays in staff recruitment the underspend is expected to be picked up in coming months.

Irrecoverable VAT is now removed as a separate line with the spend allocated across the individual lines and departments. The Budget has not been reallocated as there were no workings to do this.

Profit and Loss - Hautbois

	Six months to 30 June 2019 ACTUALS	Six months to 30 June 2019 BUDGET	VARIANCE	Six months to 30 June 2018 ACTUALS	Year to 31 December 2019 FORECAST	Year to 31 December 2019 BUDGET	VARIANCE	Year to 31 December 2018 ACTUALS
Funds	8,222	12,320	(4,098)	11,206	29,102	33,360	(4,258)	29,005
Membership subscriptions	1,494	-	1,494	535	1,324	-	1,324	637
Other Income	432	-	432	2,832	432	-	432	3,172
Hautbois Income	193,117	160,103	33,014	177,206	464,201	433,483	30,718	475,081
Event Income	8,876	10,660	(1,784)	11,478	19,649	27,410	(7,761)	29,664
Interest	-	-	-	-	-	-	-	-
Rental Income	1,002	1,002	-	1,002	2,000	2,000	-	2,004
<b>TOTAL INCOME</b>	<b>213,143</b>	<b>184,085</b>	<b>29,058</b>	<b>204,260</b>	<b>516,709</b>	<b>496,253</b>	<b>20,456</b>	<b>539,562</b>
Payroll	169,350	144,600	(24,750)	147,553	314,075	289,955	(24,120)	306,230
Associated staff costs	9,459	13,000	3,541	11,204	13,959	17,500	3,541	20,806
Materials	-	-	-	3,116	-	-	-	3,453
Utilities	18,826	9,000	(9,826)	12,555	23,580	18,000	(5,580)	20,495
Services	6,376	6,000	(376)	5,751	12,385	12,009	(376)	12,328
Equipment leases	77	-	(77)	612	77	-	(77)	990
Equipment purchases	39,634	22,000	(17,634)	36,748	50,434	34,000	(16,434)	58,019
Office supplies	1,017	1,350	333	2,588	2,603	2,936	333	3,669
Transaction charges	457	540	83	724	1,017	1,100	83	1,320
Activities	2,109	4,200	2,091	1,449	6,253	8,344	2,091	1,906
Marketing	2,839	-	(2,839)	2,804	4,089	-	(4,089)	5,052
Professional fees	1,453	750	(703)	628	2,248	1,545	(703)	2,109
Servicing, Repairs and maintenance	33,520	19,500	(14,020)	22,841	38,141	23,561	(14,580)	39,666
Travel	1,516	1,200	(316)	2,311	2,816	2,500	(316)	3,465
Catering	20,133	11,790	(8,343)	22,375	40,863	31,900	(8,963)	44,526
<b>TOTAL EXPENDITURE</b>	<b>306,766</b>	<b>233,930</b>	<b>(72,836)</b>	<b>273,258</b>	<b>512,539</b>	<b>443,350</b>	<b>(69,189)</b>	<b>525,266</b>
<b>NET PROFIT</b>	<b>(93,623)</b>	<b>(49,845)</b>	<b>(43,778)</b>	<b>(68,998)</b>	<b>4,169</b>	<b>52,903</b>	<b>(48,734)</b>	<b>14,296</b>

## Hautbois - VAT Accounting

Hautbois sees increased costs of £11,550 as a result of the change. £4,600 on the various equipment purchases, £3,000 on repairs and maintenance, £1,750 on utilities and £890 on associated staff costs.

## Hautbois - Income

Fund income is an internal subsidy from Region of £8,222 to date to reflect the reduction in price given to Girl Guiding groups and is down on Budget, reflecting less usage than envisaged by Guide units.

Booking income is now 20% up on Budget, and 7% up on the same point last year.

With a further £8,876 on Events, through the Baden Powell weekends £2,521 and Friends Of Hautbois (FOH) weekend £1,530, and the fun days £2,374

Total revenue of £213,143 compared to a Budget of £1847,085 and £204,260 last year. 16% up on Budget to date.

## Hautbois - Expenditure

Payroll at £169,350 was £24,750 up (17%) on Budget, compared to the increased activity of 16%. Salary increases and a series of training courses that staff attended (canoeing, first aid, aquatic first aid) at the start of the year also account for this increase. Within Associated Staff Costs was £2,900 of new uniform and outdoor clothing.

Equipment purchases in the month were fifteen more Coleman tents for campers

Marketing continued to see limited magazine advertising with a quarter page in Norfolk Bumper Sun.

Utilities are coming back into line but errors in budgeting will continue throughout the year.

Servicing, Repairs and Maintenance within the month was mainly electrical work (lime pits shower block/laundry and house immersion). The overspend relates to the extensive programme earlier in the year previously discussed.

