

Malahide Lawn Tennis & Croquet Club

Hon. Treasurers Report for AGM – 1st February 2023

Covering Year ended 30 September 2022

I am pleased to present the results and financial report for the Year Ended 30th September 2022. The accounts have been audited by David Moran & Co. and posted on the website.

Summary

Overall, the Club incurred an accounting surplus of €8,266 for the year, compared to a surplus of €41,368 for 2022.

Adjusting for Depreciation & Grant Amortisation (which are substantial non-cash items), the club generated surplus cash from operations of €68,579 compared to €97,260 for the previous year. This decrease in funds is due to a decrease in profit for the year ending Sept 2022. It is important to note that the previous year Oct 2020 to Sept 2021 operated in a Covid period which was supported by Government subsidies. The cost variances are explained in detail below.

From this surplus in 2022, the Club made annual loan repayments of €35,765 (Including Interest) and capital expenditure in the year of €36,778. The fixed Asset additions relate to the bar project which is over two financial years Sept 22 and Sept 23. The total agreed Bar budget spend was €75,000 and the initial bar spend for year-end Sept 2022 was €28,482. The balance of the fixed asset additions relates BBQ, Desks, Printers and Epos Terminals. Overall, a net cash surplus of €13,579 was recorded for the year. This is shown in the Cash Flow Statement on Page 10.

The Club's financial position, which is shown in the Balance Sheet on Page 9, shows total net assets of €802,018 and a closing cash balance of €331,858.

Review of Income

Income from all sources was up by €23,677 to €348,298. Net Membership Subscription Income increased to €281,990 from €271,900, reflecting the increase in the membership numbers. Subscription income is discussed further below.

The club ran a Senior Inter pros event during the financial year which generated income of €16,650. This income is reflected in the income line Tournaments and Functions total €25,541.

Income from room rental increased from zero in Sept 2021 to €3,977 for the year ended Sept 2022. There was no room rental income in 2021 because of the club house being closed due to Covid restrictions.

Review of Operating Costs

Overall, the cost of running the club increased by €62,669 to €365,932.

When reviewing the costs, it is important to note that some of the costs for the year end Sept 2021 are not for a full 12 month period due to the impact of covid.

The cleaning costs for Sept 2022 relate to a 12-month period which were €21,515. There is an increase of €8,439. However the cleaning costs for the year ended 2021 only relate to a eight month period as the club was closed for various lockdowns during that period. As per the year end Sept 2022 the cleaning costs are

running at €1792 per month. We are currently reviewing the cleaning contract with regard to price and service provided. We have budgeted for the year end Sept 2023 based on €1800 cleaning expense per month. This expenditure is based on quotes received to date.

Premises Security has increased by €3632. The security costs have increased due to a prior arrangement which was in place regarding key holding and locking up of the premises. We would expect this cost to reduce by 55% for the coming year due to the change in this arrangement. The club does not require a 7 day lock up of the premises.

Light and Heat expenditure has significantly increased due to two factors, energy crisis and usage. (When comparing the Light and Heat for Sept 2021 versus Sept 2022 the courts were not utilised 100% in the previous year Sept 2021) however due to the increase cost of energy we expect the energy costs to remain the same for the year ending Sept 2023. We have registered the club for the Temporary Business Energy Support Scheme (TBESS) with Revenue Commissioners. If the club meets the criteria they can claim approximately 40pc of the increased cost of bills up to a limit of €10,000.

Depreciation increased by €4,419 because of additions through the year.

Salaries increased from €82,556 to €95,424. This increase was primarily due to an addition of a tennis admin role during the year and a handover period for the new general manager. The staff salaries will decrease in the next financial year due to an admin retirement and the introduction of automated systems. From Jan 2023 we will have two members of staff only.

The Repair and maintenance costs and groundsmen costs are reported as one cost centre. There is a decrease of €5,194 from the previous year. €1,490 was spent on pest control service, roof repair and stairway €4,370, LED Upgrade €5,284, Blinds €735, €4,311 for miscellaneous repairs on the premises for the 12-month period. In 2022 €13,498 was spent on the monthly up-keep of the courts and grounds.

The professional fees in relation to the covered courts were €11,906 (2021 €17,551) The total cost for the covered courts project was reported in the 2021 Financial Statements as the project was over the two financial periods.

