

## Essex & Suffolk Gliding Club

March 14<sup>th</sup> AGM – Treasury report

### Summary Headlines

We made a profit this year of £13,779. This compares to a posted loss last year of (£1,516). Increased commercial activity will have contributed to this and we need to maintain this effort to keep the club in a sound financial state

### Background

I took over the role of Treasurer in April 2013, at which time the club had reported its first loss in recent times. I started to look at all of the flying and other data that the club had, along with all of the available financial information, and concluded that the recent loss was a result of a combination of the recessionary times but more importantly, a long term steadily declining situation at the club. And looking forward, I concluded that it was likely the club was going to continue to make a loss each year unless we did something about resolving the inherent issues.

After reviewing the data with the committee, we decided it was time to develop a plan to fix this decline and also discuss this with the membership. The latter being via an EGM held in early 2014, just before last year's AGM. Our immediate solution was to keep a tight control of spending whilst we came up with some ideas to fix the steady decline. One point we made at the EGM was that E&SGC was not the only club seeing this pattern of decline, most other gliding clubs in Europe were seeing the same situation and this decline was also being experienced in other sporting areas.

### Turn-around plan

At the EGM, we proposed a 4 element profit recovery plan. We said that if we managed to achieve all 4 elements with 100% success (never really expected), it could yield ~£40K. After analysing the stats we provide for the BGA and my Group data, I believe that this year we were able to deliver some areas of the plan and these were worth ~£10K.

	What	How much	Value	Year end result	Value
1	More members	20 more adults	£16,600	0 more adults	£0
2	More TL's	40%	£11,000	11%	£2,800
3	More club member flying	10%	£3,800	5%	£1,900
4	More groups	10 more	£4,500	10 more	£5,500
			<b>£35,900</b>		<b>£10,200</b>

### Moving forward

My view is that the club has arrived at a new point. When I started gliding, at Essex Gliding Club ~30 years ago, there was a glut of students wanting to learn to fly. You had to arrive at 8:00, when the draw for the flying list took place. And you would be one of twenty plus students competing for an early draw. These students did most of the daily jobs associated with running the airfield.

If you look at the CFI report, it shows the number of students that went solo at E&SGC last year – zero. There were three solo's the previous year and eight the year before that. Whilst this solo statistic is not a totally accurate trend to demonstrate the fall-off in the number of students, it is clear just by looking around the airfield these days to see that there are significantly less students learning to glide and this has the added knock-on effect that we frequently do not have enough hands to run the daily flying operation.

We need to recognize that we are going to have to adapt to this change. This current and future state is:-

- (1) Less new potential members
- (2) Less member flying
- (3) Difficulties running the launch/flying operation
- (4) Overall strain on getting enough volunteers to do all of the jobs around the club

And because of this, there is going to be less revenue coming from members to fund the club.

To keep the club in a sound financial situation, we have 2 alternative choices:-

(A) Increase member subs

(B) Increase opportunities from commercial flying

Let me demonstrate the value of our commercial business with a couple of examples. The overall income from Groups last year was £7,500 (£5,500 more than 2013). If we were not doing Groups, member subs would need to increase by ~£75 to compensate for this revenue. Trial Lessons made the club £30,000 – this equates to an annual £300 member sub subsidy. Like it or not, the commercial business we do today is the only way that we can make gliding affordable to the membership

The level of commercial business we added-in last year is the minimum to keep the club viable (i.e. one that generates a modest profit). It came with quite a significant strain to our 'people' resources. The 'few' that were running the daily flying activity were quite often stretched doing the extra 10% of TL's and the groups only worked because of a handful of dedicated volunteers willing to give up their time.

The membership needs to recognize that this is the state we are going to be in and needs to start adapting to this. It is no longer OK to assume that a bunch of abinitios are going to set-up the operation each day and provide the manpower to run the airfield. The abinitios are drying up. The choices are that the members themselves volunteer to do more or we have to pay for this service. One example of change is that members should not rig their own gliders until they have helped set-up the airfield but there are many more areas in which we are all going to have to change to adapt to the new state. The launch marshal is just one other idea in which we can get more from the few.

