

Treasurer's Report For the Year to November 30 2019

The 2019 financial year was the first full year of operation for the new clubrooms. Increased membership and a jump in bar turnover have resulted in a significant improvement in underlying operational cash generation at the club.

On the other hand, the accounts were negatively influenced by a decrease in interest income and in charity income/fundraising. This is just a reflection of the completion of the rebuild project.

Simplified Profit and Loss	2019	2018
Income From Members	78,371	56,238
Costs of Running Club	(56,987)	(43,531)
Profit of Core Rackets Activity	21,597	12,706
Bar Revenue	78,419	20,583
Bar Costs	(35,061)	(8,234)
Bar Profit	43,358	12,349
Income From Rent and Signage	11,639	11,225
Sundry Income less Sundry Expenses	(5,201)	(2,755)
Total EBITDA* pre fundraising and interest	71,179	33,526
Fundraising and Grants net	1,001	7,503
Interest	169	26,457
Depreciation	(88,836)	(50,190)
Declared Profit	(16,486)	17,296

In an underlying sense the increase in the core profitability of “racket activity” (member income less all operating costs) was not quite as large as shown below (Canterbury tennis changed its billing cycle in 2018 which resulted in us paying them twice - an extra \$3500).

As membership has grown the club has deliberately increased expenditure in social areas, plus insurance and affiliation fees continue to rise.

Bar profit was helped by more than an underlying doubling in turnover (in 2017, the year prior to the rebuild, turnover measured \$38k). The gross margin of 55% was around the expected level.

In terms of the reported bottom line profit the club has options available to it in terms of how it depreciates various assets. At most turns we have taken the conservative option.

A proposal to reduce subs for returning members as compensation for the lost court time this year will cost the club approximately \$10k.

And whilst also bar revenue is being significantly affected by Covid 19 it is judged that the club will generate sufficient cashflow meet all operating costs and that cash reserves give us the resources to continue forward with capital expenditure plans.

Cash Resources

The balance sheet at November showed cash of \$144k but at that stage we were yet to pay insurance, tennis affiliation fees and a big hunk of coaching costs. As of today we have approximately \$110k in cash.

Cashflow for the rest of the year will depend on bar income and rules/attitudes relating to Covid 19. However, it is unlikely that cash

balances will deteriorate significantly prior to the next invoicing round unless we are able to progress the lights project.