

DIRECTORS' REPORT – MAY 2022

During the period since the last AGM in September 2021, the Board has been heavily focused on re-opening all of our facilities with a view to maximising availability and utilisation by both members and non-members.

Issues with the ventilation equipment have been resolved, the flooring in the Bobby Low Room replaced and the flooring in the Multi-Purpose Room refurbished allowing these rooms to be re-opened for indoor classes and functions. We are very pleased to report that while demand has not yet reached pre Covid levels, the level of activity since the beginning of the year has been very encouraging.

As members will be aware, we undertook a customer satisfaction survey in relation to Café Source Too ("CST") in January this year and we received over 200 responses representing around 30% of our adult membership. A number of common themes were identified, both positive and negative, and following discussion with CST a number of actions were agreed to seek to address areas where concerns had been raised.

Representatives of the Board are continuing to meet with the management of CST on a regular basis and it is our intention to survey our members again in the near future. CST comprises around 25% of our total income and the financial success of our club is therefore heavily dependent on the success of CST. We are therefore very keen that CST provides a service which is attractive to members and that we maximise as far as possible utilisation of the restaurant and bar facilities by members.

Membership numbers remain strong with interest in our tennis section reaching a level that led to a waiting list being introduced for new membership applications. We currently have a total of around 875 members comprising just over 500 adult playing members, 250 under 18's, 100 non-playing members and 20 life members. A challenge for the Board and the sections is how we might continue to increase membership numbers within the physical constraints of the facilities which we have available.

As commented on in further detail in the Finance Director's report, we are pleased to report that our revenues have continued to recover back towards pre Covid levels during the first quarter of 2022 with subscription income and grounds hire income now above pre Covid levels and income from hire of the function and meeting rooms showing very positive growth.

Expenditure on improving our playing facilities during the year totalled £57,100.

- Our rugby club organised the refurbishment of the training pitch at a cost of £18,200 which was funded by a grant from Viridor credits of £10,400 and a grant from the SRU of £7,000 both of which were organised by the rugby club.
- Our cricket club organised the refurbishment of the cricket square including the replacement of the artificial wicket with a grass wicket at a cost of £5,400 which is being fully funded by the cricket club.
- Our tennis club organised the replacement of the tennis court floodlights with LED equivalents at a cost of £33,500. This will be funded through savings in electricity and maintenance costs together with a contribution from the tennis club of £3,000 and a grant from Glasgow City Council of £6,028.

We are very grateful to the efforts of our clubs' officials in project managing this expenditure and the related grant applications.

The work which was undertaken by the Strategic Planning Group during the latter part of last year is now being taken forward by the main board. It is 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.

Our Board membership increased to nine following the appointment to the Board in November 2021 of Keith Fowler and Gordon Taylor, both of whom are former chairmen of the club, together with Alan Wilson. Jillian Blair recently resigned from the Board and Ramzan Mohammed will be stepping down at this year's AGM and we would like to thank both Ramzan and Jillian for their service to the club. We would be delighted to hear from any member who is interested in supporting the club by joining the Board.

We are pleased to report that the transition of our Treasurer role from Jennifer Lawton to David Mann was successfully completed last October and that Ed Gallagher has now taken over from Lizzie Miller as our Membership Secretary. We thank David and Ed for agreeing to take on these roles.

This year is the centenary of the formation of Hillhead High School War Memorial Trust. We are therefore delighted that the club has successfully negotiated through what has been a very difficult period and we now look forward to working with our members to ensure that the next 100 years of the Club will be as successful as the last.

Alan Wilson

On behalf of the Board of Hillhead High School War Memorial Trust Limited
18 May 2022

FINANCE DIRECTOR'S REPORT – MAY 2022

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 2021 which are shown in Appendix A. The income and expenditure account includes comparatives for both the year ended 31 December 2020 and also the year ended 31 December 2019, the latter being the last full trading period prior to the impact of Covid.

Net deficit before grants and donations

We incurred a net deficit before grants and donations of £22,795 (2020: surplus of £2,132; 2019: surplus of £20,756). This was due to our expenditure of £236,721 (2020: £162,829; 2019: £241,516) increasing more quickly back towards pre lockdown levels than our income which totalled £213,926 (2020: £164,961; 2019: £262,272).

Income

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

Subscription income increased to £109,940 (2020: £84,042; 2019: £121,263) reflecting the easing of lockdown restrictions which allowed subscription charges which had been suspended to recommence. I am pleased to say that monthly subscription income is now running at around 10% above pre Covid levels.

