

## **ITEM B**

### **Report by Financial Director to Scarborough Athletic FC Board Meeting To be held on 18 February 2009**

#### **VAT Registration**

Registration for VAT is compulsory when a Company has a turnover above £67,000.

The Club's turnover exceeded this amount last year. However, Trust membership and donations are not included in the process for calculation for VAT due to the fact that they do not provide members with any taxable benefits. This also applies in the calculations for Corporation Tax.

Due to the continued success of the Club it has been necessary to keep a watchful eye on the taxable turnover and in January the year to date figures were submitted to Winn & Co Chartered Accountants for consideration. The outcome being that our turnover has now exceeded the threshold and it has therefore become compulsory for the Club to Register for VAT from 1 February 2009.

#### **Implications of Registration for consideration by the Board.**

##### Gate Receipts

As from 1 February all gate receipts will be liable to VAT. As a result the Club will receive net £4.35 per paying adult with 65p now payable to HMRC and £1.74 per Junior/concession with 26p payable to HMRC.

We will be able to offset against this liability any Vat that is incurred on items purchased.

The financial impact of these changes and how they will affect our profitability will need to be calculated and taken in to account when we are preparing our budget for next season.

##### Shirt, player, match and ball sponsorship/Programme advertising

All of these will be subject to VAT and this will need to be taken into consideration when we review our price structure for next season. Programme sales are Zero rated.

##### Merchandise

With the exception of junior sized clothing all of our merchandise will be subject to VAT from 1 February. This will not involve price increases but sales will be inclusive of VAT therefore reducing the profit margins.

A stock has been taken at 31 January and we will be reclaiming VAT paid on this stock when we submit our first VAT Return.

Players Kit and Team wear Equipment and Physiotherapy Equipment

From now until the end of the season we will be able to recover the VAT paid for any replacements. Next season we will be able to recover the VAT paid on the purchase of all of these therefore reducing the overall cost within the budget.

Cup Prize money, Superdraw, Golden Gamble, 10 Below and Seadogs Live

All are exempt from VAT as well as the money we received from Keith Crowe for his Euro 2008 competition.

**Summary**

It will be necessary to make some calculations based on this years figures to establish the overall impact on profitability and I, together with the help of Kevin will endeavour to produce these in time for presentation at the March Board meeting.

**Sandra Troughton**

16 February 2009