

# MINUTES

Of the meeting of the **British Water Ski & Wakeboard Board**  
held on **Thursday 14<sup>th</sup> May 2015** at **Taylor Wessing, London.**

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## 1. To record attendance and apologies for absence.

### Present:

Patric Foley-Brickley

Steve Sopp

Patrick Donovan

Peter James

Nick McGarry

Alex Dobson

Rose Tranah

Penny Clifton

Justine Naylor

Martin Winter

## 2. To approve the Minutes of the meeting held on 26<sup>th</sup> March 2015.

The minutes of the meeting were reviewed, seconded by Steve Sopp and unanimously approved.

## 3. Chairman's Comments.

Patric outlined some of his recent activity as Chair which included attending the Tournament Officials Seminar. The aim was to provide some input on the work of BWSW and how its structure was being reviewed to benefit the network of clubs and sites that were under the umbrella of the "Federation".

## 4. Declarations of Interest.

There were no changes made to the register of interests. It was noted that some register of interests forms had still not been submitted by Board members. Patrick D outlined that the conflicts of interest section in the Committee Terms of Reference had been "upgraded" with added detail following on from some research into guidance from the Sport & Recreational Alliance.

**Action:** Patrick D would recirculate this document to remind everyone of the contents on conflicts, the principles of public life etc.

## 5. Matters Arising not covered by this Agenda.

None recorded.

## 6. To note items for AOB.

a) E&A Barefoot Championships – Paul Turner had submitted a request to the Board to sanction the hosting of this event with himself as Organiser and Lydd Water Ski Club acting as the host venue. He had further provided a detailed budget for the event and a letter indemnifying BWSW from any financial risk in relation to the event.

**Action:** It was agreed to sanction this event; moving forward a more detailed generic document (based on Steve's E&A 35+ agreement) would be produced as a standard agreement to clarify the role and responsibilities of the Organiser.

## 7. CEO Report.

a) Staffing – Patrick D outlined the staffing situation. Having a part time membership administrator was working well mainly due to the continuity of staff member in the role. Having a senior member of staff on maternity did leave a gap and various areas were exposed though priority areas were covered. A second member of staff would be going on maternity leave in circa mid to late October – there were key difficulties highlighted in covering this role particularly from the IT perspective and level of knowledge required regarding quite specialist software. The Talent programme was now receiving the level of staffing input required to

support the existing member of staff and deal with the day to day detail whilst ensuring key Sport England targets were met.

A note of congratulations to Kylie from the Board members on the news of her expectancy with everyone wishing her all the best during her maternity period and for the future.

b) HQ Update – Patrick D further outlined HQ activity at this administratively busy point in the season:

- The staff appraisal process was now complete. Staff were very clear on their roles and purpose within the organisation.
- All had a clear focus on the key targets in relation to funded positions i.e. the key targets that had to be achieved for roles to continue to receive funding support via Sport England.
- The year-end accounts process was ongoing with the audit set for the last week of June. Thanks to Peter for his input on various areas.
- A full reconciliation for all grant monies and programme breakdown had been submitted and accepted by Sport England for the 2014/15 financial year.
- Talent programme aiming to be “more visible” and expanding its scope of activity with talent spotting days; the aim being to widen the available talent pool.
- Coaching programme had experienced a highly successful year with the most candidates ever having taken a coaching course (136) and generating £92K at year end. The majority of the candidates (circa 75%) sourced from the commercial sector.
- To provide for greater administrative control all aspects of the accreditation process were being run via HQ – access to the IT system being a key advantage.
- NGB assurance and governance process (a funding requirement) – currently underway with an end of October deadline for final submission.
- Safeguarding Advanced Standard (a funding requirement) – development underway with a submission deadline of mid-July.
- Communications – as the season progresses news items, e-newsletters and various other pertinent messages are being prepared for circulation to relevant groups.

The Board thanked the staff for their obvious hard work and input for what is a very diverse and technical sport trying to manage a great deal with limited resources and budget.

