

The Imp Club Limited – Accounts for year ended 31 January 2024

Treasurer's Report to Members

Dear Club Members

This report provides some detail to The Club's accounts for the financial year ended 31 January 2024. It is the Directors' responsibility to ensure that proper accounting records are kept and that these records disclose with reasonable accuracy the financial position of the Company.

The overall financial position of The Club at the year-end continues to be healthy. The key indicators of this position are:

Overall profitability

Good liquidity and working capital

Healthy bank and cash balances

No onerous loans, overdrafts, or similar items

Reasonable stock values compared to annual normal sales

Low/little debtor amounts

Creditor/accruals under control.

The year ended 31 January 2024 resulted in a loss of £7,552. This is the first trading loss in recent years.

Despite making a loss for the year after tax of £7,552 all other indicators show a healthy position for the Club. In this report I will explain the Balance Sheet and Income & Expenditure Account items and present further commentary and analysis to explain the loss and current trading position, especially by analysing business streams and unusual items.

VAT has been recorded and accounted for in line with HMRC policy and the Club submits its VAT returns in accordance with the Government Making Tax Digital scheme. All returns were filed in a timely manner and all payments are up to date. The balance reported in the accounts is for a repayment of VAT from HMRC. This was received early in March 2024.

Fixed Assets: Fixed assets have been depreciated in line with Company policy.

Fixed Assets Summary:

| | Net Book Value 31/1/2023 | Additions | Disposals | Depreciation | Net Book Value 31/1/2024 |
|-------------------|-------------------------------------|------------------|------------------|---------------------|-------------------------------------|
| Office Equipment | 112 | 0 | 0 | -28 | 84 |
| Plant & Machinery | 3,181 | 630 | -51 | -940 | 2,820 |
| Total | 3,293 | 630 | 0 | --1,098 | 2,904 |

During the year The Club replaced an events gazebo for use at NEC shows and additional racking for library storage.

The Club's bank accounts are reconciled to bank statements on a regular basis. There were no reconciling items at the year end.

The list of Club bank accounts is stated below:

| | 31 January 2024 | 31 January 2023 |
|----------------------------|------------------------|------------------------|
| Barclays Community Account | £20,612 | £30,488 |
| Barclays Savings Account | £20,327 | £30,800 |
| Company Paypal Account | £1,355 | £5,021 |
| Cash Balances | £2,489 | £2,360 |
| Aldermore Interest Account | £76,000 | £76,000 |
| Total | £120,783 | £144,669 |

Cash balances are represented by balances held by:

Imp Ecosse and Wicked Welsh Weekend organisers, being surpluses generated in the events.

The Spares Coordinator float is shown separately in the accounts and was £1,206 (2024: £1,126).

All sales are checked for transactions with non-members. Such sales result in a tax charge. During the year there were no non-member sales. Since the year end the Committee has worked with the Clan Owners Club, buying its stock of parts applicable to both models and has agreed to sell such parts to Clan Owners when requested. Profits from such sales will attract Corporation Tax but will increase Imp Club profitability. The agreement will benefit both clubs.

The Club continued with its savings strategy, leaving the deposit with Aldermore Bank in place. The Aldermore Bank high interest account is protected by the Government FSCS scheme. The financial period witnesses increasing interest rates and resulted in higher returns on these funds. Bank interest received is taxable under Corporation Tax as it is not member generated. As a result, our tax liability rose for the year. However, HMRC has declined to pursue the tax charges on previous years due to the small values, and those liabilities have been written back into profit. During the year funds were transferred from the Club's Barclays Savings Account for use by the Community Account. This allowed The Club to fund the acquisition of parts from Speedy Spares which was closing down. The Club acquired £19,000 worth of spares, many being hard to get. £11,000 worth of stock is included in these year-end accounts. Having these funds available allowed The Club to move quickly and acquire these parts before others, and before they were lost forever.

Stock Valuation: Stock taking processes were completed by the Spares Coordinator and includes a small value of regalia stock held by Logo That Polo (LTP). The stock is valued at the lower of cost and net realisable value. Regalia items held by LTP are primarily magazine binders and UK car stickers. The value held at year end was £555.

The Spares stock value is £73,944.