## **2015 Strategy**

2014 profit improvement came largely from the 10 extra Groups and increased TL's. I believe that in 2015, as a minimum we need to do the same with respect to Groups and TL's but should continue with our same overall four element profit plan. The one part of the plan which is very difficult to deliver is increased membership. We tried quite a few things to drum up potential interest to join the club and also to retain the current membership. It did not amount to very much of a change in membership numbers. I still maintain that it is a key priority that we need to address but it is very difficult to achieve. And this is also something that other gliding clubs are struggling with.

## **Groups**

I have mentioned Groups a few times already in this report. At this stage I want to thank all of those that volunteered to help with the groups last year. You know who you are. Some of the club members went well beyond the call of duty and I think we provided nothing short of a fantastic result. I am not just talking here about the financials, I am talking about the level of customer satisfaction. The Group effort brings out the best of the club. The launch rate on the day is absolutely remarkable. The customers are shown the club in a very positive and efficient light. There are always smiling faces and we regularly receive praise of a good time had by all. Quite a few of the people that take a flight with a group go on to joining or arranging another flight (TL) for someone in their family. I cannot start to understand why the club seems to operate at two totally different performance levels on a club day vs. a Group event.

So here is a big thanks to the group helpers – you can see the results of your efforts.

I have led the Group activity for the last two years and I am handing this role over to Kaz for 2015. I know the Groups will be in good hands with Kaz at the helm and hope he will get the same volunteer help I enjoyed.

And whilst we are talking about Groups, it takes a lot of effort to find them. They often don't just call up, we have to be proactive to get the word out that E&SGC does Corporate/Group events. Last year, two of our members found us two Groups by talking to friends, family and other sources. So far in 2015 there is only one Group booking on the horizon, we need a further fifteen if we want to match our 2014 financial results.

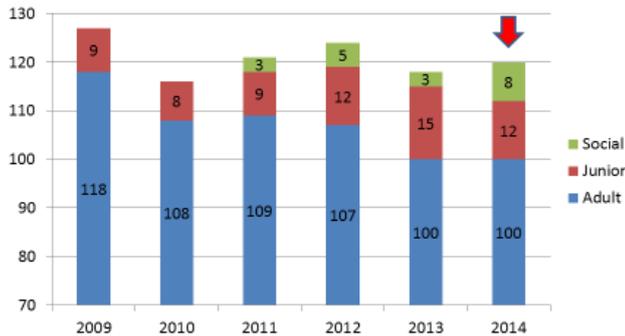
## Stats

You may recall that I showed various stats at the EGM. For completeness, I have updated some of the graphs with the new data we have for last year. In summary, these stats say:-

- Club member numbers were about the same
- 11% increase in the number of Temporary Members – we do not include Groups in these numbers
- 10% more launches. I estimate that 50% would be from club members, the rest came from TL's & Groups
- We flew 11% (19) more days
- No change in the number of launches per day – 24. Back in 2009, we managed ~30 launches per day

### Club members

2014 – Membership was about the same (target was 20 more adult members)



Memo:- 86 adult members were reported in the 2013 stats. On re-count, the correct adult member was 100

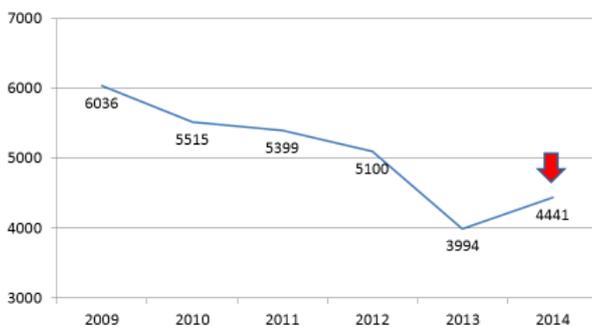
### Temporary members

2014 – 11% increase in TL's (target was 40% more)



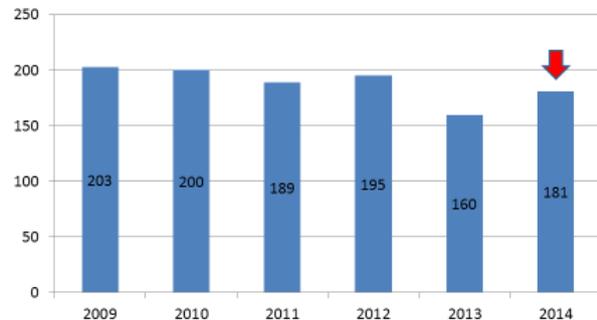
### Number of launches

2014 – 10% increase in the number of launches (target was 10%). Half of this was due to increased number of TL's and 10 more Groups – i.e. not club member flying



