

Newlands Lawn Tennis Club

Finance Report 2022/23

Dear Member,

The Finance Report is being shared with members in advance of the AGM. I will cover off the key areas within this report at the AGM and would welcome any questions in advance or during the AGM.

Overview

The year to September 2022 saw the club return to normality following the impact of the enforced covid restrictions. Membership numbers remained at a historic high level throughout the year, which has resulted in the Club being in a strong financial position.

The padel project, which was unanimously approved at EGM in January 2022, has an impact on financial decision making at the Club. The final cost, timing and eventual success of this project will have a bearing on our financial position – in the short term we are managing cash to allow to ensure we have sufficient funds to deliver this project, in the medium to long term, we expect this to generate significant additional funds to allow us to accelerate some of the larger expenditure items.

I should also mention the impact of the increase in energy prices, which has been somewhat mitigated by entering into a fixed price energy contract expiring in early 2024. We are exploring energy efficient improvements which can be made prior to the contract expiring – such as energy efficient lighting – which would reduce our energy usage and therefore costs going forward.

It should, once again, be stressed the incredible support, effort and guidance which is provided by Douglas Cumine. Douglas has continued to provide invaluable expertise and support throughout the year. He has generously donated a huge amount of time to support the Club. I'd also like to thank Colin McIntyre who has assisted Douglas and Aileen throughout the year to look at streamlining the accounting processes.

Income and expenditure summary

As Members should all have received a copy of the Club's Annual Accounts for the year ended 30 September 2022 with the AGM notice, I shall comment on the main features in these Annual Accounts and the state of the Club's finances.

The surplus for the year was £36,981 (compared to a prior year surplus of £56,727, which benefitted from £82,418 of covid support).

The ordinary surplus before depreciation, interest and exceptional income was £58,944 compared with previous year of £4,243.

Income

1. Subscriptions at £264,631 are up £51,278 on prior year (£213,353). This was in line with our forecasts and was due to the strong growth in membership in latter half of calendar year 2021, which has been maintained since then.
2. Indoor court utilisation both by members and by external bodies has increased significantly to £49,523 (2021: £17,152). This is also ahead of the court income generated “pre-covid” to 30 September 2019 of c£38,500. The increase in indoor court utilisation does have an impact on increased energy prices due to the cost of lighting the indoor hall.
3. Bar turnover has rebounded after several years of decline at £70,603 (2021: £38,193). This still remains below the long term average bar turnover levels (previously in excess of £100,000), so we would hope to see this continue to trend upwards.
4. Advertising and marketing income has increased again in the year to 30 September 2022 to £10,175 (2021: £7,842). Again, we would like to thank the significant effort from a number of volunteers in driving this advertising push and we would also like to thank our sponsors for their continued support.
5. Functions and other income include physio room hire and income from gym trainers. These returned to normal levels after being reduced in 2021 due to the covid restrictions in place.

Expenditure

1. Payroll costs. Admin wages and bar wages have increased by c5% over the year, in line with our forecasts.
2. As anticipated gas and electricity costs very high at £55,996. Pre-Covid this was running at less than £30,000. However, since then higher tariffs have been contracted and also more use of indoor and outdoor courts have happened. We would expect gas and electricity costs to remain at c£60,000 for the year ending 30 September 2023. As mentioned previously, this remains a focus and we will look at energy efficient improvements to reduce energy usage if possible.
3. The spend on repairs and maintenance amounted to £73,742 (2021: £81,089). This is significantly in excess of the long term average spend on repairs, as we continue to invest in the fabric of the Club. While the nature of this spend is largely reactive, we are actively looking at introducing a more proactive programme of repairs. In the year to 30 September 2022, repairs and maintenance included:
 - Surfacing of kids zone, part of which was funded by TGA;
 - New boiler and related works;
 - Gym flooring; and,
 - New roller shutter door
4. Coaching and sports supplies have increased to £33,860 (2021: £24,073) as we return to a normal level of utilisation. We also provide an increased amount of additional classes which are free to members.
5. Most of the other expenditure categories are as expected. We continued to benefit from discounted satellite tv charges during the periods of bar closure, however this is expected to increase in the coming year as restrictions have lifted.

Balance sheet

1. Fixed Assets: The main capex spend has been £26,563 in relation to the padel project (£6,439 net of donations). This relates to the planning and professional fee costs associated with the project. In addition, there has been capex spend on:
 - Gym equipment - £8k
 - Dishwasher(s) - £2.5k
 - Coffee m/c - £3.4k
 - Kids zone seating - £1.1k
2. Cash: Cash at 30 September 2022 amounted to £118,158 (2021: £114,261). This cash balance has increased by £3,897 after cash outflows relating to:
 - LTA loan repayments - £21k
 - Bounce Back Loan repayments - £10k
 - Capex - £19k
 - Padel project costs - £6k
3. Loans: An interest free LTA Loan of £210,000 was taken out in 2008, with repayments starting in 2013. This loan will be fully repaid shortly, with the final instalment of £10,500 to be paid in May 2023. A £50,000 Bounce Back Loan was taken out in September 2020, which is being repaid at £10,000 per annum from September 2021 onwards. This loan carries an interest rate of 2.5%, which is less than the current bank base rate.

The strong cash position and low levels of borrowings place us in a strong position to continue to invest in the Club going forward.

Outlook

1. We go into 2023 and beyond in a healthy financial position and we are well placed to continue to improve the facilities at the Club – in terms of the padel project and the ongoing investment in all of our facilities.
2. The Committee are aware that there are a number of other significant expenditure items which will require to be incurred in the coming years. We will continue to monitor these in terms of likely cost and timing to deliver these for the benefit of all members.

Finally

Thanks, once again, must also be expressed to Colin McIntyre for carrying out the Independent Examination of the September 2022 accounts.

Paul McGettrick
Club Treasurer