Spares and Regalia trading: The Spares function produced a surplus of £8,804 after depreciation costs of £1,019 relating to moulds, mandrels and various tools used to manufacture parts that are not produced by the general market. This return is down on the previous year due to decrease in total sales, and in margins being reduced to keep prices affordable despite increasing purchasing costs. I am pleased to report that current year sales have increased remarkably and is currently ahead of the bumper Covid year trading.

The income from Regalia is made up of commission earned by The Club from sales made by LTP of Club branded items. LTP also sell magazine binders and UK car stickers on the Clubs behalf, and The Club gets the proceeds less LTP commission. Total income from LTP for the year was £315 with a cost of sales (cost of binders sold) of £87, leaving a net profit of £228.

Debtors: At the year-end the accounts show four debtors totalling £766. This is purely a timing issue with cheques being posted to the Treasurer by the Spares Coordinator, and card payments flowing through from Barclaycard. All were shown as settled within the accounts within days of the year end.

Prepayments: The prepayments amount includes deposits paid in relation to National 2024 (venue and toilet hire) plus prepayments of insurance premiums.

Creditors: The Creditors figure includes amounts relating to invoices received after the year end (but dated within the year) in relation to magazine printing, postage, Barclaycard services and some display regalia items for the NEC stand. All invoices were settled during February 2023.

Accruals: The Accruals figure includes charges for costs incurred but not invoiced at the year end and relate to the accountancy fee and insurance.

Taxation: HMRC has again chosen not to collect previous year tax liabilities due to the relatively small amounts involved. Therefore, the provision for last year has been reversed, resulting in a smaller charge shown in the Income & Expenditure Account. As a result, the provision carried forward in the accounts relates wholly to the current year end. The main drivers in this calculation are the interest on savings accounts and profits on non-member sales.

Trading Areas (Business Streams)

I have re-organised the Income & Expenditure account to analyse the business streams. The statutory accounts can be viewed, and the various headings compared to 2023-year end.

I believe the following analysis gives a better insight in to the business and its challenges during the year, and the future.

The following table explains income and expenditure for key trading areas (business streams):

| Analysis - Business Stream | | | | | | | | |
|----------------------------|--|-----------------------------------|--------------|------------|---------------|------------------------------------|--|---------------|
| | | Core - Membership/ Magazine | Spares | Regalia | National | 60th Anniversary Celebration | Other Income, Interest & Overheads | Total |
| Income | | 29,264 | 41,812 | 315 | 11,962 | 5,673 | 3,563 | 92,589 |
| Costs | | -3,826 | -31,989 | -87 | -17,527 | -6,371 | | -59,800 |
| Depreciation | | | -1,019 | | | | | -1,019 |
| | | 25,438 | 8,804 | 228 | -5,565 | -698 | 3,563 | 31,770 |
| Impressions production | | -29,820 | | | | | | -29,820 |
| Advertising Income | | 3,369 | | | | | | 3,369 |
| Other Costs | | | | | | | -12,871 | -12,871 |
| | | -1,013 | 8,804 | 228 | -5,565 | -698 | -9,308 | -7,552 |

Core-Membership/Magazine

This business stream is the core of The Club and indicates whether The Club could continue if other streams were to cease (i.e. no spares function, no National and no or little other income – which is from the smaller regional events and bank account interest).

The analysis shows that despite subscription income increasing by £600, the core stream does not generate sufficient surplus to pay for the “Other Costs”. I will analyse and explain these costs later. In fact, membership subscriptions, plus magazine advertising is not covering the cost of magazine production, printing and distribution. This situation has been coming for the last few years and was

the reasoning behind the creation of a digital only subscription option for overseas members introduced in September 2023. The take up has been limited and has not improved the overall situation. It was not expected to resolve the ever-worsening core position.

The costs of magazine production and distribution has been hard hit by increasing printing costs due largely to global paper and ink costs, and postage costs, both in the UK and overseas. The following table shows how costs have increase over the last 5 years

| Impressions Costs Comparison | Oct 2019 | June 2024 |
|-------------------------------------|-----------------|------------------|
| Magazines Printed | 1170 | 1195 |
| Cost | 916 | 1123 |
| Unit Cost | 0.78 | 0.94 |
| UK Postage - items | 970 | 1019 |
| Cost | 388 | 646 |
| Unit Cost | 0.40 | 0.63 |
| Overseas Postage - items | 150 | 132 |
| Cost | 178 | 336 |
| Unit Cost | 1.19 | 2.55 |
| inc Europe & Ireland | | |

The unit printing cost has increased by 20%, UK postage by over 50% and overseas postage has more than doubled.

