

Treasurer's Report for the first Quarter 2007

The full figures have been provided to Centres, Register and Branches (CRB's) and are also available from the Treasurer on jwdutton@btopenworld.com

2006 was a year of very heavy loss for Main Club. We lost over £110k. Much of this had been predicted in earlier reports, but regalia, magazine costs and racing continued to deteriorate and we absorbed significant costs in management changes. In all key areas there have been remedial changes put into place.

Our budget for 2007 is to break even before interest, and to be back into profit after interest. We are £23.9k better than budget already this year, having made a profit in the first quarter of £6.3k compared to a budgeted loss of £17.5k.

Subscriptions

These are close to budget. The increase of £11.8k over last year is due to higher subscription rates and because MGE subscribers are higher now than a year ago.

Magazine

We are in an interim period while we briefly enjoy the lower prices negotiated as a prelude to a combined magazine, which was also the basis for the budget. This is bringing small savings over last year, but the situation will get worse again in Q2 now that the contract with Octane Media Ltd. is cancelled. After that, costs will fall.

Events

The first event of the season has brought a small profit. Entries at Silverstone National exceeded budget and this plus cost savings brought an overall profit of £1.8k vs a budget break-even.

Regalia

We are £1.1k ahead of budget having written down some of the stocks and are about to relaunch the range.

Other Trading

The Trade membership scheme generated a net £4.0k in the month and Commissions/ Donations income is already at £2.3k.

Fixed Operating Costs

Salary costs are slightly higher than budget but significantly lower than last year, by £10.1k. In many cases we have added significant budgetary amounts in 2007 which have not yet hit the books. In particular, we budgeted to have spent £10k to date on Market Research, but have only spent £4.5k; our spending on PR is still well below budget, by £3.2k; and we have only spent at £2k on the Website instead of a budget of £7k.

Interest

Cash reserves at the quarter end are still above £300k even after paying one-off costs and deposits for the race circuits. Interest, therefore, is staying close to budget and to last year.

Summary

The good news will not continue. We will have a weak Q2 as magazine costs will be higher than budget. Operating costs will return to budget levels as the year progresses, and much of the gains of Q1 will disappear in later quarters.

Nevertheless, we have made a good start, and it is especially encouraging to see positive returns from motor racing. I believe the Club will achieve the budgeted break-even this year.

MGCC Summary Results

Quarter ended Mar 2007
£'000

	Year to Date:		Prior Year	Variances from:	
	Actual	Budget		YTD Bud	YTD PY
Total Subscriptions	99.0	99.3	87.3	-0.3	11.8
Net cost of Magazine	-34.0	-33.8	-38.7	-0.2	4.8
Trading Activities:					
Net Income from Events	1.9	0.1	0.0	1.8	1.9
Net Income from Regalia	3.0	2.0	2.0	1.1	1.0
Net income from Motorsport	-0.4	0.3	3.9	-0.7	-4.4
Other income	7.5	2.4	4.8	5.1	2.7
Total net income from Trading	11.9	4.7	10.8	7.2	1.2
Gross profit	77.0	70.3	59.3	6.7	17.7
Fixed Operating Costs of MGCC:					
Total Staff Costs	32.0	30.8	42.1	-1.2	10.1
Total Accommodation costs	9.6	10.8	5.1	1.2	-4.5
Total Travel & Entertaining	2.5	4.0	2.0	1.5	-0.4
Total Administration costs	29.4	45.3	32.4	15.9	3.0
Total Fixed Operating Costs	73.5	90.8	81.7	17.3	8.2
Operating Surplus/(deficit)	3.5	-20.5	-22.5	24.0	26.0
Interest receivable/(payable)	2.8	3.0	3.4	-0.2	-0.5
Net surplus/deficit after interest	6.3	-17.5	-19.1	23.9	25.4