

Manawatu Car Club

Financial Report For the year ended 30th September 2022

After a return to a strong financial performance in 2020/21 Covid has delivered a 75th Anniversary Year result reflecting the downside of the pandemic's ebb and flow. A small net profit of only \$1,138, while disappointing, should be considered in the context of a difficult trading environment.

There was no contribution from IRC Meetings (\$22k in 2020/21) and the club assisted with the erection of the new flag point stations to the tune of \$14k. Adjusting for these two significant sums, then removing the fourth 2021 Winter Series Round contribution of \$4k, yields a result of approximately \$34k. This core level of profitability stands well when compared to recent years (20/21 \$37k, 2018/19 \$30k, 2017/18 \$43k) and confirms the strength of our business model. The recent ebb and flow nature of profitability also underpins the committee's strategy over the past ten years to accumulate cash reserves.

The fall in Net Profit is also reflected in a decrease in Operating Cash Surplus as depicted below:

	2022	2021	2020
Reported Net Surplus/(Loss)	\$1,136	\$33,116	(\$9,174)
Add Back Depreciation and Loss on Disposal	<u>\$14,609</u>	<u>\$15,578</u>	<u>\$18,051</u>
Operating Cash Surplus	\$15,745	\$48,694	\$8,877

Core Motorsport activity contributed a mere \$1,508 less than last year, despite the impact of Covid. The summary below depicts the breakdown by event:

	2022	2021	2020
Winter Series	\$46,966	\$36,516	\$31,694
IRC Meetings	-	\$22,373	(\$2,029)
Track Day / Road & Track	\$2,466	\$28	(\$3,479)
NZ Grand Prix	-	-	\$7,983
Speedworks	-	\$6,262	-
Summer Series	\$30,381	\$11,082	\$9,507
Drifting	\$10,920	\$16,097	\$7,450
Clubsport Events	\$832	\$715	\$1,209
Total Motorsport Gross Margin	\$91,565	\$93,073	\$52,335

The Winter Series was well supported with an average 131 entries per round and a massive 156 entries for the fourth round. Profitability was up \$10,450 over the prior year, notwithstanding the abandonment of Round 2. To have our flagship series so well supported in our anniversary year was truly pleasing.

Due to Covid, neither OctoberFAST nor February Flatfoot were held. The financial result could have been in the vicinity of \$22k higher with the staging of these two usually well supported events.

Open Days attendance was 18 entries up on 2020/21 and \$2,438 more profitable than last year. It is encouraging, after several years of low entries, to be able to report a profitable 2021/22 result.

The Summer Series delivered a record \$30,381 net contribution – the best performance since this series was introduced in 2013. While entries for our own classes were down, Round 3 included some National Championship classes and the trucks, which significantly boosted the event.

After two consecutive years of growth Drifting delivered a reduced net margin. This is due to a slight drop in entries, and the absence of a sponsor for Showvember.

Other Revenue highlights include:

- Clubsport events contributed \$832, up slightly from 2020/21's \$715.
- Interest Received increased by more than double to \$3,410 as interest rates began to bounce back from all time lows.
- Member Subscriptions increased by \$2,444 to \$24,670 as membership continues to climb.
- Taxi Racing, who have raced at our events for a number of years, gave the racing game away and donated their residual funds of \$2,500 to the club.

Factors also contributing to the lower net result included:

- No 4 + Rotary Jamboree was held. This contributed \$1,934 in 2020/21.
- There was no Speedworks round managed by the club, which last year netted \$6,263.
- Celebrating the club's 75th Anniversary Year included the dinner held in June at a net cost of \$5,062, and additional advertising and promotion costing \$2,764.

Overhead Costs increased \$26,096 compared to 2020/21 with the following being the major movements:

- Advertising & Promotion up \$2,892 – 75th Anniversary promotions.
- Insurance up \$3,147 – increased building premiums and two additional quads purchased.
- Maintenance (Manfeild) – up \$13,746 – the club contributed \$14,393 to the construction of these.
- Vehicle Maintenance up \$4,618 – relatively high costs incurred across a number of the club's vehicles.

The balance sheet remains strong with net equity of \$491,380 (Sep-21 \$490,242) and cash reserves of \$354,249 (Sep-21 \$344,233). Net working capital of \$308,203 is similar to last year (\$318,648).

The committee approved the purchase of \$26,192 of fixed assets as below:

- \$7,000 Two second quads.
- \$1,357 Canvas flag pouches.
- \$1,564 Replacement Lenovo laptop.
- \$14,783 2021 Honda quad.
- \$791 Three leaf blowers.
- \$697 4 x Two way radios.

We remain in an uncertain environment with the continuing impact of Covid and changing weather patterns, both having the potential to disrupt delivery of our events. While the annual reporting cycle may reflect fluctuating financial outturns, our core profitability remains intact. We must, however, not become complacent that what we offer will always deliver, and must remain agile to the changing operating environment. The year ahead will present opportunities and challenges and we, as a club, must continue to provide what our members want and enjoy.



Tim Wilde
Treasurer

8th February, 2023