Advertising income from the magazine has ebbed and flowed but is overall on a downward path. Long time Imp supporters are now reigning back on their businesses as they get older and are not advertising so much. We have lost a few non-member advertisers and insurance companies come and go.

Membership costs were £3,826. These are comprised of the costs of producing membership letters, renewals, membership cards and postage incurred in distributing these. These costs increased by over 50% from the previous year, however part of the increase was due to purchasing a batch of blank membership cards which will be used into future years. This expense heading has also been affected by increases in word wide postage costs.

I have previously mentioned Spares and Regalia performance and will now move onto our national events. In the Spring of 2023, we organised a 60th anniversary weekend for the launch of the Imp, based near Coventry and including a display of over 60 cars at the Coventry Transport Museum. The consensus was that the event was a great success and much enjoyed. However, the costs outweighed the revenue generated. The costs of organising a camping field, principally hiring toilets and showers was not covered. Many more attendees opted to stay in nearby hotels and B&Bs or travel for a single day visit. As a result, there was a deficit of £700. The track event at Curborough was a success and the costs were covered by participants.

National 2023 was held at Perth Racecourse in Scotland. Again, those that attended had a great time and found the event relaxed and enjoyable. The event reached a part of the UK not normally covered, and attracted members from much further north who would normally not travel south of the border. So, it was good to reach these members and include them. Finance wise there was a deficit of £5,500. Again, the main problem was lack if revenue. Many regular National attendees

decided that it was too far to travel. Of those that did make the effort to travel north many opted to stay on the nearby regular caravan & camping site with fixed and probably better facilities, or in local accommodation. As a result, revenue was not sufficient to cover costs. Another cost that was to an extent negated by the failure to provide one of the toilet blocks, was a minimum spend guarantee with the racecourse bars/restaurants, which was not achieved. The general low attendance number also flowed into the track event at Knockhill, which again was greatly enjoyed by participants, but 10 places remained untaken, creating a loss of £650.

Other Income

Other income comprises income from Imp Ecosse and Wicked Welsh Weekend. These are smaller regional events where there is no exposure to camping costs not being covered etc. The surpluses are often reinvested locally (WWW purchased a PA system and large gazebo from surpluses for example).

Other income also includes bank account interest on savings deposits. Due to inflation and bank interest rate increase the income here increased from £900 to £2,300. Rates have since fallen; therefore, these levels of income are likely to fall. In addition, we have also reduced the funds in savings by increasing spares stock levels (Speedy Spares in particular). The overall loss has resulted in reduced bank balances.

Other Costs

The analysis of Other Costs f £12,871 in the previous table is comprised:

| | | | |
|------------------------------|--|--|---------------|
| Other Costs: | | | |
| Insurance | | | 1,036 |
| Computer Expenses | | | 1,907 |
| Equipment Maintenance | | | 0 |
| Post & Stationery | | | 94 |
| Events Costs | | | 4,875 |
| Sundry Expenses | | | 33 |
| Annual Return Fee | | | 13 |
| AGM Costs | | | 408 |
| Accountancy | | | 1,020 |
| Subscriptions | | | 1,360 |
| Storage | | | 216 |
| Registered Office Costs | | | 0 |
| Library Costs | | | 282 |
| Donations | | | 100 |
| Bank Charges & Merchant Fees | | | 1,258 |
| Taxation | | | 269 |
| | | | 12,871 |

Insurance covers our public liability, product liability (essential as we order the manufacturing of parts to our specification and sell to USA & Canada in particular), stock value and officers' cover.

Computer expenses covers the finance system (Quick Books), and our email and other applications supplied via Microsoft 365. It also includes the mailing system Mailchimp, used for mass mailing of the digital magazine and other information circulated to members. In future it will also include the Membership database (Crossmember) which has just been introduced, to put the membership database (renewals etc) on a stable platform. The cost of Crossmember is approximately £500pa.

Post & stationery covers Treasurer's paper, printing ink and postage. Membership expenses under Core Business includes the costs of producing membership letters, renewals, membership cards and postage in distributing these items.

