

Manawatu Car Club

Financial Report For the year ended 30th September 2018

Although the 2018 reported Net Surplus is down on the prior year, the club has still generated a positive financial result. The surplus of \$43,472 is \$4,588 below 2017 (\$48,060), but continues the run of 5 years in the black since we showed a \$22,961 loss in 2013. This should be viewed as favourable, particularly when compared to other car clubs that are struggling financially. The club generated a \$60,938 Operating Cash Surplus (as shown below), compared with \$67,562 in 2017.

	2018	2017
Reported Net Surplus	\$43,472	\$48,060
Add Back Depreciation and Loss on Disposal	<u>\$17,466</u>	<u>\$19,502</u>
Operating Cash Surplus	\$60,938	\$67,562

Revenue from Motorsport Operations was down by nearly \$24,000, driven mainly by the Winter Series delivering a \$21,597 reduction in Gross Margin. Listed below are the Gross Margins of our key activities for the year:

	2018	2017
Winter Series	\$36,287	\$57,884
IRC Meetings	\$35,838	\$32,621
Track Day / Road & Track	(\$4,350)	(\$1,742)
NZ Grand Prix	\$5,856	\$5,810
Summer Series	\$684	\$4,989
Drifting	\$8,034	\$8,010
Clubsport Events	(\$680)	(\$2,197)
Total Motorsport Gross Margin	\$81,669	\$105,375

The lower return from the Winter Series is a function of both lower competitor numbers and increased costs. During the year, the Committee approved an increase in the fees for Event Management paid to Jeff Braid. This is seen by the Committee as a reflection of the quality of the service provided, plus recognising that the market is limited in terms of people who can provide the high level of service the Manawatu Car Club receives. In addition to this increase, the Committee agreed to reimburse Manfeild for its ancillary costs associated with providing the facilities to run our events.

Other Revenue items of note were:

- IRC Meetings delivered a slightly increased margin on the back of increased revenue;
- The Summer Series net margin decreased, largely due to the Committee's decision to offer a reduced entry fee for the December 2017 round;
- The Track Day Series (Road and Track) delivered a \$2,608 increased loss of \$4,350, due mainly to the increased Event Management fee charged;
- Clubsport Events net loss of \$680 was predominantly due to the loss generated from the Otara Road Sprint;
- Equipment Rental Revenue increased \$8,165 with the main event lifting revenue being the HRC North Island Enduro;

- Subscription Revenue increased by \$3,947 to \$20,695, which is almost twice the revenue received in 2013 when the annual subscription was the same as current.

Overhead Costs were approximately \$4,000 lower than in 2017. This is largely due to the completion of the significant upgrade of the Clubrooms having been completed in 2017 and there being little money spent there in 2018.

During the year the Committee approved purchase of \$6,042 of Capital Expenditure, including:

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|----------------------|---------|
| • Club Helmets | \$845 |
| • Safety Cones | \$1,645 |
| • 2 Thermowave Ovens | \$3,030 |
| • 6 Burner Gas Hob | \$522 |

Old Radio Headsets were sold for \$1,515.

Cash Reserves (excluding the A S Farland Fund) have increased by \$60,226 to \$304,359 over the 2018 financial year. The Committee's view remains firm that the club needs to continue to maintain a strong liquidity position. The lower financial return from the Winter Series, the club's flagship activity, signals a message that we cannot become complacent about the future.

The year ahead will present a number of challenges. Hopefully the lower 2018 year financial result will be nothing more than a "blip on the radar" and 2019 returns to the growth of prior years. I'm sure that with the right strategic thinking and fiscal responsibility this has every opportunity to eventuate.

Tim Wilde
Treasurer
12th February, 2019