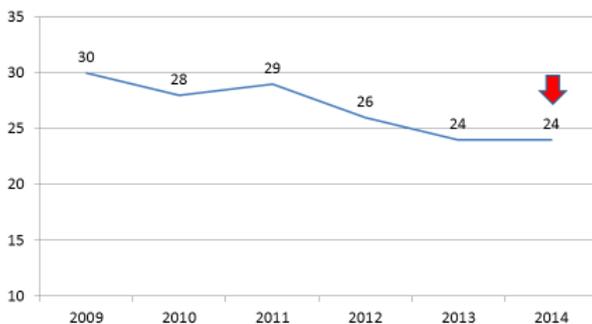
### Number of days flown

• 2014 – 11% increase in the number of days flown



### Average number of launches per day

2014 – Same average number of launches per day



## 2014 Accounts & Financials

We now have the 2014 year end final accounts from our accountants, Walter Wright. Paul, Bob and I have approved these and we are sending you a copy for your information.

Before I go any further, let me first thank the rest of the team. These being; Amy (outgoing bookkeeper), Rob Nunn (Amy's Sage expert), Christine Gilbert (our financial advice) and Cathy Haynes (incoming bookkeeper).

The summary of the 2014 accounts is the tricky part of this report. This is because if you look at the accounts, the financial improvements between 2013 and 2014 does not totally tie with all of the things I have reported so far. Once we got the draft accounts, Bob, Paul and I met-up with Christine and Amy to go through some areas of the data to discuss these potential disconnects. The conclusions were that the 2014 accounts were correct, we understand why the data in the accounts is as it is, and that we discovered one fairly significant booking error had been made in Sage back in 2012 by the previous bookkeeper – Jeanette. The error we found was related to the revenue received from membership subs and the amount for the 2013 accounts was under called. Had the correct number been put into the accounts, we would have made a profit in 2013, rather than a loss.

Now to the key highlights for 2014:-

### Profit and Loss A/C

- We have made a substantive profit in 2014 -- £13,779. The results previously were
  - ❖ 2013 (£1,516 - Loss)
  - ❖ 2012 (£403 – Loss)
  - ❖ 2011 £12,539 – Profit
  - ❖ 2010 £10,840 – Profit
- Included within our 2014 profit of £13,779 is a loss of £1,800 that we have booked for the disposal of the Pirat
- The income from membership in 2014 looks like it has significantly risen. This was the comment I made previously that the 2013 number had been under called. There was really only a slight increase in membership income in 2014.
- Expenditures include:-
  - ❖ £2,000 for Planning consultant fees associated with the motor glider Planning approval (in Professional fees)
  - ❖ The new diesel fuel tank and the grass cutting equipment plus associated tractor mods
  - ❖ Credit for a past good track with glider insurance claim performance
  - ❖ The purchase of the caravan that is being converted into the new workshop

Important to note is that during 2014, we did not buy any new Dyneema – it costs about ~£4,000. We would normally expect this to last 2 years. We will buy new Dyneema in 2015 (quite a bit earlier than planned) because we have incurred damage to some areas of the current cable.

We also need to provision for a substantial repair (cost) required for the doors to the MT shed. One estimate mentioned to me was as much as £6,000.

And lastly, we have benefited in past years from a substantial credit from the insurance company for not claiming on our glider insurance policy. In the past year, we have made two claims, one for the K21 canopy and the other for the Grob wing. We are not anticipating a credit this year.

The summary here is that our profit in 2014 is already earmarked for required general maintenance in 2015.

### Other

We still have our savings of ~£14,000. These remain untouched in our savings A/C for the past few years

### **Final comments**

I am stepping down this year as Treasurer and Group leader. The new Treasurer will be agreed at the AGM. The club is in a much better on-going financial state and we just need to keep this effort going in the future

Andrew Booth  
E&SGC Treasurer