



Treasurers Report to the Annual General Meeting

Shoreham Sailing Club
September 2022

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Commentary

SUMMARY

The below has been prepared in Xero, an online accounting package and FathomHQ (reporting software) to provide a summary of the Profit and Loss, Cashflow and Balance sheet of the club on an accrual basis. This will differ in presentation to the CC16A which is in the Trustee Annual Report which presents the financials on a receipts and payments basis.

Whilst club income was lower than last year (£57,742 versus £61,162), this reflects higher one-off grant income in the prior year. Last year, the income benefited from a c. £9.9k of "Covid" grant income from the Council. In the current year, this was much reduced to £2.7k. In the current year, the club also received a gift from the estate of Paul Wilcox which was used to part fund the purchase of Smee, the new Improver rescue boat which has made a significant and positive difference to the improver sessions which are increasingly popular.

Expenses were also higher this year (£48,154 versus £27,031) which partly reflects one-off costs, but also some additional/new activities (additional clubhouse and slipway cleaning, and recycling collections). Unfortunately some higher costs are expected to continue, and some will increase (such as electricity which is due to increase significantly - we are awaiting information on the impact of any government measures that may mitigate this).

One of the costs was a Fire Risk Assessment undertaken by a "Competent Person"; as a result of this, a number of deficiencies have been identified which mean further one-off costs and investment.

The club therefore generated lower EBITDA this year when compared with last year (£9,588 versus £34,131). Before one-off costs EBITDA would have been £21,161. In terms of EBIT (which includes the cost of depreciation), we made a small loss of -£10,180 versus a profit of £15,764 last year. Before one-off costs, EBIT would have been £1,391.

In terms of capital expenditure, the club spent £23,396 (versus last year £16,993) The breakdown of this is shown below but relates to winter works on the club galley, a defibrillator, the Improver safety boat "Smee", the two Eric Twiname Trust part-funded RS Teras and other items (jet wash &the VHF radio equipment for Gift 'Orse).

As a result of the higher capex, we can see that the overall fixed assets have increased since last year (£149,381 versus last year at £145,753)

As a result of the lower EBIT, higher capex and the movement in working capital (including the accrual for the legal expenses associated with the gift of land (£3,300), the movement in payables (£451) the prepayment associated with the sailing club software £1,241 and the movement in receivables (£1) the overall cash position is lower than last year (£36,727 versus £48,026) reflecting payments being greater than receipts. A chart of the cash position over the last 12 months is shown below. The net assets of the club now stand slight lower than last year (£183,599 versus £193,779). A chart of the last 12 months net assets is below.

Income - Commentary

Total Club membership income was £40,383 in the current year versus £36,642 last year. This increase arose from higher subs (£24,359 versus £22,406), boat fees (£10,103 versus £9,008) and harbour dues (£2,611 versus £2,278). This reflects a mix of the fee increase, additional activity and active engagement with members at renewal.

We also collected additional guest and affiliate income of £2,769 versus £2,300 for last year. This primarily includes income from the Sea Scouts and the Adur Sailing Club who both provide vital contributions to the clubs finances and enable greater community access to water sports and thus also helping fulfil the club's wider charitable objectives.

The social income (including that from the bar, open meetings, galley and merchandise) was lower £11,391 versus £12,708 last year. All categories were higher other than open meetings which stood at £3,675 - versus £5,979 largely due to fewer events being hosted. The income from the galley relates to income from Fete N Lime who pay a monthly amount of £50 to provide the valuable activity of feeding the members at events and regular racing.

Other income, which includes one-off grant income, was lower this year (£5,317) than last year (£11,769). This is due to the council COVID grants ceasing. The club received a £1,000 gift from the estate of Paul Wilcock for the new Improver Rescue Boat, named after Paul's childhood nickname, "Smee". Other income also includes the fuel duty rebate from HMRC of £483 (versus last year of £722). This is lower due to the reduced rate of duty that can now be reclaimed.

Expenses - Commentary

Expenses are shown across the four categories of **operational, social & trading, admin** and **establishment**. **Operational** costs were £10,375 versus last year at £6,722. The increased costs relate to higher fuel costs, the repair to the Gift 'Orse trailer, and spending on trophies and prizes (much of which related to the prior year).