For the year expenditure is expected to be 15% up on Budget, with payroll reflecting the increased activity 8% up, catering 28% more, and higher equipment purchases utilising last year's surplus. In addition the VAT changes will also add some £16,000 in total to the year's expenditure.



## Profit and Loss - Retail

	Six months to 30 June 2019	Six months to 30 June 2019		Six months to 30 June 2018	Year to 31 December 2019	Year to 31 December 2019		Year to 31 December 2018
	ACTUALS	BUDGET	VARIANCE	ACTUALS	FORECAST	BUDGET	VARIANCE	
Other Income	4,458	1,125	3,333	-	6,708	3,000	3,708	204
Event Income	-	-	-	1,092	-	-	-	18
Sales	75,106	85,500	(10,394)	101,007	164,606	180,000	(15,394)	181,924
<b>TOTAL INCOME</b>	<b>79,565</b>	<b>86,625</b>	<b>-7,060</b>	<b>102,099</b>	<b>171,315</b>	<b>183,000</b>	<b>(11,685)</b>	<b>182,147</b>
Payroll	25,193	26,000	807	21,460	50,693	52,500	1,807	45,265
Associated staff costs	37	150	113	108	187	150	(37)	261
Materials	50,403	58,000	7,597	50,684	109,578	122,000	12,422	115,171
Services	1,022	2,202	1,180	1,094	3,620	4,800	1,180	2,167
Equipment leases	90	-	(90)	92	90	-	(90)	182
Equipment purchases	1,443	1,000	(443)	1,867	1,943	1,500	(443)	442
Office supplies	3,438	-	(3,438)	1,283	4,338	-	(4,338)	5,033
Transaction charges	248	620	372	516	991	1,300	309	898
Marketing	-	100	100	63	150	250	100	141
Professional fees	828	600	(228)	114	1,528	1,300	(228)	681
Servicing, Repairs and maintenance	-	-	-	93	-	-	-	93
Travel	189	500	311	517	789	1,000	211	820
Catering	-	-	-	27	-	-	-	27
<b>TOTAL EXPENDITURE</b>	<b>82,890</b>	<b>89,172</b>	<b>6,282</b>	<b>77,918</b>	<b>173,906</b>	<b>184,800</b>	<b>10,894</b>	<b>171,182</b>
<b>NET PROFIT</b>	<b>(3,325)</b>	<b>(2,547)</b>	<b>(778)</b>	<b>24,181</b>	<b>(2,592)</b>	<b>(1,800)</b>	<b>(792)</b>	<b>10,965</b>

## Retail - VAT Accounting

The change in accounting has only added £115 to Retail for the first six months and for the year in total.

## Retail - Income

Budgeted income against Other Income relates to the Product Development Recharge to Region material costs. Whilst anticipated in the Budget the level of activity was unknown.

The lost sales in January of £19,100 from the web site issues is responsible for the downturn against Budget. However, many of these were converted to telephone sales thus the overall downturn from was held to £10,000.

2018 is also higher due to Starburst producing some £10,500 of additional sales for the team.

2018 did not have the correct stock holding recorded so was artificially high at 50% and the revised position of 37% is where we should be aiming to get to.

	2019	Budget	Variance	2018	2018 Revised*
Sales	75,106	85,500	(10,394)	101,007	101,007
Cost of Sales	50,403	58,000	7,597	50,684	58,758
Gross Margin	<u>24,703</u>	<u>27,500</u>	<u>(2,797)</u>	<u>50,323</u>	<u>42,249</u>
	33%	32%	1%	50%	42%
Stock Level	27,837	28,000		26,781	18,707
Stock turnover	99 days	87 days		95 days	57 days

Stock levels are high but include £2,935 of Macmillan badges

\* 2018 stock was not posted and is why the Gross Margin is so high - this is the correct stock level at that time and adjustments put through to give the revised Gross Margin (still high as they were behind on processing invoices)

The trading figures demonstrate that Gross Margin is in line with Budget 35% against the budgeted 32%.

## Retail - Expenditure

The Equipment Purchases of £1,443 relates to a freezer for the ice-creams bought in June that added to the laptop and ancillary equipment (under the capital expenditure threshold) purchased earlier in the year.

Transaction charges are well down and will be maintained as a saving against Budget throughout the year.

## Revised Forecast - Retail

Despite reducing the sales forecast to £164,000 with the Gross Margin anticipated at holding at the current 33% margin ends up £3,000 down on Budget.

The costs omitted for Office Supplies in the Budget to cover packaging materials and postage will impact bottom line but should be covered by the recharge line.

Hence the overall effect will be to hold the deficit around the same as that budgeted and improving the GP % would restore break even.