

HALF MOON BAY GOLF CLUB INC

Business Plan

1 Oct 2017 - 30 Sept 2018

Adopted by the Committee on 25th September 2017

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1. Overview

The Management Committee remain committed to providing the best facility possible while still ensuring debt is kept under control. Funds are found each year to ensure the facility is improved but unfortunately there never seems to be money for projects such as new furniture, new irrigation pumps, replacement of bar cool room or improvements to the greenkeepers area. This Management Committee have seen the urgent need for these projects to be carried out and have increased 9 hole and 18 hole green fees and this additional revenue will service a specific projects loan.

2. Membership

The budget for 2017/2018 has the following assumptions regarding membership:

453 members renewing on 1 October and a final membership of 517 by 30.9.18

1.9% increase in member fees for all members except over 70 (rates remain the same as 2016/17).

| Category | 2012/ 2013 | 2013/ 2014 | 2014/ 2015 | 2015/ 2016 | 2016/ 2017 | 2017/ 2018 |
|---|-----------------|---------------|---------------|------------------|---------------|---------------|
| Ordinary/Full Playing Members | \$768.35* | \$797.55* | \$824.90* | \$851.35* | \$871.80 | \$888.35 |
| Juniors (Tadpoles/Primary School) | \$77 | \$80 | \$82.50 | \$85.15 | \$87.20 | \$88.85 |
| Juniors High School | \$115.35 | \$119.65 | \$123.75 | \$127.70 | \$130.75 | \$133.25 |
| Students (University/Tafe) | \$230.35 | \$239.25 | \$247.50 | \$255.40 | \$261.55 | \$266.50 |
| Non Playing / Social | \$5 | \$5 | \$5 | \$5 | \$5 | \$5 |

*Senior discount apply as of 2011/2012 year

3. Revenue Growth

The next budget shows revenue growth of 7.5% but this includes the increases to green fees to service the specific projects. When these increases are removed we are budgeting for a 3.7% increase in revenue.

4. Operating Budget for 2017/2018

2017/2018 BUDGET

PROFIT AND LOSS

| | Total 2017/2018 | Total 2016/2017 |
|--|--------------------|--------------------|
| INCOME - GOLF | | |
| Members Subs | 396,559 | 395,005 |
| Joining Fee | | |
| Course Fees | | |
| Members - Comp | 94,206 | 92,210 |
| Members - Booking Fee/Development Levy | 104,996 | 41,482 |
| NTP | 13,732 | 13,486 |
| Social | 224,281 | 234,181 |
| Corporate | | |
| Monthly Account | | |
| Juniors | | |
| Visitors | | |
| Reciprocal | 16,100 | 9,444 |
| Infrastructure Fund | 58,305 | 81,826 |
| Total Course Fees | 511,620 | 472,630 |
| Less: Commission Paid - Members | | |
| Commission Paid - Non Members | | |
| Total Golf Income | 908,179 | 867,635 |
| FOOD and BEVERAGE | | |
| Sales - Bar | 264,063 | 253,418 |
| Sales - On Course | 19,930 | 19,375 |
| Sales –Golf Shop Drinks | 143,319 | 136,922 |
| Restaurant | 120 | 120 |
| Sales - Food | 1,126 | 1,730 |
| Less: COGS - Liquor | 106,631 | 102,804 |
| Less: COGS - Softdrinks | 19,406 | 18,641 |
| Less: COGS – Liquor Golf Shop | 9,989 | 9,543 |
| Less: COGS – Softdrinks Golf Shop | 48,772 | 46,595 |
| Less: COGS - Food | 282 | 433 |
| Less: Wages & Associated Costs | 101,262 | 98,329 |
| Gross Margin | 142,217 | 135,220 |
| GOLF SHOP ACCESSORIES | | |
| Sales – Golf Shop Accessories | 123,658 | 116,089 |
| Less: COGS – Golf Shop Accessories | 74,195 | 69,653 |
| Less: Wages & Associated Costs | 189,877 | 229,197 |
| Gross Margin | -140,414 | -182,761 |

| | | |
|---------------------------|--------------|----------------|
| Total Gross Margin | 1,803 | -47,541 |
|---------------------------|--------------|----------------|

| | | |
|--|---------|---------|
| Cart Hire | 181,855 | 197,313 |
| Hire Equipment | 27,115 | 26,008 |
| Less Commission, Maintenance & Other Costs | -59,984 | -69,129 |

| | | |
|------------------------|----------------|----------------|
| Total Cart Hire | 148,986 | 154,192 |
|------------------------|----------------|----------------|