Social & trading costs were £4,815 versus last year (£4,311) reflecting an increase across all categories (Bar, Galley, Other/Merchandise). The bar itself made a contribution with profit at £2,232 (versus £2,113 last year). The sale of merchandise (£603) was effectively break-even with profits at £36.

Administration costs were £16,100 versus last year at £6,349. The greatest increase related to a one-off legal cost of £7,275 representing two transactions, the first one being the assignment of the lease held by the Trustees of the unincorporated club to the CIO. This has now been completed. The second element (which has been accrued for but not been undertaken) relates to the documentation of the gift of land by Shoreham Port to the club. We also incurred £600 to undertake a fire risk assessment which has been completed and generated a substantial list of defects that need addressing. Insurance costs were up by c. £1k; this is due to the increased value associated with the slipway (per the Shoreham Port estimate) as well as wider market insurance premium increases. We have also been adding the club boats to the insurance schedule. Within admin costs for the year was the prior year cost of Webcollect, as well as the current year.

Establishment costs were £16,865 which compares with £9,649. These are up largely due to one-off costs as well as increased activities. One off costs included winter works on the grounds and building (detailed below). Additional activities included more cleaning of the clubhouse and the cleaning of the slipway. The electricity cost is also higher - though this is in part due to it relating to the prior period. The condition of the slipway continues to be carefully monitored with the support of Shoreham Port who are aware of the ongoing issues and remain supportive (having acknowledged that they have not and would not accept its handover from the Environment Agency).

Cashflow and Balance Sheet - Commentary

The club generated operating cashflow of £12,098 versus last year of £32,788. With Capital expenditure of £23,396 (versus £16,993 last year) the club cashflow after capex was -£11,298 (compared with £15,795). Last year, the club also repaid its member loan notes which left it with a net cash flow of -£4,205. The balance sheet shows the increase in fixed assets, lower cash level, and an accrued liability for the lease costs leaving net assets at £183,599 (versus £193,779 last year)

Spending Plans, Budget for Next Year and subscriptions

The budget for next year, which assumes a modest increase in membership fees, forecasts EBITDA of c. £15,057 and a small loss at the EBIT level -£6,351. Whilst some costs were one-off, we are expecting further rises in costs - such as the electricity which has been forecast to rise significantly (more than double the 2022 rate). The key spending plans for next year will initially be tied to the urgent and necessary tasks resulting from the external Fire Risk Assessment (33 action items including the need for emergency lighting, dedicated fuel storage, signage and other safety related aspects), together with other items necessary to keep the club and its equipment in good order.

Capital Expenditure Items

- Clubhouse winter works £8,915
- Fixtures and Fittings defibrillator £1,946
- Jetwash £400
- Smee £7,465
- Eric Twiname part funded RS Tera £4,220
- Note: Patriot VHF £449.70
- **Total £23,396**

