

Manawatu Car Club

Financial Report For the year ended 30th September 2021

The 2020/21 year has delivered a strong bounce back from the disappointment of 2019/20. I am pleased to be able to advise of a \$33,116 Net Profit – a turnaround of \$42,290 on the prior year's loss. This significant improvement has been achieved despite continuing Covid conditions and with the club's flagship Winter Series being restricted to three rounds in the financial year, the fourth and final being delayed until after year end.

Key movements from the previous year underpinning this result are an increase of \$40,738 from our core Motorsport activities and an increase of \$2,730 in Member Subscriptions. Had the club been able to run the final Winter Series round in September this result would have been even stronger.

The 2020/21 improvement in Net Profit is aligned with a \$39,817 increase in Operating Cash Surplus as depicted below.

	2021	2020	2019
Reported Net Surplus/(Loss)	\$33,116	(\$9,174)	\$30,312
Add Back Depreciation and Loss on Disposal	<u>\$15,578</u>	<u>\$18,051</u>	<u>\$12,953</u>
Operating Cash Surplus	\$48,694	\$8,877	\$43,265

The performance of our core Motorsport Operations was buoyed by a solid contribution from IRC Meetings (up \$24,402), with lifts from the Winter Series (up \$4,821 from only three rounds), Drifting (up \$8,647) and the Open Day (Track Day) Series (up 3,506). Listed below are the Gross Margins (including Sponsorship) of our key activities for the year:

	2021	2020	2019
Winter Series	\$36,516	\$31,694	\$53,433
IRC Meetings	\$22,373	(\$2,029)	\$19,055
Track Day / Road & Track	\$28	(\$3,479)	(\$10,110)
NZ Grand Prix	-	\$7,983	\$7,546
Speedworks	\$6,262	-	-
Summer Series	\$11,082	\$9,507	(\$63)
Drifting	\$16,097	\$7,450	\$7,414
Clubsport Events	\$715	\$1,209	\$68
Total Motorsport Gross Margin	\$93,073	\$52,335	\$77,343

The fourth Winter Series round was deferred until October, meaning that the 2020/21 financial performance only includes three rounds. Revenue was at a similar average level per round to the prior year, both years being adversely impacted by the absence of test days on some rounds. Expenditure was in line with prior years. In 2020 we gave our sponsors a holiday, which adversely affected the financial result. This year the series was fully sponsored with \$11,152 of Sponsorship Revenue earned.

Entries were down for OctoberFAST and the February Flatfoot meeting was cancelled, meaning that IRC Meeting Revenue was down. This was partially offset by strong gate sales for OctoberFAST and increased Test and Shed Revenue. Expenses were down due to not running the second meeting, the cost of hiring the track being the main expense not incurred.

The Open Day Series (Track Days) broke even for the first time since 2014. A 29% increase in entries is the main driver for the improved performance. 2020/21 delivered a net \$28 contribution compared with a \$3,479 deficit in 2019/20.

There were 22 more Summer Series entries than in the previous year. The additional entry fees were more than offset by a drop in Test and Shed Revenue. The series delivered an increased contribution of \$1,575 (2020/21 \$11,082 v 2019/20 \$9,507), aided by the absence of track hireage.

Drifting continues to be an important part of our Motorsport event offering, delivering a 116% lift in contribution (\$16,097 in 2020/21 v \$7,450 in 2019/20). Continued increase in participation and sponsorship for the Showvember competition are the key drivers underpinning this improvement.

Other Revenue movements to note are:

- Subscriptions Received were up \$2,730 with a recovery in membership.
- There was no NZ Grand Prix, however the club earned net \$6,262 from running the Speedworks event in February 2021.
- Clubsport Events Revenue and Expenses were up with the running of the Parorangi Road Gravel Sprint and Otara Road Sealed Event, neither of which was run in 2019/20.
- Interest Received was down by \$2,410. Interest rates remained low during the year but have begun to climb.
- Sponsorship was up \$15,500 – we gave our sponsors a “breather” last year.

Overhead Costs remained relatively static showing a net decrease of \$653. Increases in Insurance (natural disaster cover), Bank Charges (PayPal) and Meetings (the MSNZ AGM was a virtual meeting last year) were offset by reductions in Maintenance and Sponsorship Costs (last year the club contributed \$4,780 to the Speedsport Scholarship).

Depreciation decreased by \$2,473, there being no capital purchases made during the year.

The club's net cash position remains strong with net cash (excluding the Farland Fund) reserves of \$315,073 (2020: \$301,768). While the club has prospered in the year under review, there remains significant uncertainty with the presence of Covid and the restrictions this could place on the club's activities. In addition to this, the cost to complete the required seismic strengthening will likely eat into reserves. Retaining a significant buffer would seem prudent in continuing uncertain times.

Tim Wilde
Treasurer
23rd February, 2021