## 8. Finance.

a) Finance Report (Peter James) – Peter provided a detailed summary document outlining the current financial position with a forecast on expected expenditure in a number of key areas. There were plans in place to refine the budgeting process to some extent to assist with financial planning in what was a very seasonal sport. As the coaching income was becoming a major income stream Peter felt it would be useful for Sam to attend a Board meeting at some point to discuss the development of this income stream and the figures behind the programme. **Action:** Patrick D would discuss with Sam the focus for this presentation and assist.

b) Update on year end – the year end accounts were in the process of being finalised in terms of the general workings. There were a number of areas under review including capitalising IT costs, accounting for merchandise stock and reconciling the VAT position. At present (and subject to review) the irrecoverable VAT was £16K less than in the previous year for a number of reasons including spend profile, improved methods of recovery and our exempt and residual VAT for the year falling under the *de minimus* level (a particular minimum level which allowed all exempt VAT and irrecoverable residual VAT relating to overhead costs to be reclaimed). All

figures were of course provisional and subject to final confirmation during the audit process.

**Action:** Peter would review some of the numbers within his report e.g. membership income and this would be made available on the BSW website to provide transparency about the organisation's finances.

**9. Development & Excellence Update.** (Nick McGarry) – Alex, Nick and Steve had met by conference call to discuss the workload of one person taking on the time commitment of both Directorates (as previously suggested post AGM). All agreed that it was an onerous task for one person and both would focus on working groups on specific key areas. Nick was trying to recruit new members to the Development Directorate though Alex would in future lead on this with Nick taking on Excellence.

#### **10. Structure & Board Related Matters.**

a) BSW Structure (Patric Foley-Brickley) – there was some further discussion on this point following the last two meetings i.e. with the aim of having a structure that serviced the needs of the sport and recognised its diversity and wide group of stakeholders.

b) Update on Draft Articles of Association (Martin Winter) – Martin reported that he continued to work on this area with assistance from Colin Slater; he would update everyone by email after their next meeting.

c) Directors Indemnity (Martin Winter & Rose Tranah) – Rose had been in contact with our broker Perkins Slade on this point and on many others in terms of fully understanding and placing “fresh eyes” on the cover provided. Patrick D outlined that there was a review meeting annually with Perkins Slade to ensure that the cover was adequate and sufficiently wide in light of the claims experience within our sport and across sport as a whole.

d) Skills Audit – the BSW Board appointment system was a skills based process and an aim for the Board was to maximise the available skills. Each year there was a review of the available skills and identification of any gaps in skills needed by the Board.

**Action:** Patrick D would circulate a skills template for everyone to complete and return to Patrick D and this would be reviewed at the next meeting.

e) Board induction – as part of an ongoing Board induction of time Patrick D produced an overview document on VAT and partial exemption to clarify for everyone one aspect of the complexity of finances when grant funds and exempt income come into play.

#### **11. Recent Proposals, Products & Services.**

a) Driving – SBD1 - deferred until a fuller discussion at the next Development Directorate meeting tbc.

b) Review of the Magazine & Survey (Penny Clifton) – the recent magazine survey had provided some useful feedback on the BSW magazine though Penny highlighted that there was a limited response to the survey. It was clear that the majority of those who responded viewed the magazine as a tangible benefit and would prefer the magazine to continue as a hard copy edition. A majority were not aware that there was an online edition (though this was highlighted on our website and in e-newsletters). A note of thanks to Kylie from Penny for assisting with this survey process. Penny highlighted some points / recommendations for further consideration:

Push people to the online magazine more.

Push some content from the magazine via facebook.

Grammar and spelling improvements.

Sections to reflect the disciplines i.e. defined areas each issue.

Coaching tips – these were highlighted as an area of particular interest.

Ski equipment / the forum – remind everyone about this and drive traffic to the website (this was in fact in Kylie's last e-newsletter).

Club news / regional news.

Advertising push from Cabbell.

Review size and weight re postal charges / pagination / colour e.g. not using full colour.  
Competitive tender review re advertising and production.

Continually review the magazine in terms of its longer term "journey".

