

ECF Finance Report - April 2017

This is briefing paper to explain the ECF budget for 2017/18.

This should be read in conjunction with the budget schedules presented for Council's consideration.

Overview

The last quarter of 2016 was hit by the sad loss of John Philpott as our Financial Controller who undertook the accounting function for the Federation. There has been a period of catching up on the role that John undertook and transferring his knowledge to others to ensure that the accounting continues.

I made a judgement call in November that we should computerise the book keeping system as soon as possible. This activity started in late November once a service provider had been appointed. During the past three and half months the book keeping service, the Office and I have been working on implementing the system and furnishing it with the necessary data. We have had to go back to the beginning of March 2016 when the last book keeping entries were made. At the time writing most of the work has been completed, however, as with all computerisation and change programmes there is a period of learning, review, and correction. This is in progress and should be completed soon. It has been a painful period, but I consider it will be well the effort. I comment further on the new system later.

In light of the above it has not been possible as I write to include any actuals for 2015/16 or an up to date position for this 2016/17. It is intended that this position will be corrected closer to the meeting in April. I hope you will all bear with me for the moment.

Budget for 2016/17

At the last Council meeting in October 2016 members requested that the costs of the ECF should be more clearly explained. To meet this requirement the budget for each directorate has been split into two parts:

- That part which is supported from the membership and game fees
- That part which is supported from donations, sponsorship and calls on trust funds

Those parts of the schedules that we are considering are those with a thick line border for 2017/18. All previous figures for actuals and forecasts are replicated from last years papers and will be adjusted later for the reasons explained above. Also, the impact on

Reserves cannot be accurately calculated until the actuals for previous years have been confirmed.

The Board is mindful of the target to maintain Reserves at £100k over a planning life-cycle.

I give below further explanation on each directorate's activities.

Membership

Activities of the Membership Director have been changed to include Grading Administration (from Home Chess) and FIDE fees (from International). Therefore, there is a cost increase in operating the membership activities. I have added a small increase in the FIDE fees as these have been paid from various sources in the past and the future payments situation needs to be clarified.

An allowance has been for increases in Membership and Game fees for 2017/18 and 2019/20 as indicated at the October Council meeting in discussions on the five year plan. Pay-to-Play fees will also be increased. The proposed new Membership and Game fees may be found in Schedule 10 (Working).

There is a motion at this meeting to terminate Game Fee. If this motion is passed, the assumption is that additional revenue from Membership fees will be equivalent to that lost from the current Game Fee income. Pay-to-Play fees will still continue. If the motion fails, then the motion to approve the new Game Fee and Pay-to-Play fees will be presented.

Home

Womens Chess and Grading budgets have been transferred from the Home budget.

The Hastings Congress funding and the Grand Prix prizes are funded by the generous sponsorship of Tradewise.

British Chess Championships (BCC)

In the past the approach has been for the BCC to operate on a break-even basis after substantial support from the John Robinson Youth Trust and the Permanent Invested Fund. Last year there was a major funding of the British Championship that enabled our strongest players to participate, thus making the event very newsworthy. Future funding of the same nature is also anticipated for 2017, but this only covers the costs the top players in the Championship, not the Congress. The Congress budget is increasingly

under stress and for 2018 there is a request for additional support from the Federation for the costs of the commentary.

Junior

The Junior activities are substantial with the Director organising a number of trips for our junior squads to international events. In the past these have been shown in the budget papers, but for the sake of clarity I have removed these from the budget. These events are targeted to breakeven with parents and others meeting all the costs. Overall the ECF members are paying £8,000 towards the costs. Additional funds are requested from John Robinson Youth Trust and others.

International

The budget has been simplified to show clearly those costs met by members and those from fundraising. The Director has been successful in raising substantial support for the international team.

Women

This is a new directorate. £2,000 of budget has been transferred from Home and an additional £2,800 added to enable the Director to start the necessary activities to further support chess for women.

Administration

These costs have seen an increase compared to 2015/16 from:

- New offices at Battle
- Book Keeping and Company Secretarial service

In addition there are increasing costs mainly from inflation for:

- Staff
- Insurance
- Audit
- Board and Council expenses

Requests from the Trust Funds

The Five Year Plan presented to and agreed by Council last October included the request for the Trust Funds (JRYT and the PIF) to release larger sums to support ECF activities than they would normally. This would probably involve the trust funds distributing capital to

support the level of funding required The PIF Trustees have been reasonably receptive to this idea. The Trustees of the JRYT have at the time of writing refused any larger amounts above their normal support. This means that the Board will have to reconsider its financial plans if these funds are not forthcoming.

Computerisation of the Accounting System

This work started in December and has made substantial progress. The entire book keeping has been brought up to date and a quality review is currently being performed. By the time of the Council meeting this should all be completed.

Knowledge and familiarity with the system and understanding of the “chess” business is being gained by a number of people in the book keeping service and the Office. This is good practice to ensure that the book keeping function can continue without critical failure points.

The system provides access for multiple personnel and sites, and will facilitate up to date accounting information to be made available. Additionally a sales ledger, invoicing and debt follow-up functions will improve effectiveness and efficiency.

The implementation has required a lot effort over normal activities, but will provide good benefits for the future.

David Eustace, Finance Director 21 March 2017