

treasurer's report



For the twelve months to June 30, 2012 the club will report a financial loss of (\$16,384), and holds members' funds (our net assets), of \$288,884 as at the end of the financial year. This compares to a profit of \$31,427 for the same period last

year, with members' funds of \$305,268. The loss includes a capital loss on the sale of the clubs Van of ((\$1,911). The Annual Report (unaudited) was posted to the Club's website together with the AGM notification. This report has now been updated with the signed Audit Report.

Throughout this period the club has hosted 14 competition events, including the Sandown 6 hour relay, 8 social events, including the Warrnambool mini tour, 19 register events, including the first of our new Mid-Week runs, and of course our club nights and annual dinner. In response to club member surveys this full calendar incorporated expanded driver training, social and competition double header at Phillip Island, and a larger regularity relay at Sandown.

The financial loss was incurred primarily due to reduced attendances at all competition events. In particular our events at Phillip Island in July and August 2011 (which included our social double header), and the Sandown 6 Hour Relay, February 2012, collectively lost just over (\$21,000). Importantly the remaining competition events returned a surplus of \$7,640. It is also important to understand that Net Competition Revenue over the past five years has amounted to \$68,670; representing 53% of the clubs net profit the same period.

In response to the downturn in revenues the committee has throughout the period pursued a vigorous approach to cost control. It is appropriate that during this period we have been able to ensure that all our controllable costs have been maintained within our budget constraints.

Administration costs were \$9,432 favourable to our budget of \$37,297, our Social and Register events were \$3,565 favourable to budget, and the production of our magazine was also \$5,126 favourable to budget. These efforts helped to mitigate the financial impact of the competition downturn.

During the year the general committee introduced a finance committee to oversee the pricing strategy of all events, as well as development of the club's budget for general committee approval, and review of financial results. This committee includes the President, Treasurer, Competition Director, Social Director and Registers Director.

The club replaced the ageing Mercedes Van with a new Toyota Hi Ace Van which is larger and better able to accommodate all of the club's equipment. We have also replaced the club's computer systems, and we are embarking on new infrastructure development which will include a new membership management system.

Looking forward to 2013 the committee has decided to support the current competition pricing strategy of setting prices at competition events using an expected level of attendance. While we are currently falling short of these levels of attendance it is important to support the competition events during this current downturn with the expectation that attendances will return to more "normal" levels and again return strong financial results. It is not considered appropriate to increase prices at this stage as we believe that this will only further reduce current attendance levels. Moreover it is imperative to encourage increased attendances at competition events. It is encouraging to note that since the poor results in the first half of last year, we are experiencing a steady improvement in competition returns which has also been achieved through greater cost control.

The Budget for 2013 has a target surplus of just \$1,660, which is a considerable improvement on this year's result, should we achieve it. Many



improvements have been incorporated into the 2013 budget to help return the club to surplus, these include:

- Halving the net cost of Porsche Parade. It is our goal to achieve a cost neutral magazine, and in this budget we have planned increased magazine revenues, whilst maintaining our production costs. These actions will see savings to the club of over \$4,000.
- A significant reduction in the support provided to the Annual Dinner, providing savings to the club of \$6,000.
- Moving to electronic creditor payments providing savings in postage and administration.
- Introduction of Membership Management System, targeted at improving on-line membership service whilst providing savings in merchant commissions on revenue receipts.

Our ongoing financial management philosophy of achieving low membership fees, events that return small surpluses, and administrative systems that support the growing needs of the club, has not changed. We are a non-profit organisation, unable to return profits to members, but always acting to preserve our members' reserves in the most effective ways across economic cycles.