**Action:** Patrick D would circulate these points to those involved in the magazine content and production for further consideration and discussion.

c) Overseas Sites & Accreditation - historically the majority of overseas accredited sites had been via UK based holiday companies such as Neilson and Mark Warner. Scope for further income generation from this market was discussed briefly; HQ did meet with Neilson twice per year and there were collaborations that did have mutual value e.g. accreditation and coaching courses. BWSW very much recognised that the holiday companies serviced an "access point" to the sport for newcomers; the accreditation scheme ensured that with good facilities, qualified staff and various management processes in place that these sites provided for a greater opportunity for a good first time experience of the sport (which was key to longer term involvement). The aim being for newcomers to wish to continue to participate once back in the UK at our network of affiliated clubs and sites. Any further BWSW offer to the holiday market would require careful consideration to ensure that it was appropriate and met the needs of both parties and was indeed serviceable.

## 12. Confirmation of future Meeting Dates – tbc.

### Board

### Advisory Council

TBC

2<sup>nd</sup> July

Confirmed with Chertsey as a venue

\*\* 17<sup>th</sup> September

Confirmed with London as the venue \*\*

29<sup>th</sup> October

Venue tbc

10<sup>th</sup> December

Venue tbc

\*\* Note date change (previously 3<sup>rd</sup> September)

Minuted by:

Patrick Donovan

**CEO**

# British Water Ski & Wakeboard

## Finance report to the Board

May 2015

# Executive Summary

### Executive summary

#### The full year loss of ~£21k is smaller than expected.

- Based on the draft trial balance BWSW as a whole made a loss of approximately £21k in FY14/15.
  - BWSW business activities – showed a small loss ~£10k. (Should reduce when the stock is recognised)
  - Talent programme – showed a loss of ~£16k (planned investment to bolster SE targets) offset by
  - Racing discipline who have increased there reserves by ~£5k.

#### Financial performance 2014-15

- The financial outturn for 2014/15 is better than expected primarily due to a favourable outcome in respect of the irrecoverable VAT. (See overleaf)
- In finalising the year end accounts we intend to recognise the clothing inventory and review the IT costs which could result in an improvement of ~ £5k to £10k.
- That said a £21k deficit from talent and the business operations is not sustainable for 2015/16.

#### Board actions

1. Board to review the Talent budget and agree where costs can be reduced.
2. Board to review opportunities to increase the federation revenue.
3. The training and development revenue could be lower than expected. Sam H to present his business plan, including a contingency plan, at the next board meeting.
4. Finalise the review of year end accounts (See accounts status and open items overleaf)

# Overview of BWSW Income and Expenditure based on the draft 2014-15 trail balance



## Basis of preparation and status of year end

### Basis of preparation

- These financial figures are Draft which have been prepared based on the draft trail balance.

### Year end status

- Patrick and Daisy are in the process of finalising the year end accounts and the associated adjustments. I have completed an initial review however there are still an number of areas which are still under review and these draft unaudited results are subject to change.
- The following significant items are still being reviewed:
  - Final review of the year end VAT (small adverse)
  - Year end adjustment to recognise the clothing stock in the balance sheet (est £2.5k - £5k favourable)
  - Year end adjustment to capitalise the final elements of the IT project (est £2.5k - £5k favourable)
  - Review and tidy up of historic balance sheet amount in relation to VAT.

## Overview of Business Income

Income in the year has increased significantly.

- Sport England funding - up ~£135k
- Membership - up ~ £45k
- Coaching / Driving - up ~ £30k

## Future opportunities

The opportunities to further increase the revenue earned by the federation the board could consider / explored the following opportunities:

- Increased wakeboard and cable wakeboard membership
- Sponsorship
- Media coverage
- Magazine income
- Development of training and courses – e.g. RYA sail training programme
- Others

## Future risks

- Membership falls
- Sport England funding no longer available
- Training programmes not delivered sustainability

	2015 £'000 Est	2014 £'000	Difference
<b>Business income</b>			
Membership and affiliations	319	275	44
Sport England Grant	292	122	170
Magazine advertising income	13	15	-2
IT project grant	0	8	-8
Other	8	18	-10
<b>Development income</b>			
Coaching & Driving programm	118	87	31
Sponsorship	15	0	15
Sport England Grant	127	162	-35
Other	2		
<b>Total income</b>	<b>931</b>	<b>736</b>	<b>195</b>

Note: (This is a draft income summary as part of our year end review we are still reviewing the deferral of income which may result in changes to these figures)

## Overview of Business Expenditure

### Salary

- Expenses have remained stable however are expected to reduce in 2015/16.

