

DYC Consolidated Treasurer's Report and Financial Review Oct 2023- Sep 2024

(for the AGM 25th January 2025)

Summary

This report covers the financial statements for the period 01 October 2023 to 30 September 2024 for Dartmouth Sailing Club (HOLDINGS) Limited and DYC (Trading) Limited; a wholly owned subsidiary of the holding company.

DYC (trading) Limited's principal activities are bar and restaurant services and Dartmouth Sailing Club (HOLDINGS) Limited continues to be registered as a Community Amateur Sports Club where the principal activity is an operator of a member's club.

	Revenue	Direct Costs	Admin Costs before Depn	Depreciation	Net profit / (Loss)
DYC (Holdings) Ltd	56,110	(932)	(65,105)	(37,412)	(47,339)
DYC (Trading) Ltd	325,135	(218,694)	(98,023)		8,418
Group	381,245	(219,626)	(163,128)	(37,412)	(38,921)

The consolidated income for the financial year was £26K above the income for 2023 which is an increase of 7%.

Direct Costs were overall 3% lower than the previous year, this is due to better purchasing decisions in the last quarter.

Admin Costs are 4% lower than the previous year however are still too high for the business and will need to be addressed in 2024-25 financial year.

Overall, the Club finished the year with a deficit of £38,921 compared with a deficit of £82,113 in 2023. This represents the higher income and some improvements in cost management however much more work needs to be completed in the next financial year to bring the group back into profitability.

DSC Holdings recharges other relevant Operating costs monthly to the Trading company via a resource sharing agreement. The membership discount has also been recharged to holdings this year from trading for the past two years as was missed in 2023. The total from the two years was £38K and has been offset against the revenue of Holdings company which is why that income is significantly lower than prior year.

Significant changes in Consolidated running costs (for comparison) were:

Bar Sales + £63,946

Food Sales - £33,216

Subscriptions + £1,767

Other income: Rent receivable +£4,245, Training income -£5,319, Donations -£727

Total Wages & Salaries + £7,400

Cleaning + £6,440

Light, heat & Power - £13,840 (back to normal after two years hit accounts in 2023)

Venue entertainment +11,445

Cash Balance

At the year-end there was a total cash in hand balance of £116,276 with Creditor payments due totalling £162,417 (Prev £156,789), this includes intercompany balance of £53,388 and a Debtors balance of £71,637 (prev £67,751) mainly the balance of the Inter Company Loan between holdings & Trading. There are always large variations in the group cash flow throughout the year due to seasonality in trading income and annual subscription inflow in Q3.

£10k has been paid off the BBILs balance, now standing at £18,888.

There is an intercompany loan balance of £53,388 owed to Holdings by the Trading Company this will be reduced each year by a netting off membership discount and donation from trading to holdings for future maintenance.

Bank Loans

The Club has also retained the £50,000 Bounce Back Loan (BBL) from NatWest, with monthly repayments of £887 from the operating income. The loan balance including interest at 2.5% was £18,888 at the end of the year. Whilst the option exists to pay back the BBL at any time, the decision was made to ensure we had sufficient cash available during a challenging time for hospitality businesses. £20,250 was loaned as start-up capital to Trading Ltd with the balance in the club's deposit account gaining interest to offset some of the loan interest.

Other operating income

£10K was received in rental income for the year, however £4k has had to be spent to continue to receive this income on H&S, maintenance and repairs. Looking forwards we plan to grow this income in the next financial year by potentially renting the upper deck as well as the top floor flat. This will future proof the holdings financials by helping to cover the running costs of the building excluding the trading floor.

Subscription income was £71k, the rates for 2025 are expected to increase by an inflationary amount, we also plan to increase new memberships with the new general manager and membership committee taking a very active approach to the marketing drive.

Looking ahead to 2024-25

Nicola Morrow has taken on the role of club manager she is a Chartered accountant who worked as a finance director for 15 years in business turnaround, prior to this ran multiple hospitality businesses. The plan alongside the day to day running of the club is to analyse the business, identify issues, improve processes helping her to make decisions with a final view of making the club profitable in the future. The main goal is getting the club into a profit position so that maintenance of the building can be covered for many years to come.

Q1: We have had a very positive first quarter of this financial year with an increase in Trading revenue of 48% on the same period, supplier negotiations are already in full swing for the year. However, the increase in minimum wage in April, alcohol duty in February and annual supplier increases will all be coming our way in Q2/Q3. We plan to minimise these costs being passed onto the members however there will be some increases in price. We have brought back the loyalty cards for the Q2 period to encourage members in continuing to support the club.

The key financial focus areas for the coming year are:

Revenue: Drive to increase revenue by successful marketing of the ground floor function room, weekly events, loyalty cards for winter months, additional licence for outside bar in the summer months, better use of bar space in Gun room in the summer.

Direct/Admin costs: Manage inventory, labour & cash flow better, negotiate with all suppliers for margin improvements.

Hospitality: Create a more memorable atmosphere for members and guests, including improved decoration, lighting, music & furniture. Continued entertainment for the members including live music, quiz, bingo, charity events, special menus & prices.

Operating Profit: The budget that has been put together by new club manager, has a revenue increase of 21%, a 4% improvement in gross profit margin and profit of £15K compared to this year's loss of £38K.

Middle Floor & Top floor: Rental for flat for a 12-month contract starting Feb 2025, potentially rent second floor to a new business as function income for this floor is not growing despite all efforts. Also change the rental structure to pass on costs for utilities & rates for these levels.

Customer service improvements: Continue to grow the strong team in place with the new management and listen to customer feedback.

Marketing Strategy: Improvements in website, social media, email communication with members. The focus of the marketing drive being increased revenue for bar/food sales, increased memberships & other income for the club.