



British Judo Association

An Extraordinary General Meeting of the BJA took place:

Venue: *Sutton Leisure Centre, St Helen's*
Date: *26 January 2003*
Time: *13:00 hours*

Minutes

03/1 Roll Call and Apologies for Absence

Present:

George Kerr	President
Arthur Tomkinson	Vice-President
Arthur Blackburn	Vice-President

Densign White	Chairman
Richard Barraclough	Director
Brian Davies	Director
Chris Hunt	Director
Reuben Davison	Director

In Attendance:

Scott McCarthy	CEO
Donald Steel	Head of Corporate Affairs
Mark Scarrett	Partner, Newby Castleman (Auditors)
Jim Somerville	Dan Grade Registrar

Clubs Represented:

1 st Jamestown BB	3 K's Sandwell	Alford
Anfield Youth Activity	Arena Judokwai	Austin Longbridge
Balmoral	Bearpark	Bellshill YMCA
Bingham Judo Kwai	Border Judo Kwai	Bretton Woods
Bridge of Allen	Brighton	BrunokwaiBurnley
Budokwai	Bury Judokwai	Canterbury JudoKwai
Carnegie	Castle Douglas	Windsor
Chatteris	Coleraine LC	Craiglockhart
Croydon	Dartford	Deva Judokwai
Dundee	Edinburgh JC	Fairhouse
567 Durnsford	567 Fortismore	567 JC
Forfar	Grange Judo Kwai	Higashi Judo Kwai
Hillsborough	Huddersfield	Invergordon
Ipswich	JSC	Japan Arts Centre
Kin Ryu	KNK Manchester	Kobayashi
Kodokan	Kyu Shin Ryu	Lancaster U.

Launceston	Liskeard	Mawnan Smith
Merseyside Carribean	Neil Adams	Peterlee
Preston	Ramsey	Renzoku
Riverside Lancaster	Rochdale	Roe Valley
Ryu Genki	Samurai Liverpool	Samurai Lee Valley
Scarborough	Sen-I JC	Shogun Montross
Skegby British Legion	Sporting Judo	Taw Valley
Tayside Perth	Tayside Strathallan	Thornton
Tonge JC	UUC JC	U. of Bath
Waka SI Kwai	Warrington Samurai	Werrington
West Calder JC	West Yorks Police	Whitburn
Willesden	Wolverhampton	Woodburn

Members in Attendance:

Sean Nuttall	Tony Connelly	Harry Holt
Dawn Byrne	Barry Strettle	J Hardaker
Simon Smith		

Apologies

Dermot Heslop	Richard Kenney	Roy Inman
Gordon Mortimer	Joe Ekins	

03/2 President's Opening Remarks

George Kerr introduced the top table and outlined the reason for this EGM. He expressed some regret that we were forced to hold this meeting, which was costing the Association and members significant money, and hoped we could put the 2002 Accounts to rest on this day. He also noted that Densign White had been appointed to the European Management Board in December 2002 as one of the Directors of Sport and wished Densign well in this important role. He then introduced the Chairman to say a few words.

03/3 Chairman's Remarks

Densign White read a prepared statement outlining the urgency of approving the accounts and stressing that these accounts were an accurate and honest portrayal of our financial condition and operations for the year ending 31 March 2002. He then turned the floor over to Donald Steel.

03/4 Head of Corporate Affairs Address

Donald Steel gave a thorough analysis of the accounts and addressed some queries that had been raised in writing prior to the EGM by one of the members.

It had been suggested that the charge for insurance to the World Class Programme of £27,953 was incorrect and that the charge should be c.£7,000. It was confirmed by DS that the charge was correct and had been agreed with the Sports Councils. This was confirmed by the audit partner Mr Mark Scarrett of Newby Castleman.

It had been suggested that the video equipment and computers purchased should be capitalised and not written off to revenue. DS made it clear that items purchased for use by the World Class Programmes should be written off to those programmes and not capitalised. Capitalisation meant the BJA members would have to pay for the assets whereas writing off to revenue in the World Class Programme meant the Sports Councils paid. All capital assets purchased for use other than by the World

Class Programmes were of course capitalised. A different treatment in the management accounts to that in the legal accounts was not an option .

Similarly, it was suggested that motor vehicles should not be leased and charged to revenue but should be capitalised. It was explained by DS that this would result in the BJA members paying for the capital cost of vehicles that would be charged through the leasing arrangement to the World Class Programme. The Sports Councils would accept hire purchase costs but not a charge of the capital costs through depreciation. It was accepted however that the note to the accounts should have included a further £16,000 for outstanding lease obligations but the discrepancy on the note was not considered to be material and did not affect the results as displayed.

An analysis of the increase in debtors had been requested and was provided by DS which indicated the main feature was amounts due from UK Sport, Sport Scotland and the Northern Ireland Judo Federation for insurance.

It had been questioned as to whether the NIJF was now an independent legal entity and it was confirmed it was not and was an integral part of the BJA. It has been left out of the Note to the Accounts showing the results of the English Areas as it did not receive rebates. The results in summary form had however been shown separately outside the accounts together with those of Scotland and Wales.

It had been suggested that the accounts had been prepared to support the reasons for the reduction in the payment of Area Rebates by showing an increase in insurance costs and very little reserves. DS totally refuted this suggestion which displayed an ignorance of the true position and elaborated by addressing the meeting on the history of the rebate problem that went back to at least 1997.