### Development expenditure

- Increased significantly in 2014/15. Funded by the increased Sport England grant and the increased income from course delivered by Sam H.

### Irrecoverable VAT

- Benefitted from being just below the HMRC de-minimus threshold. The resulted in an ~£8k better VAT recovery.
- I have not yet reviewed this with Patrick however as we are close to the threshold there is a risk of HMRC challenge.

### IT costs

- I am reviewing these with Patrick and Daisy to see if any of these costs are capital in nature and should be capitalised.

### Other costs

- The other costs were broadly in-line with expectations and prior year.

	2015		
	£'000 Est	2014 £'000	Difference
Salaries	321	314	7
Development expenses	169	97	72
Excellence costs	49	70	-21
Property & maintenance costs	67	60	7
Magzine costs	48	47	1
Insurance	24	36	-12
Legal and Professional and audit	33	42	-9
Irrociverable VAT	16	32	-16
Depreciation	21	19	2
Printing, postage and stationary	23	17	6
Meeting costs	11	9	2
UKCC	57	0	57
IT costs	27	0	27
Publicity and Associations	4	6	-2
Other costs	9	21	-12
<b>Total expenditure</b>	<b>879</b>	<b>770</b>	<b>109</b>

#### Note:

- This is a draft expense summary which is still under review as part of our year end review which may result in changes to these figures
- The allocation may not be totally comparable as I did not have access to the PY reports at the time of preparation. Items in red reflect best estimates.

# BWSW 2015-16

## Budget and Board Reporting

### Budget for 2015 -2016

Patrick presented the budget for the year which is prepared annually based on detailed revenue and expense analysis.

To date the budget is prepared on a full year basis only. This makes reporting against budget on a regular basis difficult.

I have agreed to work with Patrick D to split the budget by quarter to enable quarterly reporting against budget.

### Budget Income

The budget has three core income streams

- Sport England – Committed by Sport England (Low risk)
- Training / Development – There is some risk of lower attendance (Some risk)
- Membership - This is difficult to predict (Moderate risk)

### Budget Expenditure

The budgeted expenditure has been prepared on a detailed basis by the CEO.

The key costs are salary, development activities and property.

### Board review of budget

The budget shows that talent and excellence should be balanced however the draft budget shows a £16k deficit (broadly consistent with 2015 actual). The board need to agree how this will be mitigated.

### Actions

1. Board to review the Talent budget and agree where costs can be reduced.
2. The training and development revenue could be lower than expected. Sam H to present his business plan, including a contingency plan, at the next board meeting.

### Board reporting

I plan to report to the board at each board meeting separately the revenue and expenditure compared to budget.

### Revenue

I will provide a summary of the income received to date. Timing of membership income from the clubs is variable.

### Expenditure

Patrick and I will split the budget by quarter on a best efforts basis to enable reporting of the actual expenses vs budget as the year progresses.

The majority of the costs can be split relatively easily. Development and training costs pose more of a challenge as exact timing of events vary. On this basis splitting the budget quarterly is reasonable.

# Draft BWSW Finance and Audit Committee Terms of Reference

(See separate attachment)

## 1. Appointment and membership

The Finance and Audit Committee (the “Committee”) is appointed by the Board of Directors of British Waterski and Wakeboard Limited (“BWSW”) from its members.

The Committee shall consist of not less than three members at least one of whom shall have recent and relevant financial experience. A quorum shall be two members.

The Chair of the Committee shall be appointed by the BWSW Board.

In order to perform his or her role effectively, each Committee member should obtain an understanding of the detailed responsibilities of Committee membership as well as the BWSW business, operations and risks.

The members of the Committee (1 January 2015 to 31 December 2015) are:

1. Peter James (Chair)
2. Rose Tranah
3. Nicky Caine
4. Patrick Donovan (CEO)

## 2 Attendance of non-members at meetings

No one other than the Committee members shall be entitled to attend the Committee meetings other than other members of the Board and /or management of BWSW who may be invited to attend meetings by the Committee Chair.