OTHER INCOME

| | | |
|-----------------------------|---------------|---------------|
| Locker Hire | 4505 | 4,505 |
| Prize Pools/Raffles | 6,000 | 6,000 |
| Advertising | 13,500 | 13,500 |
| Grants & Subsidies | | |
| Sponsorship - Members Comp | 17,206 | 17,030 |
| Golf Cart Shed Hire | 17,009 | 5,343 |
| Golf Cart Course Usage | 2,200 | 1,200 |
| Profit on Sale Fixed Assets | 10,152 | 28,182 |
| Kitchen Lease | 1,440 | 1,440 |
| Total Other | 72,012 | 77,201 |

| | | |
|---------------------|------------------|------------------|
| TOTAL INCOME | 1,130,980 | 1,051,487 |
|---------------------|------------------|------------------|

EXPENSES

| | Total | Total |
|---------------------------------|------------------|------------------|
| COURSE MAINTENANCE | 2017/2018 | 2016/2017 |
| Chemicals R&M | 6,000 | 18,000 |
| Course Maintenance | 5,000 | 5,000 |
| Blue and Line Marking Paint | 1,300 | 1,700 |
| Electricity | 6,412 | 6,412 |
| Fertilizer | 28,200 | 28,200 |
| Fuel & Oil | 24,000 | 24,000 |
| Irrigation | 15,649 | 15,649 |
| Machinery Repairs | 10,000 | 15,000 |
| Other Repairs | | |
| Sand, Crusher Dust, Bunker Sand | 6,000 | 6,500 |
| Pond Treatment | 7,560 | |
| Small Tools Purchase | 1,000 | 1,000 |
| Environmental Maintenance | 6,150 | 6,150 |
| Bunker Sand | 0 | 5,000 |
| Fungicide Treatment | 22,783 | |
| Tee Levelling | 1,500 | 0 |
| Reel Grinding Hire | 0 | 1,200 |
| Tree Lopping | 4,000 | |
| Depreciation | 136,692 | 123,228 |

| | | |
|---------------------------------|----------------|----------------|
| Wages & Associated Costs | 307,269 | 277,916 |
| Total Course Maintenance | 589,515 | 536,455 |

INTEREST & FINANCE COSTS

| | | |
|-------------------------------------|---------------|---------------|
| Interest - NAB - Loan | | |
| Rent - Property | 24,000 | 24,000 |
| Rent - Equipment | 0 | 0 |
| Interest - NAB Infrastructure Fund | 17,575 | 0 |
| Finance Cost on Machinery | 10,956 | 8,982 |
| Total Interest & Finance | 52,531 | 32,982 |