Event Costs – During the year The Club returned to the NEC shows. The costs of attending have increased. Although we get a free stand, the costs of electricity, carpet hire, and insurance have increased. We also invested in a display wall, tape barriers, tables and printed posters to improve the overall offering. 60th anniversary banners/flags were produced for area centres as requested costing £90, and these continue to be used by area centres.

The following is a summary of events costs by events:

| Events | | | |
|--|--|--|----------|
| NEC March 2023 | | | 1,633.26 |
| NEC November 2023 | | | 1,146.16 |
| Linwood 60th gathering | | | 44.17 |
| 60th Anniversary banners/flags | | | 926.36 |
| Bath & Bristol events costs - Race Retro | | | 102.00 |
| WWW2023 (includes cost of meals recovered within Other Income) | | | 1,023.00 |
| | | | |
| | | | 4874.95 |

AGM Costs

The 2023 AGM was held at Gaydon – British Motor Museum. This category reflects the cost of room hire which also entitled attendees to visit the museum. The 2024 AGM will also be held at Gaydon.

Accountancy Fees

These are the fees in producing the year end statutory accounts and tax computations.

Subscriptions

Subscriptions cover three areas:

1 Rootes Archive Centre Trust (RACT) – £800 -The Club is a supporter of the RACT as it preserves historical Rootes antiquities, but fundamentally allows access to original drawings, designs and specifications which we use in the manufacturing of parts. The Centre is also a source of information for magazine articles. In addition, the Centre acts as The Clubs official registered office as a free of charge benefit of Club Supporter status. This alone saves several hundred pounds over using a commercial Registered Office provider (as we previously used).

2 Federation of British Historic Vehicle Clubs – £489 - this is the classic car community voice to legislators and is also a source of current legislative information and research.

3 Motor Sports UK (formerly MSA) - £71 – This is the governing body of motorsport in the UK. Whilst The Imp Club does not host or arrange competitive motorsport, we have members who participate. The MSUK also provides guidance and support to its member clubs in respect of inclusion, diversity and safeguarding.

Storage

These costs are not expected to be repeated in the short term. These were the costs of storing the library records whilst a new Librarian was appointed.

Library Costs

These were the costs of moving the library records to the new Librarian.

Donations

During the year The Club donated £100 to the charity benefitting from the driving of the Scottish Police Imp from Dover to Glasgow.

Bank Charges & Merchant Fees

The cost of £1,258 is entirely comprised of Paypal and Barclaycard processing fees. No bank account charges are included. As an example of the processing fees – a £24 UK membership renewal via Paypal results in a £1 fee deduction. Barclaycard fees are slightly less. The new Crossmember membership database will also use Stripe for payments, and these are much lower than Paypal (£0.56 for the UK renewal). I would hope that as a result, future merchant fee levels will be lower.

Taxation

I have previously explained this line. The total charge for the year was £440, but it is reduced by write back of the previous year's liability that HMRC will not be collecting.

Outlook

The continuing decline in the ability of the Core business stream to cover The Club's overheads is mainly down to the ever-increasing costs of magazine production and distribution. Overheads such as insurance, computer costs, accountancy, events such as NEC attendance will undoubtedly continue to rise. In the future maybe The Club reconsiders its NEC attendance. However, the other costs do not leave a lot of room for reduction.

Accordingly, your Directors, supported by the Committee, are proposing to increase subscription rates at the AGM. The Spares function must be seen to generate profits to enable reinvestment into new parts procurement and continuing production of parts that the general market does not want to produce due to small numbers. Spares cannot continue to effectively cover a shortfall in the core element of this business.

Nationals and other events are expected to roughly breakeven. Some years there will be small surpluses, maybe small deficits. We cannot budget for large losses on a regular basis. The current National – 2024 at Ellesmere Port seems to have generated debate over costs of hosting and therefore costs of attendance. We hope that it is well attended, provides a great experience for members, and covers its costs. I believe that The Club needs to fully reconsider exactly what the members want with regard to a National gathering, what they are prepared to pay for etc and redesign the event accordingly. In the current world, no options will be cheap. The membership is getting older, and more and more people are moving away from camping. This reduces the income that covers the costs of toilets, showers, marque etc. We need a new model.

If anyone has any further questions or would like further explanation, please contact me and we can discuss and address those queries (email – treasurer@theimpclub.co.uk).

Philip Smith - Treasurer