The Committee shall meet with the external auditor at least once a year without the presence of management.

## 3. Frequency of meetings

Meetings shall be held at least twice a year and, where appropriate, will coincide with key dates in the company's financial reporting cycle.

The CEO, any Committee member or the external auditor, may request an additional meeting if they consider that one is necessary.

## 4. Delegated Authority

The Committee is authorised by the BWSW Board to:

- investigate any activity within these terms of reference and, within its scope of responsibilities;
- to seek any information it requires from any employee of BWSW and all employees are directed to co-operate with any request made by the Committee;
- to ensure the attendance of management representatives at meetings where appropriate; and,
- to obtain outside legal or independent professional advice at BWSW's expense (and the advisers may attend meetings as necessary).

## 5. The Committee's Responsibilities

The responsibilities of the Committee are set out in the Appendix to these terms.

## 6. Reporting procedures

The minutes of meetings of the Committee shall be circulated to all members of the BWSW Board unless a conflict arises.

The Committee shall prepare an annual report on its role and responsibilities and the actions it has taken in discharging its responsibilities. The report should include:

- A summary of the role of the Committee;
- The names and qualifications of all members of the Committee during the period;
- The number of meetings held and the attendance during the period;
- An explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment, continuation or reappointment of the external auditor, and information on the length of tenure of the current audit firm and when a tender was last conducted; and
- if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence is safeguarded.

The Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the BWSW Board for approval.



British Water Ski & Wakeboard  
Finance and Audit Committee Terms of Reference

13<sup>th</sup> April 2015

## APPENDIX

The responsibilities of the Committee shall be:

### 1. Financial Reporting and External Audit

#### Financial Reporting

- a. to review and challenge where necessary, the actions and judgements of management, in relation to the company's financial statements, operating and financial review and financial board reporting before submission to, and approval by the BWSW Board and before clearance by the auditors where required. Particular attention should be paid to:
  - critical accounting policies and practices, and any changes to them;
  - decisions requiring a significant element of judgment;
  - the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
  - the clarity of the disclosures;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - compliance with the accounting standards; and
  - compliance with other legal or regulatory requirements (such as Sport England funding requirements).

#### External Audit

- a. to oversee BWSW's relations with the external auditor;
- b. to consider and make recommendations on the appointment, reappointment and removal of the external auditor;
- c. to review with management the audit fee and audit engagement letter and to ensure that the provision of non-audit services does not impair the external auditor's independence or objectivity;
- d. to assess annually the qualification, expertise and resources, and independence of the external auditor, taking account of relevant ethical standards and ensuring that key partners are rotated at appropriate intervals;
- e. to assess annually the effectiveness of the audit process;
- f. to develop and implement a policy on the supply of non-audit services by the external auditor;
- g. to discuss with the external auditor, before the audit commences, the nature and scope of the audit and to review the auditor's quality control procedures and steps taken by the auditor to respond to changes in regulatory and other requirements;
- h. to review the external auditor's management letter and management's response; and
- i. to review any audit representation letter before consideration by BWSW Board giving particular consideration to non-standard issues.



British Water Ski & Wakeboard  
Finance and Audit Committee Terms of Reference

13<sup>th</sup> April 2015

#### Internal controls and risk management

- a. to review the effectiveness of BWSW's internal financial controls, financial reporting and risk management;
- b. to monitor and review the effectiveness of the outsourced finance function, to ensure that the financial records are being appropriately maintained, and to seek such assurance as it may deem appropriate that the function is independent, adequately resourced and has appropriate standing within the firm;
- c. to review BWSW's procedures for detecting fraud and whistle blowing and ensure that the arrangements are in place by which staff may, in confidence raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters; and
- d. review with the external auditor any fraudulent or illegal acts, deficiencies in internal control or other similar issue, including reviewing the results of management's investigation and follow up of any fraudulent acts

#### Other matters

- a. to perform other oversight functions, as requested by the BWSW Board.