

Minutes of the CGLMC Ltd Finance Committee Meeting held in the Boardroom, Links House on Monday 24th September 2018

Present: G Murray (Finance Convenor), C Yule, A McColgan, K Fraser, T Healey, A McKeown, A McLeish, D Cheape (joined at 1915hrs)

Attendees: M Wells (Chief Executive), A Simpson (Finance Director), D McDonald (Finance Manager)

Meeting began at 1900 hours.

1. Apologies

None.

2. Declaration of Interest

None.

3. Management Accounts

A Simpson presented a new layout of the management accounts, providing the board with a high-level, strategic overview of the organisations finances, with an emphasis on looking forward. He explained that he had moved direct costs above the line to better reflect the actual cost of delivery and advised that going forward overheads will be presented as an appendix on the agenda and will not be run through in detail during the meeting. After discussion, it was agreed that A Simpson would present overhead variances as a de-minimis value / percentage, to report by exception.

A Simpson summarised that it would be his preference for the sub-committee to focus discussion on a suite of KPI's which the board can use to assess the performance of the organisation. An example of these were presented to the sub-committee and will be refined to approval for the sub-committee in due-course.

Other management accounts points;

1. A Simpson highlighted the significant credit card charges incurred by the organisation and felt that it warranted investigation and recommended on passing

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these onto the client. It was agreed that A Simpson would provide an insight to our peer groups stance on the matter, prior to implementing charges.

2. M Wells confirmed that budget holder meetings were taking place and heads of department will take more ownership and accountability of expenditure.

A Simpson confirmed that a communication piece had been issued to all heads of departments, that budgets are not an authorisation to spend and will be reviewed monthly and realigned accordingly, based on affordability, rolling forecasts and organisational needs.

3. A Simpson proposed that Golf Centre development costs currently through the P&L should be capitalised. G Murray approved of this.
4. A Simpson highlighted that the current budget for the loan interest was insufficient and will result in a 50% overrun.
5. A McKeown highlighted and commended the Finance team for the work they've done setting a positive change to the culture within the business, where we try to understand and influence the future.
6. A Simpson produced a full organisation cash flow forecast to the 31st March 2019 which shows a neutral cash position from 31st August to 31st March 2019 and more than covers the OSCR prescribed de-minimis cover of 3 x payroll.

4. The Rookery

A Simpson presented and covered the rolling forecast (to the 31st March 2019) for The Rookery.

5. VAT

A Simpson communicated that on the 24th September 2018 HMRC further rejected our claim for special method VAT reclaim. After discussion, it was agreed that this would be taken away and next steps formalised.

A Simpson also highlighted that a VAT return last financial year, was incorrectly completed and will result in a sizeable VAT refund to CGLMC Ltd. It is anticipated that this will most likely result in a further VAT inspection.

6. Statutory Accounts

A Simpson explained that discussions with Henderson Black around the treatment of the existing building, will mean that 60% of its net book value will be disposed of as at 31st March 2018. G Murray approved this approach and A Simpson would instruct the auditors to make this correction.

A Simpson highlighted that the total completion value of Links House is expected to fall within the budget previously discussed at Full Board, based on current assumptions by our Quantity Surveyor.

7. Bonuses and Incentives

A Simpson proposed that the executive takes ownership over the appropriate bonus award and its dispersal as the Remuneration and Reward sub-committee was no longer in effect and respective committees would no longer need to see the detail. It was highlighted that the new bonus scheme would be linked to staff appraisals where the executive will conduct a peer review. The sub-committee agreed on this approach.

A Simpson sought the approval of the bonus amount for the 2017/18 payment which was approved.

9. Tournaments

i) New 9 Hole Tournament

G Murray asked the executive to review the proposed 9-hole tournament and amended appropriately before being brought back to the Finance sub-committee.

ii) Tassie / Season Ticket Holder Review

A discussion took place regarding the Tassie and the general review of all tournaments.

The board were advised that a strategic review of all Carnoustie Golf Links Tournaments continued to take place and would be presented to the board for consideration in due-course. This review would consider various aspects of our tournaments such as WAGR qualifying events, improving the perception and staging of events, as well as commercial return against overall objectives.

The finance-committee also asked the executive regarding a presentation on the future Season Ticket Holder model, to which the finance director and Chief Executive advised was still a work in progress, but options for consideration were nearing completion.

The Finance sub-committee recognised the complexity of reviewing the Season Ticket Holder model using all data available to make evidence based, informed decisions on the future of the Season Ticket Holder model. Several comments were made identifying the requirements for change, including responsibilities to neighbouring golf clubs, local golfers

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and fundamentally addressing issues that have developed over the years. New Season Ticket Holder Model options will provide the board of Trustees options on how the organisation can re-set the balance and shape the business for the future.

11. Any Other Competent Business

Links Parade

C Yule asked what the plans were for the offices at 20 Links Parade. M Wells confirmed that it was currently rented out on a 1-year fixed term contract.

Tassie

P Sawers asked about the price for the Tassie, for 2019. After discussion, it was agreed that the Tassie would be reviewed alongside all other tournaments under the Tournament Review, which will be taken to Finance and Full Board in early 2019.

Financial Reporting

A Simpson highlighted that due to our new financial reporting timetable we will be in a position to report monthly performance at Full Board before a Finance sub-committee meeting. All members agreed to the issue of financial performance at a Full Board providing that the Finance Convenor had reviewed and signed off the content prior.

Meeting Times

G Murray asked the sub-committee if there would be any objections to moving the time of the meeting to earlier in the day. It was agreed that meetings will take place at 5.30pm going forward.

There being no other business the meeting closed at 2040 hours.