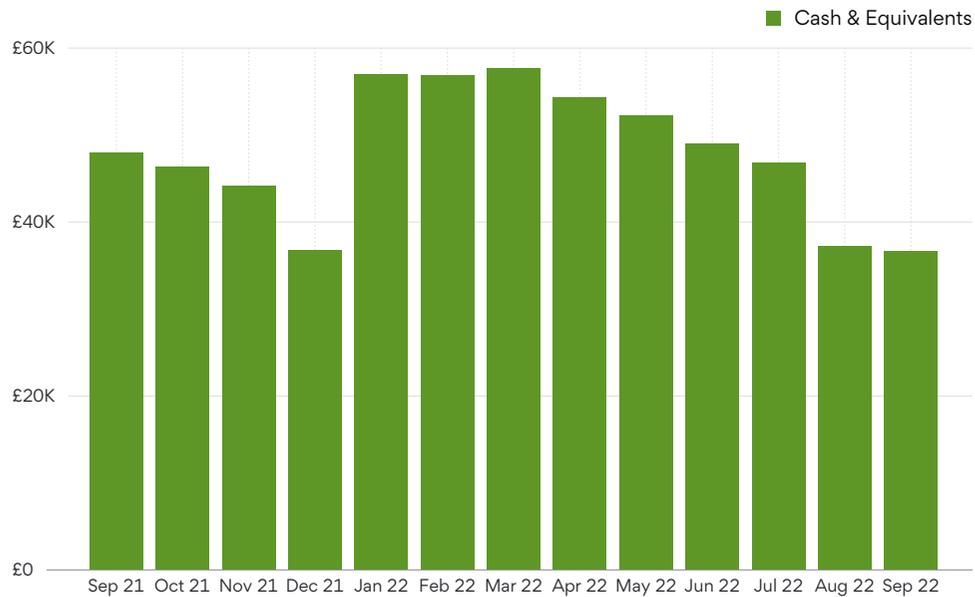
One Off Income/Credit

- Council Grant £2,667
- Paul Wilcock gift £1,000
- Harbour dues rebate £194
- **Total £3,861**

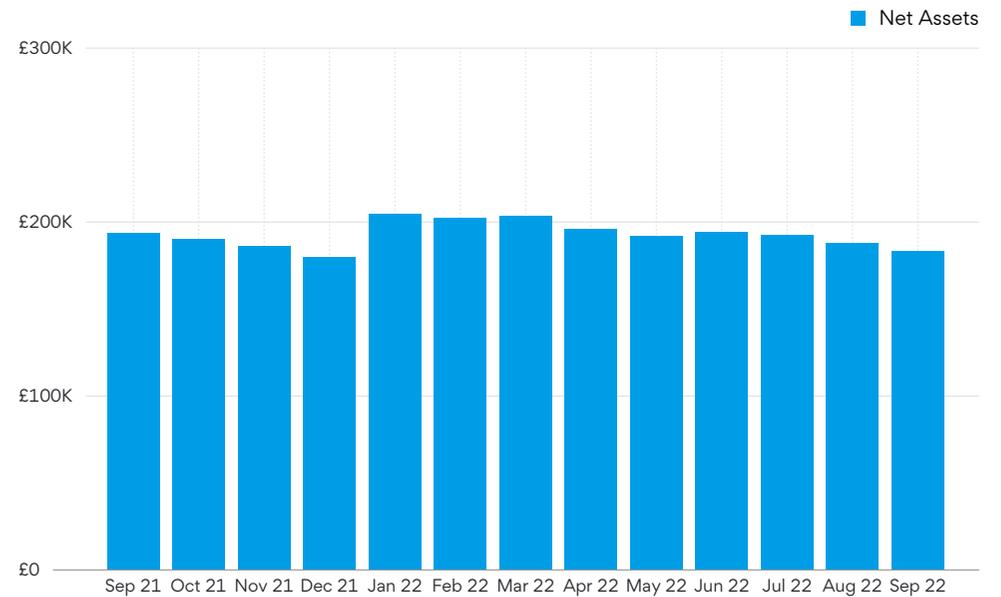
One Off Expense

- Operational: Patriot Trailer repair £1,800
- Operational: Safety boat/engine repairs £452
- Establishment: Winter works ground works £525
- Establishment: Winter works skip hire £702
- Establishment: Winter works building £219
- Admin: Legal expenses £7,275
- Admin: Fire Risk Assessment £600
- **Total £11,573**

Cash & Receivables



Net Assets



Summary P&L, Cashflow and Balance Sheet

PROFIT & LOSS (£)	2021/2022	2020/2021	This year vs last year (%)	This year vs last year (£)
Revenue				
Membership				
Membership Subscriptions	24,359	22,406	8.72%	1,954
Membership Boat Fees	10,103	9,008	12.16%	1,095
Group / Affiliate Income	2,769	2,300	20.39%	469
New Members	540	650	-16.92%	-110
Membership/Subscriptions/Harbour Dues Collected	2,611	2,278	14.62%	333
Total Membership	40,383	36,642	10.21%	3,741
Guest / Other Income				
Guest / Other Income	653	42	1,468.13%	611
Social				
Open Meetings	3,675	5,979	-38.54%	-2,304
Bar Income	5,657	5,167	9.48%	490
Galley	600	360	66.84%	240
Social and Trading/Social, Polos etc, other	1,458	1,202	21.30%	256
Total Social	11,391	12,708	-10.37%	-1,318
Other Income				
Other income / training	510	720	-29.16%	-210
Grants and Sponsorship	3,968	9,907	-59.95%	-5,939
Miscellaneous	839	1,143	-26.59%	-304
Total Other Income	5,317	11,769	-54.83%	-6,453
Total Revenue	57,742	61,162	-5.59%	-3,419
Expenses				
Operational Costs				
Fuel	1,471	1,146	28.27%	324
Operating Costs/Trophies & Prizes	990	0	-	990
Operating Costs/Harbour Dues	3,018	2,787	8.26%	230
Operating Costs/Equipment/Boat Expenses	4,897	2,416	102.65%	2,480
Operating Costs/Training	0	372	-100.00%	-372
Total Operational Costs	10,375	6,722	54.34%	3,653

