

A scenic sunset over a golf course. In the foreground, a large, leafless tree stands on a grassy slope. A pond in the middle ground reflects the setting sun and the sky. The background shows a line of trees and distant hills under a sky with soft, colorful clouds. The sun is low on the horizon, creating a warm, golden glow.

Heswall Golf Club

Finance update for EGM
March 19th 2024

Agenda

- Financial Update
- Project Funding update
- Long term plan
- Summary
- Risks

Financial Update

£k	2022 Actual	2023 Actual	2024 Budget
Earnings (EBIDTA)	191	255	308*
Surplus after tax	35	13	50
Development fund	67	90	138**
Bank Loan at year end before projects	941	874	818***
HP Outstanding	45	74	56

*includes £45k surcharge

** before any outlay on drainage

*** before loan extension

2024 to date – first two months

£k.	2023 2 months	2024 2 months	Variance
Subscriptions	153	164	11
Entrance Fees	6	9	3
Bar & Catering Income	61	49	-12
Green Fees	5	0	-5
Deficit	-2	-13	-11
Surcharge	0	47	47

- Membership renewals – holding up despite course closures.
- Full playing adults at 702 (2023 704)- all categories.
- 35 on waiting list – interviews & offers taking place.
- Bar & Catering & Green Fee income adversely affected by course closures and restrictions

Project funding – Irrigation & Drainage

£k.	Forecast	Original Plan	Comments
Members Loans & Donations	150	150	£122k (Today). Firm commitment to reach £150k. Potential for more loans.
Bank Loan & HP	650	500	NatWest agreed increase of £500k to £650k at 2.45% above base to replace HP. Repaid over 20 years.
HP	0	150	NatWest loan more attractive than financing from HP
Development fund 2023	90	90	
Total funds available now	890	890	
Forecast add development funds 2024-26	160		Dependent on EBITDA performance. Assumes income and costs increase with inflation
Total potential project funds	1,050		Maximum capital project spend without additional members loans, surcharges or asset sales

£k.	2024	2025	2026	2027	2028	2029	2030
EBITDA	263	271	279	287	296	304	314
Surcharge	45	45	45	45	45	45	45
Total	308	316	324	332	341	349	359
Cash outflows							
Bank Loan	124	145	145	145	145	145	145
Greens equipment HP	21	21	35	47	40	51	62
Greens equip't cash	30	0	50	70	72	74	76
Minor projects & members loans	73	60	60	60	60	69	71
Total outflows	248	226	290	322	317	339	354
Bank/Members Loans	780*	-	-	-	-	-	-
Project costs – Irrigation (£820k) & Drainage (£225k.)	870	100	75	0	0	0	0
Surplus/ Shortfall	-30	-10	-41	10	24	10	5
Development fund	60	50	9	19	43	53	58

*net of £20k arrangement fee & valuation fee

Summary & assumptions

- £1.05m potential funding available for both projects
 - Loan extension of £650k in principal pending sign off from Nat West.
 - £860k ear-marked for Irrigation & Power Supply less VAT recovery c.£40k.i.e. £820k.
 - £230k. potentially available for drainage
 - Potential to spread over 2-3 years
- Assumptions
 - Greens equipment replacement
 - 2026 £90k. 2027onwards £130k p.a. plus inflation for 7 years
 - Part cash/ max £60k. p.a. on HP
 - Surcharge at current levels for 10 years
 - Other income & costs in line with current - plus inflation
 - No other special projects e.g. compound, clubhouse
 - No additional funds from members' loans
 - No funds from sale of land parcel by 6th /8th.

Financial Risks

- Irrigation project
 - Overspend / existing repair costs
- Drainage
 - Return on investment – need to deliver in stages.
- Membership tail off
 - Demographics – short-term uptick but longer-term challenge?
 - End of post COVID golf boom
 - New activities e.g. Padel
 - Interest rates increase vs
 - expected decrease
- Bar & Catering revenue
- Visitors fees



Addendum - Irrigation costs

£k. Figures incl. VAT	Current forecast	Planned
Irrigation Control	730	Reductions in design specification and discounts from suppliers – Rainbird/ Torro – includes additional warranties & service contracts FOC. No Weather Station or QCVs.
Dales Water	77	Assumes 6” borehole, not 8” borehole (£98k.). Contracted for initial spend of £4k + VAT for applications with EA.
Other	2	Architects Direct. Planning for moving of Water Tank.
Total	809	Savings on original specification budget estimates.
Original Plan	816	Additional £40k. VAT recovery following HMRC agreement to change to ‘standard’ method from April 2024.
Saving on plan	7	
Additional costs – to be paid from existing development fund but offset by VAT recovery .		
Scottish Power	39	3 phase supply . Cable trenching in-house. Will provide significant other benefits in compound area.

Addendum - Financial Update

£k	2022 Actual	2023 Actual	2024 Budget
Subscription Income	800	943	961
Entrance fee income	40	65	55
Surcharge	0	0	45
Green Fees	92	106	110
Bar & Catering contribution	-24	-52	-32