

Treasurer's Report for the AGM on January 25th 2020

Financial statement for period 1st October 2018 to 30th September 2019

Summary

Membership subscription income increased slightly over the year (£47038 vs £45656) whilst maintaining flat subscription rates.

On-water activity has continued to be strong.

Combined sales of food and drink have shown a light increase (+4.3%) compared to the previous year. Bar sales in £ terms are up but sales volume is flat. Food sales showed a slight downturn while the cost of food increased significantly. The increase in bar sales is primarily due to a price increment in April to meet increased staff pay rates and supplier costs.

This was the second full financial year since the club was obliged by accounting rule changes to include the building on its balance sheet. As a consequence there is a notable amount of depreciation (£23,000) included.

Overall, the year has seen some challenges with plateauing sales of food and drink, increased direct costs and rent arrears hence the club is showing a small trading loss of £5,323. There is no corporation tax to pay for 2018-19.

More detail

Income

Income comprises mainly bar and food sales with regalia. In 2018-19, combined income from bar and food sales was £209,040 vs £200,461, an increase of 4.3%. However, bar sales increased by £9,886 (+6.7%) whilst food sales dropped £1,306 (-2.4%).

The increase in bar sales is attributable to the price rises in April. Unit sales have actually slightly reduced, indicated by a £1,082 reduction in drinks purchases costs whilst at the same time, the unit cost price was increased by suppliers by on average 2.4%.

The slight reduction of food sales follows on from last year's significant drop. It is attributable this year to a gap in sales due to staff turnover, without which food sales would have increased. However, we are still 16.7% down on 2016-17 sales of £63,714 and it must remain a goal to return sales to this level.

Cost of Sales

Cost of sales includes direct wages and salaries (i.e. excluding book keeping) and purchases (food, drink and regalia).

The total wages and salaries were £101,747 vs £95,128 last year. This is an increase of 6.9% which was largely anticipated following the government's increase in minimum wage of 4.9% and the use of sub-contract kitchen staff.

Employer's NI and pension contributions also increased as expected

Note that with the anticipated rise in minimum wage in 2020 and the club's wage policy we could see wages increase by a similar amount in 2019-20 and this will need to be covered by increased revenue.

Of particular concern this year has been the significant increase in food costs of £5,622 (+30%) against a background of falling sales. A new, simplified menu has been introduced to reduce wastage and increase appeal.

Subscription Income

The Committee did not increase membership subscription rates in the year. Subscription income remains steady. However, with a significant number of new joiners and leavers, the Membership Secretary has expressed some concern at the rate of 'churn'. It is proposed to focus subscription renewal methods on GoCardless Direct Debit and direct bank payments to make renewal easier and address some process control issues.

Tangible Fixed Assets - Land and Buildings

Members will recall from previous Treasurer's Reports that the club was required by accounting law to include the building on its balance sheet. On 12th Jan 2018, Marchand Petit independently revalued the building at £1,150,000. Depreciation is taken on a 2% straight line basis from the date of valuation, which is £23,000 and the building carrying value at the end of the year was £1,109,750.

As the cost of an independent commercial valuation is quite high, it is unlikely that the building will be revalued more frequently than every 3 to 4 years. Should we do so, given the state of the retail property market, a valuation may be more uncertain.

Tangible Fixed Assets- plant and machinery etc.

Whilst the club has not invested in property improvements in 2018-19 it has invested in other assets throughout the year including:

Boats and canoes

RS Vision = £2,150 (funded from the sale of the Wayfarer for £3,100)

Corica kayak = £100

3 x Sea Kayaks = £3,188

Furniture & Fixtures

Bar bottle cooler = £279

New TV = £499

Kitchen dishwasher = £1,485

Debtors

The debtors has increased notably this year, primarily due to Trade Debtors and specifically Rent Receivable.

The club invoices rents for Alfs (garage space), the upper two rear apartments (ground rent) and Bushells (Upper Deck restaurant and apartment). Members may be

aware of the difficulties Bushells have had and they have fallen into arrears with their rent which has impacted the club's cash flow throughout the year. At year end they owed £7,618. The Committee have worked with Bushells on a recovery plan and they have announced their intention to sell the Riverside restaurant this January, clear their back debt and resume trading in Upper Deck. Should this not happen, the club is faced with significant costs for debt recovery or debt write off and implementation of its contingency plan.

Creditors - Bank Loan

The club has a historic loan secured against the building.

Opening balance = £13,892
Repayments made = £7,028
Interest paid = £762
Closing balance = £7,626

The Committee agreed to increase the loan repayments from £343 to £600 per month in December 2018 to reduce the term and total interest paid. On the current plan this would repay the loan by Autumn 2020. Note that the Committee has agreed to fund the Gun Room refurbishment by extending the loan.

Looking ahead

Following feedback from members, the committee has announced a refurbishment of the Gun Room. It is a significant project estimated at £16,000 which we are undertaking during the slow winter months. It is believed this will encourage members to use the dining and room/event facilities more and contribute to increased sales. The work will be funded by extending the loan which we have nearly paid down.

We face another year when Government is looking to make a significant increase in the minimum wage and this will increase our salaries and wages costs from April. This will need to be met from increased revenues and tighter cost management. We anticipate some staff changes throughout the year, for example, recruiting a permanent chef and there is a staffing proposal for the year to make best use of our team.

A significant risk remains the Bushells Upper Deck rent arrears. We hope the current plan resolves this issue as soon as January.

Tony Brighton
DYC Treasurer