ADMIN COSTS

| | | |
|-----------------------------------|--------|--------|
| Audit | 2,200 | 2,500 |
| Advertising | 515 | 460 |
| Bank Charges | | |
| Account Fees & Loan Charges | 4,300 | 1,590 |
| EFTPOS | 7,110 | 8,500 |
| Business Subs-Fees (inc ute rego) | 8,063 | 8,230 |
| Cleaning Materials | 4,200 | 3,600 |
| Cleaning Clubhouse | 24,765 | 24,765 |
| Cleaning - Garbage Bins | 9,000 | 9,000 |
| Computer Expenses | | |
| Internet Expenses | 2,686 | 1,980 |
| Computer R&M | 1,573 | 1,362 |
| Golf Pro | 8,026 | 7,857 |
| Depreciation | 27,811 | 26,772 |
| Depreciation – Golf Shop | 3,041 | 3,041 |
| Electricity | 45,600 | 42,000 |
| Entertainment - Sponsors | 3,730 | 3,160 |
| Entertainment - Members | 7,700 | 12,213 |
| Gas | 840 | 840 |
| Golf Shop Incidentals | 600 | 600 |
| Insurance - Directors Liability | 8,100 | 3,926 |
| Insurance - General | 38,442 | 38,051 |
| Insurance – Golf Shop | 360 | 360 |
| Magazines & Journals | 0 | 80 |
| Motor Vehicle Expenses - Manager | 3,450 | 3,650 |
| Postage | 120 | 400 |
| Printing & Stationery | | |
| Paper & Photocopier | 1,800 | 2,400 |
| Score Cards/Stickers | 10,800 | 7,200 |
| Printer Lease | 1,467 | 1,467 |
| Rates & Taxes | | |
| Council | 3,261 | 5,386 |
| Excess Water | 2,700 | 1,800 |

| | | |
|----------------------------|------------------|-----------------|
| Repairs & Maintenance | | |
| Drinks Cart Rental | | |
| Drinks Cart Maintenance | 1,200 | 1,200 |
| Building & Contents | 3,600 | 3,600 |
| Furniture & Fittings | 7,200 | 7,200 |
| Bar Expenses | 900 | 900 |
| Security | 360 | 480 |
| Staff Amenities & Training | 5,052 | 7,430 |
| Team Expenses | 600 | 600 |
| Telephone & Fax | | |
| Office | | 900 |
| Mobile - Greenkeeper | 720 | 720 |
| Mobile - Manager | 975 | 975 |
| Fax | | 1,584 |
| Golf Shop | | 1,320 |
| Phone Lease | 3,173 | 3,173 |
| Chickens & Butcher | 10,738 | 10,355 |
| Golf Balls | 3,021 | 2,967 |
| Comps | 50,855 | 49,995 |
| Sponsors Value of Goods | 7,397 | 7,397 |
| NTP's | 13,732 | 13,486 |
| Other Prizes | 1,200 | 1,200 |
| Pres Night | 9,599 | 9,427 |
| Work Health & Safety | 2,312 | 1,200 |
| Loss on Sale of Assets | 0 | 0 |
| Wages & Associated Costs | 201,012 | 178,044 |
| Total Admin Costs | 556,506 | 528,263 |
| | | |
| TOTAL EXPENSES | 1,198,552 | 1097,700 |
| | | |
| NET PROFIT/(LOSS) | (67,572) | (46,213) |

The planned budget for 2017/2018 shows a projected deficit of \$67,572

5. Capital Expenditure

Capital expenditure allowed includes,

- i) \$5,800 for replacement of 2nd green and nursery upgrade (from cash flow).
- ii) \$10,000 for course improvements if cash flow allows.
- iii) \$1,000 for ongoing computer replacement.
- iv) \$10,000 for additional clubhouse works if cash flow allows.
- v) Purchase of two Toro machines to be financed by trade in and NAB finance.
- vi) \$220,000 for infrastructure financed by NAB with repayments covered by additional levy per round.

This capital expenditure will be reviewed by the Management Committee during and after the wet season.

6. Marketing

Advertising and marketing have changed dramatically. Advertising is no longer simply ringing the newspaper and paying for an advertisement. We have staff updating Facebook, Twitter and other digital marketing tools daily. While we will still use traditional print and radio advertising, social media like Facebook is certainly the way of the future.

7. Outlook

The outlook is very promising. Golf is starting to have a resurgence. Initiatives such as 9 hole golf and a more open approach to social golfers at Golf Clubs is helping to entice more people to play golf. The golf industry has been in a slump for some years now. Golf Club members within the Far North Queensland region have dropped by 12% over the past 5 years. During this time our Club has managed to grow membership. Recent surveys are showing the decline in golfing rounds per year has stopped and we are starting to see a small growth in golf rounds throughout Australia. This is great news, especially for our Club. HMBGC embraces new ideas and initiatives. We are in a great position to grow our business.