

## **Yacht Management - Accounts**

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A large yacht represents a significant capital investment and as such it is imperative that the value of this investment be protected. Maintaining a yacht to the highest possible standard ensures that both guest enjoyment and the eventual resale value is maximised.

Throughout our involvement in yacht management we have always aimed to provide a service that maximises the Owner's enjoyment of the yacht, minimises the risks associated with ownership, and protects the significant capital investment that a yacht represents.

With 30 years' experience of yacht management, and our large current fleet, Burgess have a good knowledge of yacht related cost management.

The key activities within Accounting are as follows:-

### **Annual Budget Preparation**

Prior to the commencement of the management of a vessel Burgess prepare, with input from Owners representatives, Captains, the Burgess yacht manager, and from historical information relating to yachts of a similar size and operation within our fleet, a fully detailed budget. This budget will act as the guide to expected financial expenditure for the year, and as a basis of funding requests. The budget will be laid out month by month and by cost groupings appropriate to the yacht.

### **Annual Budget Review**

For each subsequent year, a refined budget will be prepared based on prior period actual figures and from upcoming known plans for the yacht. This will result in a realistic budget to enable effective financial control. Again, this budget will be laid out month by month and by cost groupings appropriate to the yacht.

### **Compilation of Monthly Yacht Accounts**

Each month Burgess will prepare a detailed set management accounts for a yacht. The Management accounts will comprise:

- Monthly and Year to Date actual costs by spend category
- Monthly and Year to Date budget costs (taken from the agreed budget) by spend category
- Bank account and card (if applicable) reconciliations
- Detailed general cost ledger by spend category
- Copies of all receipts and invoices applicable to the period

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A key part of the management accounts will be variance analysis and commentary between actual and budgeted costs. The yacht manager, working with the yacht accountant, will compile a report to enable full understanding of expenditure.

## **Provision of updated forecasts**

Where changes are made to spending patterns, an updated forecast can be prepared and used for future analysis of financial periods.

## **Submission of funding requests to Owners**

Each month, the yacht manager will submit to the Owner, a request for funds. The request will be based on the agreed annual budget or updated forecast, and flexed for additional agreed expenditure as a result of timing or a change in yacht plans.

Should Burgess Crew Services ("BCS") be managing employment of the crew of the yacht, an additional request may be made as a result of adjustments to salary costs. These will be agreed in advance with the Owner.

## **Maintenance of Accounts Payable Ledgers**

Accounts payable ledgers are opened and updated on a regular basis to account for invoices received, credit notes received, and for payments made.

Appropriate controls will be agreed between the Owner and Burgess for review and approval for payment of invoices. The yacht accountant will monitor the outstanding liability and, subject to suitable authorisation being made, will make regular payments in good time to ensure invoices do not become overdue.

## **Invoice Payment**

All Burgess payments on behalf of clients are sent with 100% secure bank transfer. All payments are checked by separate individuals, including a senior accountant, before being sent.

Foreign currency is bought as required across the fleet on a daily basis

## **Client Yacht Bank Accounts**

Client funds are held in named individual separate client banks. Client bank accounts are ring fenced which legally protects funds held on behalf of a client from being included as an asset within the Burgess group. Our bank, Lloyds, are issued with an Acknowledgement of Trust which is held with the authority on the accounts ensuring that the bank have no right of offset should Burgess cease trading. Funds would be held to the order of the yacht's owning company.

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## **Yacht payment cards**

Burgess provide a choice of credit or prepaid payment cards through Lloyds and Centtrip. These are available, subject to approval, to Captains, Heads of Department, Owners, and their representatives.

Yacht accountants have access via the Internet and direct phone lines to administer all cards issued on behalf of the yacht. Cards can be stopped, limits increased or decreased, and replacements cards sent. Prepaid cards allocated to crew on-board a yacht can also be loaded by Captains directly over the internet.

## **Operational funds deposits**

Burgess Crew Services, as the employer of the crew, request the equivalent of three months' salary funds to cover the liabilities incurred by Burgess Crew Services in paying salaries on behalf of the Owner. For all other operating expenses two months funding in advance would be requested.

## **Arrange Supply of Petty Cash to Yacht**

It is normal practice for Burgess, as part of the finance function, to include cash utilised on board the yachts within the monthly accounting reports. Through our association with ship agents around the world cash can be provided to Captains within 72 hours of request.

## **Invoicing Requirements**

The Burgess yacht management fee will be agreed in in the initial contract, and reviewed annually on each anniversary of the contract.

Burgess will invoice the agreed yacht management fee monthly in advance. The payment will normally be deducted from operating funds in the yacht client account.

Out of pocket management expenses, such as pre-approved travel, will be invoiced at the end of the month the expense is incurred.

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## ACCOUNTING

- » Prepare a detailed annual budget
- » Compile monthly management accounts with variance analysis and supporting documentation via a Cloud solution
- » Review and authorise invoices and arrange payments to suppliers
- » Maintain accounts payable ledger of expenditure
- » Provide multi-currency bank accounts
- » Provide Yacht credit cards and multi-currency prepaid Mastercards
- » Purchase of foreign currency across the fleet as required
- » Submit detailed monthly funds requests
- » Arrange supply and delivery of petty cash to yacht
- » Provide detailed expense reports for refits & yard periods
- » Provide real time accounting access
- » Undertake an annual budget review