

DYC Treasurer's Report and Financial Review 2021-2022 (for the AGM 28th January 2023)

Summary

This report covers the period 01 October 2021 to 30 September 2022 and overall the finances of DYC are healthy and have returned to some stability after the challenging previous two years.

The total income for the financial year was £372,688, an increase of £24,901 (+7%) over the previous financial year (£347,787).

Expenditure was £348,543, an increase of £38,244 or 12% (2020-21 : £309,993).

Overall, the club made a surplus of £23,094 compared with 2020-21 : £37,493. However only £10,896 of that was Covid 19 Grant compared with £43,222 received in the previous year which resulted in an unrealistic 'profit' previously.

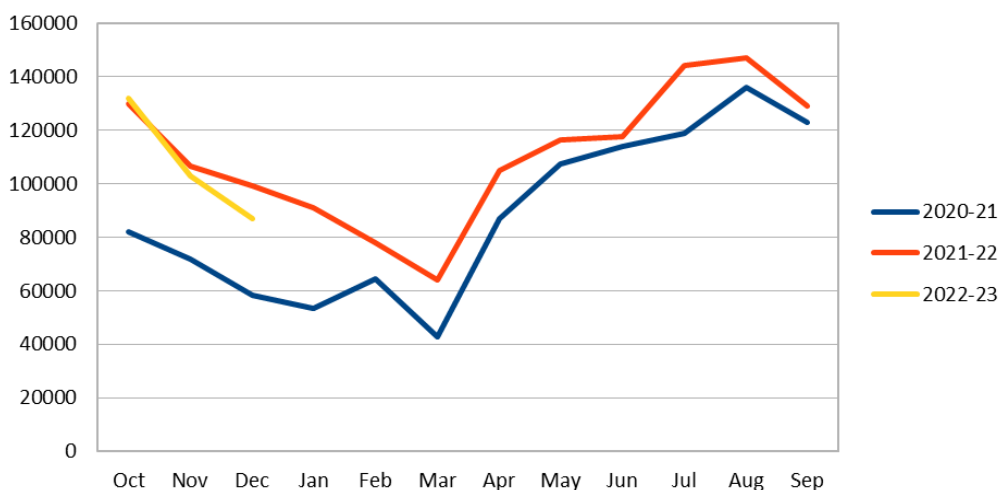
Due to our CASC status, there is no corporation tax to pay.

Cash Balance

At the year-end there was a current account balance of £129,235 with Creditor payments due totalling £83,391. There are large variations in the cash balance throughout the year, following a regular trend as illustrated below.

- 2021-22 reflects the returning activity after Covid restrictions were relaxed
- 2022-23 is showing a slower start; possibly affected by inflation and the economic situation. But we also paid the £10,253.61 balance off the new motor boat in Autumn/Jan.

DYC Cash balance - by Month



Significant expenditure was required on Club improvements, partly as a result of the Fire Safety Report which indicated deficiencies in a number of areas.

- £8,775 - new fire alarm system
- £361 - flame resistant lockable display board
- £4,638 - new fire doors, including installation
- £788 - new fire door and lobby on first floor

Other non- standard expenditure

£7,681	- new kitchen extraction following complaints about smells
£3,302	- Gun Room curtain

Bank Loans

In addition the Club has also retained the £50,000 Bounce Back Loan (BBL) from NatWest, underwritten by the government. Monthly repayments of £887 started in July 2021 and the loan balance including interest at 2.5% was £38,042.48 at the end of the year. Whilst the option exists to pay back the BBL at any time, the Committee has decided to retain the £50,000 in the club's deposit account and pay back the loan from operating income. This decision was made to ensure we had sufficient cash available in an uncertain world and to reconsider redevelopment of the middle floor. Initially it will be used as the opening cash balance for the Newco DYC (Trading Ltd).

CASC and Corporation Tax

The club's tax status with HMRC is a Community Amateur Sports Club (CASC) which imposes £100,000 limit on the amount of money we can earn from non-members. This limit has been exceeded again in the financial year, from non-member hospitality sales.

In order to preserve the CASC status for the club a wholly owned subsidiary has been set up DYC (Trading Ltd) and Budgets are being prepared for both the Watersports (Holdings Ltd) and Hospitality business (Trading Ltd) and in future separate financial reports will be prepared for each entity.

Hospitality

Sales of food and drink increased by £40,898 (+19%) to £254,836 but of course comparing with a part Covid affected year. The use of outdoor seating in the summer is key to growing this revenue, so the club will apply for a 3 year pavement licence with some additional expenditure necessary to develop this area.

Wages saw a lesser increase (£111,406 vs £107,891), but the staffing shortfall can leave the club vulnerable in the long term when it needs to increase Hospitality activity.

Stock Management has been a focus for this year and I am pleased to see that reflected in the Food Purchase costs, however we are of course seeing increases in all food and drink supply costs now and this will be monitored.

Tony Brighton is currently employed as Interim Club Manager and, with the benefit of his previous commercial understanding of the Club, will endeavour to build the Hospitality business while being mindful of supply costs. The return of Sunday Carvery will be a boost at this generally quieter time of year.

The move away from holding balances on members' cards was completed by March 2022. £2,023.88 was refunded to members, as requested, and £4,112.27 was generously donated - £252.84 to Junior Sailing, £178.87 to Dinghy donations and the balance to general donations.

Other operating income

Rent from property was only £9,583 and the £22k shortfall from Middle floor needs to be made up in other revenue. The top floor apartment isn't currently fully occupied but may be required as part of a package for a future General Manager. However, if not required we will need to advertise the space. A new boiler is being installed which makes the Middle Floor more usable in its current form during the winter months and we will revisit development options for this area once building supply challenges settle down.

Subscription income showed a very positive +11% gain, along with increases in Training (+86%) shower income (+58%) and Donations (+26%).

We have been able to retain the current Membership fee for the year but going forward will need to be mindful of the Energy prices and general supplier cost increases.

Looking ahead to 2022-23

The key financial focus areas for the coming year are:

CASC status - establish the new trading subsidiary.

Hospitality –increase Food and Drink sales, making the Club a more desirable place for members and Functions.

Rent – Middle Floor – increased functions and room rental.

Outdoor seating - secure a three year pavement license and invest in decking & furniture.

Paddlesports – rolling replacement of older kayak fleet.