

# Moray Carshare Annual Report for members and Budget

**November 2020**

## Introduction

The financial year October 2019 to September 2020 has been very unusual due to the **Coronavirus pandemic**. The measures introduced by the UK and Scottish governments to cope with the pandemic have caused a reduced need for transport, and thereby our cars have been used less, which of course has reduced our income.

For our staff this meant that from March to May we had to put most of our attention into dealing with the consequences of the pandemic. In particular, we undertook risk assessments and introduced **appropriate safety measures** – primarily the cleaning kits in our cars. In addition, we approached our insurance company, Zurich, who were very supportive in that they allowed us to reduce our insurance premium by taking half our fleet off the road from April to June/July.

The pandemic has also had a huge effect on our **development activities**. We had planned to introduce car and bike hire services in **Elgin**. However, in July our trustees, with much regret, decided that going ahead with that would be a serious threat to our financial viability. We therefore sought and subsequently obtained the permission of **Moray LEADER** to reduce the size of the project. This also included dropping bike shelters for Kinloss and Findhorn village. The elements we have retained this year are thus:

- In May we completed the renovation of a garage at the **Findhorn Ecovillage** so that we could use it as a **bike shed for 4 electric bikes**. The response to this new service has been encouraging. 18 new members have joined solely to use the e-bikes, and many existing members are also using them. The feedback on the bikes has been fantastic – they have definitely allowed more people to experience the benefits of cycling. The most common theme is that users can now cycle much further afield than they would on a pedal-bike.
- In November we are launching **a further 6 electric bikes**: 2 in **Aberlour**, 2 in **Craigellachie** and 2 in **Forres**. In Forres the bikes will be housed in a bike shelter in Tulloch Park that we have procured through the LEADER project. The other bikes are part of a collaboration project with Moray Council – to create a low-carbon transport hub in the Aberlour area, and the bike shelters there have been provided by the council through Transport Scotland's Low Carbon Travel and Transport programme (LCTT).
- As part of the same project we are also launching **one electric car** for hire in **Aberlour** –starting this month.
- We have also for the first time in our history run a **major marketing campaign** to advertise these new activities. This has consisted of a new, modern website, a

Facebook page, adverts in Moray Firth Radio, Spotlight, The Press & Journal, The Northern Scot and The Forres Gazette, as well as posters displayed locally.

Our other development activity has been to choose and migrate to an appropriate accounting package to replace the rather ad hoc solutions we previously used. We have chosen Xero for this purpose, and have already started using it here in October and November. Early indications are that it will save a lot of administrative time, and therefore help to reduce the loss in our operations. A big thank you to Charlotte Goodwin for driving this work.

## **Profit & Loss Accounts, 2019-20**

In February 2020, prior to the **Coronavirus outbreak**, we were within a few hundred pounds of our budget. From April till about June our usage levels went down to about 20%, before they gradually started to pick up, and reached about 80% by September. All this has obviously had a **huge negative impact on our income**, which is pretty much proportional to the amount of usage. Many of our overheads, however, do not decrease proportionally with usage levels. Thus, having lower usage and fewer cars increases our losses.

The figures below (row 33) indicate that **we lost just under £12,000 due to the pandemic**. Fortunately, we have been **massively supported by government grants** (rows 36-39), which have actually helped us generate a result that is about £5,000 better than budgeted. Line 39 shows a profit of £12,271 before depreciation. Our ideal break-even result would have been about £5,000 more than this - a profit of £17,500. This is to cover a car replacement set aside of £1,000 per car per year, plus £1,500 to cover charge point replacement. Note we do not intend to set aside to cover new electric bikes or bike shelters. These would need to come through grants.

There are no Covid related grants available to us now. So this extra reserve that we have been fortunate enough to generate needs to be used to help cover the continuing losses we will suffer in the current financial year due to the continued pandemic. Our recent **member survey suggests that usage levels will be about 70% of normal levels**. And we have therefore decided to sell our 3 oldest cars to reduce our costs to match the expected reduction in usage. These are the Silver Picanto (already sold), the Fabia and the Black Yaris. We will also need to monitor if our Cluny Red Aygo gets used enough to justify keeping it there.