The club continues to strive to manage its costs and relevant suppliers and achieve cost savings where possible, without reducing the quality of service provided. We are however expecting significant cost increases in energy, cleaning services and in consumables in the coming year because of the current inflationary environment.

After the year end, the club changed its finance system from SAGE to Xero. The new Xero system is in the cloud and can therefore be used offsite by several users, provides better security, and eliminates the need for regular back-ups. We have set up an interface with Smart Club to record the income directly onto Xero. As part of the new system and procedures, the bar receipts are reconciled daily to the new system which has reduced administration costs. It also allows the bar manager to gain access to the sales and cost of sales so that they can run the bar in an efficient manner.

During the year we have spent a considerable amount of time developing a suite of monthly reports to enable the committee and general manager to review and monitor, on a monthly basis, the income and expenditure of the club.

Also we have introduced a budget/forecast process to ensure all social events are run as a break even event or a small surplus.

We have also spent time cleansing the membership database and ensuring that all fees are collected in a timely manner.

Bar account

In 2022 income from bar sales increased by €31,496 from the year 2021. As the year 2020 and 2021 were affected by Covid, we have prepared a comparison against Sept 2019. The income for 2019 was €38,791 and generated a bar surplus of €1,527. The Gross profit margin was 45.9%. We are happy to report that the bar for the 12-month period ending Sept 2022 achieved a 47% gross profit with a surplus of €1,430. During the year, the bar wages were regularised through payroll which has increased the cost due to the payment of employers PRSI.

Looking at the year ahead, and the opening of the new bar in Dec 2022 we have budgeted for a higher surplus from the bar by the end of Sept 2023. Thanks to the work of the new Social Committee there will be more varied functions in the bar each month and result in an increase in turnover and in profit. The bar will engage volunteers during mid-week to run the bar. However, the team are looking at ways to attract more bar staff for the busier nights.

Junior Activities

Junior coaching and camps were in operation this year. Junior activities recorded a surplus €26,450 compared to a surplus of €24,842 in the previous year. The junior camps were not in full operation for the expected periods in the financial year 2022. However, this issue has been resolved with the engagement of the New Director of Tennis, Alex Watt. The camps that were run in the later part of the year were full. However, the period of these camps is after the year end Sept 2022. As a result of the new programmes and camps we are expecting a significant increase in income by Sept 2023.

Club Membership and Subscription Income

Gross Membership Subscription Income increased to €309,730 from €300,005 reflecting the increase in the membership numbers in the 2022 / 2020 period. Subscription discounts decreased to €27,740 from €28,105 in 2022 because of the drop in members in the Over 60 membership category.

As a result of many individuals working from home during the year because of Covid, the year-on-year decline in memberships in previous years has been reversed. The membership is currently at its capacity and there are approx. 300 individuals on the waiting list.

Bursary

There was a massive effort from the Ladies captain and Men's captain to raise money for the bursary. An amount of €2,000 was raised. The balance in the fund at 30 September 2022 was €3,903.

The goal of the bursary is to support local juniors who have limited access to tennis clubs and coaching. The bursary is primarily funded through fundraising with some club money only being contributed after the annual fundraising threshold of €2k has been reached. This will be assigned to the bursary in Oct 2022.

A summary of the Account for 2022 is shown in Note 10 to the Accounts and further details around the Bursary are noted on the club website.

Capital Expenditure

Total expenditure in the year was €36,778 and relates to expenditure on the bar furniture and BBQ, Desks, Printers and Epos Terminal.

As advised at previous AGM's, a grant of €123,000 was approved by the Department of Transport, Tourism and Sport under the Sports Capital Programme. €81,318 was paid to us on 3rd December 2019. The balance €41,682 is available to draw down for tennis expenditure.

Conclusion

The bank balance as at the date of this report was €183,832 with Jan expenses still to be paid. This is a decrease of approximately €44k on this time last year. The decrease is mainly due to the funding of the upgrade of the new bar from our reserves.

A budget for the 2023/2024/2025 year was prepared using the membership number at 30 September 2022

At 30th September 2022, bank loans totalled € 78,920. The loans relate to the Clubhouse Extension which was completed in October 2010. These loans will be fully repaid by the end of 2024.

Finally, I would personally like to thank committee and the new general manager, David Taggart and Adele La Comber for their help and support during the year.

Thank You.

Karen Murphy CPA,CTA

20 January 2023