	2021/2022	2020/2021	This year vs last year (%)	This year vs last year (£)
Social & Trading				
Bar	3,425	3,054	12.13%	370
Open Meetings	104	202	-48.55%	-98
Galley	719	691	4.17%	29
Social Other	567	365	55.50%	202
Total Social & Trading	4,815	4,311	11.68%	504
Administration				
Printing & Postage, Zettle Fees	251	177	41.37%	73
Admin/Insurance	5,145	4,079	26.14%	1,066
Admin/IT/Telephone	295	459	-35.70%	-164
RYA, Miscellaneous	10,409	1,634	537.16%	8,775
Total Administration	16,100	6,349	153.60%	9,751
Establishment				
Ground Rent, Rates	511	177	188.95%	334
Water & Elec	3,379	1,541	119.25%	1,838
Grounds Expenses	3,644	2,712	34.34%	931
Establishment Costs/Gas	495	610	-18.85%	-115
Establishment Costs/Building Expenses	1,409	88	1,508.19%	1,321
Establishment Costs/Slipway Expenses	2,475	467	430.02%	2,008
Establishment Costs/Cleaning	4,952	4,054	22.15%	898
Total Establishment	16,865	9,649	74.79%	7,216
Total Expenses	48,154	27,031	78.15%	21,124
EBITDA	9,588	34,131	-71.91%	-24,543
Total Depreciation & Amortisation	19,768	18,367	7.63%	1,401
Earnings Before Interest & Tax	-10,180	15,764	-164.58%	-25,944
Net Income	-10,180	15,764	-164.58%	-25,944

CASH FLOW STATEMENT	2021/2022	2020/2021
OPERATING ACTIVITIES		
Net Income	-£10,180	£15,764
Depreciation & Amortisation	£19,768	£18,367
Change in Accounts Payable	£451	£0
Change in Other Current Liabilities	£3,300	-£1,556
Change in Accounts Receivable	-£1	£0
Change in Other Current Assets	-£1,241	£213
Cash Flow from Operating Activities	£12,098	£32,788
INVESTING ACTIVITIES		
Change in Fixed Assets (ex. Depn and Amort)	-£23,396	-£16,993
Cash Flow From Investing Activities	-£23,396	-£16,993
FINANCING ACTIVITIES		
Change in Other Equity	-£6,274	-£7,466
Change in Earnings not attributable to Retained Income	£6,274	£7,466
Change in Long Term Debt	£0	-£20,000
Cash Flow From Financing Activities	£0	-£20,000
Change in Cash & Equivalents	-£11,298	-£4,205
Cash & Equivalents, Opening Balance	£48,026	£52,230
Cash & Equivalents, Closing Balance	£36,727	£48,026

BALANCE SHEET	2021/2022	2020/2021
ASSETS		
Cash & Equivalents	£36,727	£48,026
Accounts Receivable	£1	£0
Other Current Assets	£1,241	£0
Total Current Assets	£37,969	£48,026
Fixed Assets	£149,381	£145,753
Total Non-Current Assets	£149,381	£145,753
Total Assets	£187,350	£193,779
LIABILITIES		
Accounts Payable	£451	£0
Other Current Liabilities	£3,300	£0
Total Current Liabilities	£3,751	£0
Total Non-Current Liabilities	£0	£0
Total Liabilities	£3,751	£0
Net Assets	£183,599	£193,779
EQUITY		
Retained Earnings	£187,519	£165,481
Current Earnings	-£10,180	£15,764
Other Equity	£6,260	£12,534
Total Equity	£183,599	£193,779