In the financial year 1996-97 the BJA's deficit on ordinary activities was £21,855. In the following year 1997-98 it was £37,996 after charging the accounts with rebates of £47,248 and £48,541 respectively in each of those years. Clearly in those years it could not afford that level of rebate.

In the following year 1998/99 in order to protect the BJA whose reserves were running out, the accounting policy was changed (and had to be changed) so that only the amount paid to the Areas was charged instead of the amount earned from 22% of the area's related income.

This change in policy was backdated to the previous year and enabled the BJA to show an increase in reserves from £13,022 to £28,710. DS explained that the purpose of bringing this to the attention of the meeting was to show that the Area Rebate problem was not a new one but only the symptoms had been tackled in 1999, not the real issue which was that the BJA could not afford to rebate 22% of its income to the English Areas and remain solvent.

It should therefore be no surprise to members that the situation had apparently worsened with rebates earned climbing from c.£47,000 to £72,000 over three years whereas average payments in the past three years were only about 13% higher than the average of the previous three years.

In that period DS explained that membership fees had risen but this was to cover the exceptional rise in insurance costs over the years in question which was triggered by the failure of the Independent Insurance Co in 2001 and exacerbated

by the losses sustained by the insurance industry following the attacks on New York.

Questions were asked during and after the above presentation which are recorded below.

03/5 Questions from the Floor

- 5.1 Seth Birch queried the point in the presentation by Donald Steel on the insurance charge-back arrangement with UK Sport and Sport England. DS confirmed that his statement was accurate and this was supported by Mark Scarrett, Newby Castleman. Seth Birch expressed surprise.
- 5.2 John Lucas raised a question about the English Area rebates. He wanted it clarified that the increase in rebates as alluded to in DS's presentation was 22% in proportion to a larger overall increase in membership fees. He does not understand why we are struggling if overall membership has gone up and we only pay the areas 22% of the total membership fees. DS explained that the impact of the significant increases in insurance costs was the main factor.
- 5.3 Seth Birch said that in his letter to the Board prior to the EGM he was not suggesting, as DS referred to, that by improving our reserves by capitalising computer equipment and cars that we would have more money to pay the Area Rebates. He is aware that bolstering our reserves in this manner will not give us greater spending power.
- 5.4 DS briefs the meeting on the current policy of capitalisation and he is satisfied that the current procedures are prudent and correct. The Auditors agreed.
- 5.5 Seth Birch suggests that we should simply consider more Hire-Purchase arrangements going forward. Increasing our reserves would be helpful – even in this manner. DS and the Auditors both disagreed with that suggestion.
- 5.6 Seth Birch wonders how we are keeping track of the Video equipment purchased for the HP Directorate if we are not capitalising it. DS assures him it is on the fixed property log – and feels this is the correct way to manage it since it was purchased with 100% UK Sport Lottery funding.
- 5.7 Leslie Ann Alexander sympathises with the Board's financial dilemma since she dealt with similar circumstances while in the Chair. The Sports Councils want more control and we seek greater freedom to spend the lottery money as we see fit. LAA notes that we have two choices to improve the figures, cut costs or improve income levels. She then asks how the Board is addressing this problem? DW advises that the Board has pared down costs considerably and now believes the important area to focus on is income creation. We had some prohibitively expensive lease deals on photocopiers and other office equipment and this was now improving as the leases come to an end. DW assures the members that he is committed to exploring all possible avenues to generate new income streams.
- 5.8 LAA noted that there has been a recent drop in projected grading income and that there has also been a drop in new Junior Members. We need to address these issues, since much of our central income comes from grading schemes and the juniors provide the bulk of it.

- 5.9 Mark Walsh, Burnley JC, wanted the assurances of the Chair that the Board was exploring new income streams and working to improve the financial stability of the Association. DW confirmed that this was happening.
- 5.10 Peter Holme asked who is supporting the jobs the BJA is currently trying to fill, and how many of the total BJA positions are funded from central income. SM advised that the Membership Section, Book-keeper and Secretary at the Head Office are funded from central income. The other positions are fully supported by either UK Sport or Sport England (Lottery or Exchequer funding).
- 5.11 Seth Birch again suggested that we should bolster our reserves by trying to capitalise more things (computers, cars, etc.) so we would appear to be financially stronger to the Sports Councils.

03/6 Vote on the Accounts

- 6.1 Alan Rickard proposed that we vote on the accounts and that was seconded by Mike Boote & Mick Leigh.
- 6.2 The accounts were passed by 74 votes to 0, with 9 abstentions.

03/7 Vote on the Appointment of Auditors

- 7.1 It then moved that we vote on the proposal to appoint Newby Castleman as auditors for the following year. This proposal was passed 83 votes to 0.

03/8 Presentation of Life Membership to Arthur Tomkinson

Densign White presented Arthur Tomkinson, Vice-President, with Honourary Life Membership for his significant contributions to our sport over a lengthy career in a variety of roles. Arthur thanked the President and stated that he greatly appreciated being recognised in this way – but would continue to pay his membership fees for the good of the Association!

03/9 Closing Statement from the President

George Kerr thanked everyone for making the effort to attend this important event and expressed his satisfaction with the outcome of the vote.