



FINANCIAL REPORT

Our members will see from the accounts that during the year ended 31 March 2021, the company suffered an operating loss of £1.1m. This reflects the impact of Covid on our trading operations where we were closed or restricted for the whole of the year. Whilst we received an element of support from government with the cancellation of business rates and grant income, we had to maintain some staff to keep the property and facilities secure and in good condition ready for reopening.

In cash terms, the loss, plus some essential capital expenditure undertaken whilst we were closed, had to be supported. Depreciation is a substantial non-cash charge against profit but that still left in the order of £500k to be funded. That was dealt with by a combination of increased overdraft facilities and by those members who either donated their 2020/2021 subscription refunds or allowed us to repay them over a number of years.

Before the advent of Covid we had announced plans to commence a major development of our facilities. This was designed to bring social and changing facilities up to date so that we would continue to offer a high-quality experience to members and visitors whilst securing our future viability. Funding for the project was provided by the sale of our Newcourt practice ground. We have supplied financial data to our bank and negotiated an increase in facilities to enable us to proceed with the development, in spite of the Covid impact on our cash resources.

We have therefore commenced the building of the Garden Pavilion and will continue after Christmas to implement the redesign and upgrade of our kitchens. The work will then continue as we develop the Hub into new and improved sports changing facilities and create another new bar and lounge area in the existing Sports Bar and current gym changing rooms, for all members to enjoy, including families. The swimming changing rooms will then undergo a complete redesign to maximise use of the space available.

We will strive to minimise disruption during the periods of internal construction to ensure member facilities are available throughout. In the new year, the main kitchen will be closed for some weeks, along with Wear Park Restaurant. We will be providing our normal menu to members in the Hub and Sports Bar while the main kitchen is closed. Wear Park Spa, on the first floor of Wear Park, will remain open as usual. I trust that you will be understanding and supportive whilst the work is in progress as the eventual outcome will be hugely beneficial to all members.

We prepared projections for the year 2021/2022 as part of our application for additional finance using a conservative forecast in terms of growth in member numbers and bar and catering income. I am, however, pleased to report that our current year performance is ahead of budget in both areas and our social and festive bookings are well ahead of our estimates. Despite the works planned in the new year, I am hopeful that we will achieve our estimated targets.

Whilst I can reassure members that there is no intention to directly recoup our losses by increasing subscriptions, we are all aware of supply shortages and cost increases, particularly with power. These may well impact on our normal operating costs for the remainder of this year and 2022/2023. I shall keep these under review and report on them monthly going forward.

Yours sincerely

Cliff Nightingale
Finance Director