Looking at our results for **development activities** (rows 42-46), we can see that we made a loss of about £5,000, compared to the profit of about £58,000 we had budgeted for. This is due to the fact that we cancelled our Elgin expansion and reduced the number of bike shelters from 4 to 1.

Bringing operational and development activities together, we made a **total loss of almost £22,000**. Note this does include a lot of depreciation for all our e-bikes assets that we do not intend to replace unless we receive suitable grants.

1	<b>PROFIT &amp; LOSS, Oct 19 to Sept 20</b>	<b>Actual</b>	<b>Original</b>	<b>Variance</b>
2		<b>YTD</b>	<b>budget</b>	<b>£</b>
3	<b>Income</b>			
4	Membership subscriptions	15,088	16,478	-1,390
5	Mileage income	29,902	41,331	-11,428
6	Hourly income	25,076	32,669	-7,593
7	Joining fees	1,043	1,458	-415
8	Damage excess	731	500	231
9	Other charges/rebates (inc. corrections, deals etc)	-643	0	-643
10	Other income (inc. sale of assets, donations)	970	0	970
11	<b>Total Sales Income</b>	<b>72,168</b>	<b>92,436</b>	<b>-20,268</b>
12				
13	<b>Expenditure</b>			
14	Fuel costs (incl. EV charging)	15,701	20,259	-4,557
15	Maintenance expenses	9,267	11,050	-1,783
16	Insurance, Breakdown & Road Tax	13,434	15,084	-1,650
17	Damage repair expenses & work	1,027	1,000	27
18	Management wages	22,204	20,342	1,862
19	Maintenance wages	6,556	7,500	-944
20	Cleaning costs & wages	2,274	2,000	274
21	<b>Cost of Sales</b>	<b>70,461</b>	<b>77,235</b>	<b>-6,774</b>
22				
23	IT, Publicity & Sundry expenses	2,121	3,000	-879
24	Office rent	2,554	2,400	154
25	Accountants & Prof. Fees	1,000	1,500	-500
26	Interest on loans	408	900	-492
27	Development work (self-funded)	0	0	0
28	Depreciation	29,336	29,463	-127
29	<b>Cost of overheads</b>	<b>35,420</b>	<b>37,263</b>	<b>-1,843</b>
30				
31	<b>Total Costs</b>	<b>105,881</b>	<b>114,498</b>	<b>-8,617</b>
32				
33	<b>Operating profit pre-depreciation (EBITDA)</b>	<b>-4,377</b>	<b>7,401</b>	<b>-11,778</b>
34	Net operating profit excl. support packages	-33,713	-22,062	-11,651
35				
36	Small business grant (Covid 19)	10,000	0	N/A
37	Job Retention Scheme (Covid 19)	1,509	0	N/A
38	3rd sector Resilience Fund	5,139	0	N/A
39	<b>EBITDA incl. support packages</b>	<b>12,271</b>	<b>7,401</b>	<b>4,870</b>
40	Operating profit incl. support packages	-17,065	-22,062	4,997
41				
42	<b>LEADER</b>			
43	Grants income (development grant)	8,674	76,482	-67,808
44	Development work	-10,356	-8,027	-2,329
45	Goods and services	-3,197	-10,082	6,885
46	<b>Total LEADER Project Result</b>	<b>-4,878</b>	<b>58,373</b>	<b>-63,251</b>
47				
48	<b>TOTAL RESULT</b>	<b>-21,944</b>	<b>36,311</b>	<b>-58,254</b>

## Balance Sheet, 2019-20

Our balance sheet still looks **very healthy**, but it has gone down by about £22,000 compared to last year due to the aforementioned loss. Note we did not buy any new assets in this year, hence this year's depreciation of over £29,000 is a major part of this reduction.