Rental and service charge income from CST increased to £46,345 (2020: £30,626; 2019: £67,958) but was still well below pre Covid levels. Trading through the summer was very strong, supported by our outdoor dining facilities however this fell away significantly through the Autumn. Christmas trading was severely impacted by the tightening of government guidance on social distancing issued during December resulting in the closure of CST over Christmas and New Year for far longer than had originally been planned. The impact of Covid restrictions continued into January and February although March and April have seen some recovery. As highlighted in the Directors’ report, the success of CST is critical to the financial success of the Club.

Hire of the grounds and tennis courts recovered strongly to £55,700 (2020: £43,298; 2019: £48,755) and was above pre Covid levels primarily due to additional income in relation to the tennis courts. Going forwards, income from hire of grounds will also benefit from an increase in telecoms mast rental following a successful rent review.

Hire income from our indoor facilities (the function room, multi-purpose room and gym) totalled £1,912 (2020: £6,905; 2019: £24,133) reflecting the far greater impact of Covid on indoor activities. The recommencement of indoor activities was hampered by issues with the ventilation systems which had to be resolved prior to re-opening. However, I am pleased to say that activity levels have increased strongly since the start of the year.

Expenditure

Expenditure increased by £73,892 to £236,721 primarily as a result of the following:

- Upkeep of grounds increased by £22,443 to £62,299 principally reflecting expenditure of £18,200 to renovate the training pitch against which grants totalling £17,040 were obtained by the rugby club on the behalf of the Trust. In addition, expenditure of £5,400 was incurred in relation to the renovation of the cricket square which is being fully funded by a contribution from the cricket club.
- Upkeep of premises increased by £38,798 to £72,250 as preventative maintenance and cleaning costs recommenced and repairs were required in a number of areas including ventilation, emergency lighting, boilers and fire alarm.
- Light, heat and telephone increased by £8,442 to £46,499 reflecting reopening of the building.
- Professional fees increased by £5,891 to £20,140 reflecting recommencement of fees which had been suspended or charged at a reduced rate during closure together with handover costs in relation to our treasurer and membership secretary roles.

The most significant challenge which we face going forwards is in relation to our utility costs which comprise around 20% of our total expenditure. We are extremely fortunate that our former treasurer had the foresight to recommend that we enter into fixed price contracts during the first half of 2021 and prior to the unprecedented increases in utility costs which we have seen since then. However, our fixed price contracts for both gas and electricity expire during 2023 and we are assessing what impact this will have on our cost base.

Grants and donations

Grants and donations totalled £50,760 (2020: £44,531; 2019: £45,883) and principally comprised:

- Covid related grants from Glasgow City Council of £26,400 (2020: £30,575). In 2020 we had also benefitted from Covid related grants obtained by the rugby section from the SRU totalling £6,000.
- a grant of £10,040 from Viridor Credits and a grant from the SRU of £7,000 towards the costs of the renovation of the training pitch.
- a grant from Glasgow City Council of £6,028 obtained by the tennis section as a contribution towards the costs of replacement of the tennis court floodlights.

Net surplus

The net surplus after grants and donations was down on last year but still positive at £27,965 (2020: 46,664; 2019: £66,640).

Depreciation fell to £34,265 (2020: £42,988; 2019: £42,590) due to certain assets being fully depreciated as a result of which the overall deficit for the year was £6,300 (2020: Surplus of £3,676; 2019 Surplus of £24,050).

Capital expenditure

Capital expenditure principally comprised £33,500 in relation to replacement of the tennis court floodlights and £7,100 in respect of replacement of the flooring in the Bobby Low Room. We are also subject to an annual adjustment in relation to the VAT reclaimed on the refurbishment of the clubhouse undertaken in 2010/11 which resulted in a cash outflow of £6,057.

Cash at bank

Our total cash at the end of the year was £118,097 (2020: £114,160).

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. Our total cash balance at 31 December 2021 also included £35,835 set aside in a sinking fund for replacement of the tennis courts under the terms of the LTA Loan agreement and £6,028 received from Glasgow City Council towards the cost of replacement of the tennis court floodlights.

Approval was obtained from the LTA to allow us to utilise the sinking fund to pay for the replacement of the tennis court floodlights, the invoice for which was settled in January 2022. An increase in the annual transfers to the sinking fund will now be required in order to ensure that sufficient funds are available when the tennis court surfaces require to be replaced.

In conclusion, while our current cash position is healthy, we will need to ensure that we generate sufficient operating cash flow going forwards to allow us to fund the increase required in transfers to the tennis court sinking fund together with repayments due in respect of the LTA loan and the BBLs loan.