1	<b>Balance Sheet, September 2020</b>	<b>Sept 20</b>	<b>Sept 19</b>
2	<b>Fixed Assets</b>		
3	Cars (petrol & hybrid)	£29,905	£40,338
4	Cars (electric)	£40,121	£51,437
5	Bikes (electric)	£14,380	£18,436
6	Trailer & CV kit	£465	£596
7	Charge points	£18,417.26	£23,612
8	<b>Total Fixed Assets</b>	<b>£103,289</b>	<b>£134,419</b>
9			
10	<b>Current Assets</b>		
11	Cash (bank + kitty)	58,328.74	£43,095
12	Members arrears	£7,434	£8,462
13	Prepayments etc.	£0	£978
14	Grant income due	£4,738	£14,385
15	<b>Total Current Assets</b>	<b>£70,501</b>	<b>£66,920</b>
16			
17	<b>Less Current Liabilities</b>		
18	Members in credit	£3,026	£2,581
19	VAT	£3,036	£0
20	Short-term loans	£10,000	£15,000
21	Wages due, Accruals etc.	£1,302	£2,548
22	Deposits	£3,270	£3,380
23	<b>Total Current Liabilities</b>	<b>£20,633</b>	<b>£23,509</b>
24			
25	<b>Net Current Assets</b>	<b>£49,867</b>	<b>£43,411</b>
26			
27	<b>Less Long Term Liabilities</b>		
28	Long-term loans	£34,914	£37,614
29	<b>Total Long Term Liabilities</b>	<b>£34,914</b>	<b>£37,614</b>
30			
31	<b>Net Assets</b>	<b>£118,242</b>	<b>£140,216</b>

# Budget for 2020-21

Below are the details of the budget that the trustees are proposing for the year October 2020 to September 2021. In preparing this budget the trustees have attempted to balance the following assertions:

- We have made a **substantial loss on our operational result** for the past couple of years. Although we have been able to survive this loss due to the strengthening of our balance sheet through the addition of grant-funded assets, if we continue to make losses on this scale, we will be bankrupt within a few years.
- Our **staff are underpaid** for the job they do. To make our enterprise sustainable by allowing us to recruit suitably qualified staff, we need to pay them more.
- The **coronavirus pandemic** has set back our plans for expansion, and instead forced us to contract. This has a very negative impact on our profitability. Financial planning scenarios have indicated that if we expanded to have 21 cars being well used then we would earn enough profit on our operations to set aside enough money for replacing all our cars and charge points.
- **If we increased our prices drastically** in order to generate the ideal minimum profit as described above, then we believe that a significant number of members would find our charges too high for them and therefore reduce their usage or leave, which would in turn reduce our income.

The changes proposed by the trustees on which this budget is based are as follows:

- To **reduce the number of cars from 17 to 14**.
- To **raise wage levels** for our management team from £12 an hour to £12.50 per hour.
- To **reduce the number of management hours** from 32 to 25 hours per week. This could be feasible because we will save significant work hours due to our new accounting package automating several of our current tasks, and because we plan to have only 14 cars instead of 17. (At the same time we have allowed for some extra hours due to the work required for electric bikes and the new Aberlour district.)
- To **increase prices**, equivalent to 7% increase of our total income, as follows:

- Hourly rate for Contract members up from 80p to 90p for small cars (and proportionally for the other cars);
- Hourly rate for Light members up from £1.39 to £1.46 for small cars (and proportionally for the other cars);
- Annual subscription for PAYG members and E-bike only members up from £18 to £20.
- Other subscriptions and all mileage rates: to stay as they are.
- Trailer and camper van kit both up to 1 per hour and £16 per day.
- Charging for cancellations and late shortenings in line with our current cancellation policy, so that all members do pay for exactly the hours they have booked at the moment their booking starts. Note we will still allow bookings to be shortened or cancelled, but will charge for them if the change comes after the booking starts. And there will be exceptions, e.g. when a booking of more than 24 hours is shortened.

These give a **projected profit** of about £9,500 before depreciation, which is **£6,000 less than what we need** to set aside for the replacement of 14 cars and our 3 charge points.

So we would not be earning enough, but heading in the right direction. And hopefully once the side effects of the coronavirus have eased we may be able to expand again, and steadily move towards full financial sustainability.