Alan Wilson
Finance Director
18 May 2022

Hillhead High School War Memorial Trust Limited
Consolidated Income and Expenditure Account
Year ended 31 December 2021

	Years ended 31 December		
	2021	2020	2019
Income:			
Members subscriptions	109,940	84,042	121,263
Café Source Too	46,345	30,626	67,958
Hire income			
Grounds and tennis courts	55,700	43,298	48,755
Hall hire and gym	1,912	6,905	24,133
Bank interest	29	90	164
Total income	<u>213,926</u>	<u>164,961</u>	<u>262,272</u>
Expenditure:			
Upkeep of grounds	62,299	39,856	51,629
Upkeep of premises	72,250	33,452	69,437
Light, heat and telephone	46,499	38,057	53,451
Water and Non domestic rates	3,582	4,213	12,930
Insurance	13,651	11,753	10,296
Professional fees	20,140	14,249	17,779
Independent accountant's fee for review of accounts	4,120	4,857	4,697
Stationery, marketing and sundries	1,215	2,070	3,125
Contribution to section expenses	5,089	3,319	6,906
Reception & furniture charges	716	3,439	3,902
Membership direct debit processing and bank charges	8,294	6,750	7,485
HP, lease and loan interest	561	528	792
Irrecoverable VAT - rugby section	-	286	1,682
Gain on sale of fixed assets	(1,695)		(2,596)
Total expenditure	<u>236,721</u>	<u>162,829</u>	<u>241,516</u>
Net (deficit)/surplus before grants and donations	(22,795)	2,132	20,756
Grants and donations			
Covid grants	26,400	36,575	-
Grants and contributions towards training pitch renovation	17,040	-	-
Grants and contributions towards capital expenditure	6,028	1,019	44,685
Donations from members	1,292	6,937	415
Lottery award	-	-	783
	<u>50,760</u>	<u>44,531</u>	<u>45,883</u>
Net surplus before depreciation	27,965	46,664	66,640
Depreciation	<u>(34,265)</u>	<u>(42,988)</u>	<u>(42,590)</u>
Net (deficit)/surplus before and after tax	<u>(6,300)</u>	<u>3,676</u>	<u>24,050</u>

Hillhead High School War Memorial Trust Limited
Consolidated Balance Sheet
At 31 December 2021

	At 31 December 2021	At 31 December 2020
Fixed assets	<u>1,536,660</u>	<u>1,532,013</u>
Current assets		
Trade debtors	18,948	11,179
Prepayments and accrued income	2,600	2,211
VAT	2,578	-
Cash at bank	<u>118,097</u>	<u>114,160</u>
	<u>142,223</u>	<u>127,550</u>
Current liabilities		
Trade creditors	71,346	12,557
Accruals	10,601	21,586
Deferred income	5,251	4,505
Subscriptions in advance	268	4,476
VAT	-	6,468
HP Finance Lease creditors	-	4,163
Loan from LTA for funding new tennis courts	6,426	6,425
Bounce Back Loan Scheme Loan	<u>10,000</u>	<u>1,667</u>
	<u>103,892</u>	<u>61,847</u>
Net current assets	<u>38,331</u>	<u>65,703</u>
Creditors falling due after more than one year		
Loan from LTA for funding new tennis courts	35,341	41,766
Bounce Back Loan Scheme Loan	38,333	48,333
Other loans	<u>500</u>	<u>500</u>
	<u>74,174</u>	<u>90,599</u>
Net assets	<u>1,500,817</u>	<u>1,597,716</u>
Reserves		
Income and expenditure account	1,493,441	1,499,741
The J Liversidge Fund	<u>7,376</u>	<u>7,376</u>
	<u>1,500,817</u>	<u>1,507,117</u>

Hillhead High School War Memorial Trust Limited

Consolidated Statement of Cash Flows

	Years ended 31 December	
	2021	2020
Cash flows from operating activities		
(Deficit)/surplus for the financial year	(6,300)	3,676
Adjustments for:		
Depreciation	34,265	42,988
(Gain)/loss on disposal of tangible fixed assets	(1,695)	
Donations towards capital expenditure	(6,028)	(1,019)
Decrease/(increase) in debtors	(14,632)	15,499
Increase/(decrease) in creditors	41,770	(20,647)
Net cash generated from operations	<u>47,380</u>	<u>40,497</u>
Cash flow from investing activities		
Purchase of fixed assets	(49,324)	(5,239)
Proceeds on disposal of fixed assets	12,107	
Donations received towards capital expenditure	6,028	1,019
	<u>(31,189)</u>	<u>(4,220)</u>
Cash flow before financing activities	<u>16,191</u>	<u>36,277</u>
Cash flow from financing activities		
Payment of finance lease obligations	(4,163)	(6,396)
Repayment of LTA loan	(6,424)	(3,213)
Receipt of/(Repayment of) Bounce Back Scheme Loan	(1,667)	50,000
	<u>(12,254)</u>	<u>40,391</u>
Net cash flow	3,937	76,668
Cash at beginning of year	114,160	37,492
Cash at end of year	<u>118,097</u>	<u>114,160</u>