1	<b>Moray Carshare BUDGET 2020-21</b>	<b>Budget</b>	<b>Results</b>	<b>Results</b>
2		<b>2020-21</b>	<b>2019-20</b>	<b>2018-19</b>
3	<b>Income</b>			
4	Membership subscriptions	15,880	15,088	14,040
5	Mileage income	29,612	29,902	40,505
6	Hourly income	32,416	25,076	26,886
7	Joining fees	875	1,043	1,643
8	Damage excess	618	731	435
9	Other charges/rebates	0	-643	-683
10	Other income	500	970	1,479
11	<b>Total Sales Income</b>	<b>79,901</b>	<b>72,168</b>	<b>84,305</b>
12				
13	<b>Expenditure (excludes VAT after reg)</b>			
14	Fuel costs	13,437	15,701	19,740
15	Maintenance expenses	10,910	9,267	10,034
16	Insurance for everything & Road Tax	11,962	13,434	11,843
17	Damage repair expenses & work	1,000	1,027	788
18	Management work	16,738	22,204	20,047
19	Maintenance work	5,600	6,556	5,846
20	Cleaning costs & work	2,218	2,274	1,376
21	<b>Cost of Sales</b>	<b>61,864</b>	<b>70,461</b>	<b>69,674</b>
22				
23	IT, Publicity, Office & Sundry costs	3,300	2,121	2,994
24	Office rent	2,400	2,554	1,445
25	Professional fees	1,000	1,000	1,060
26	Interest on loans	50	408	935
27	Development work (self-funded)	1,625	0	0
28	Depreciation (22% reducing balance)	28,015	29,336	22,075
29	<b>Total Costs</b>	<b>98,254</b>	<b>105,881</b>	<b>98,183</b>
30				
31	Grants & furlough due to Covid-19		16,648	
32				
33	<b>Result excl. depreciation (EBITDA*)</b>	<b>9,662</b>	<b>12,271</b>	<b>8,197</b>
34	<b>Result incl. depreciation</b>	<b>-18,353</b>	<b>-17,065</b>	<b>-13,878</b>
35				
36	<b>LEADER development project</b>			
37	Grants income (development grants)	10,964	8,674	85,363
38	Development work	-3,105	-10,356	-11,011
39	Goods and services	-5,648	-3,197	-2,678
40	<b>Total LEADER Project Result</b>	<b>2,211</b>	<b>-4,878</b>	<b>71,674</b>
41				
42	<b>TOTAL RESULT</b>	<b>-16,142</b>	<b>-21,944</b>	<b>57,796</b>

## Future Perspectives

The trustees are well aware that this budget is at least £6,000 off the break-even point that we need to have to become financially sustainable. Our thoughts are to **gradually improve our result** over the next 2-3 years until we do achieve that goal.

We believe that this may be possible through the following measures, which we intend to pursue in the coming year(s):

- **Gradually increasing prices** over the following 2-3 years along the same lines as this year.
- **Subsidise our electric bike costs** (maintenance and marketing) through grant funding.
- **Replacing** more of our petrol cars **with electric cars**, whose fuel and maintenance costs are lower – again with the help of grant funding.
- **Expanding our operations** with more cars, e.g. in Elgin, once the social and economic climate is more favourable. This could also involve grant funding.
- Further **improving efficiency**, e.g. through a suitable member management system or low-cost telematics system (i.e. technology inside the car that automatically performs certain functions like counting the number of miles in a trip and verifying if the right member is in the right car). These are however unlikely to give as big a gain as the accounting package we have just introduced.
- Further **improving our marketing**, e.g. through social media advertising and development of video material.

In addition, we may also explore the idea of creating **new revenue sources** by taking on back office work for other car clubs, or by providing them with consultancy services to help them start up.

If these methods should not succeed, and we continue to make a significant loss, then our **fall back position** is to reduce our size to 12 cars in order to get back under the VAT threshold. This would boost our income by 10%.

## Appreciations

Thank you so much to all our wonderful funders: **Moray LEADER, HiTrans and Energy Saving Trust**. And also to our **financial supporters** who have been providing us with interest-free loans since the start of the pandemic.

Thank you to all **our fantastic staff** during this year: Charlotte Goodwin, Iain Lapsley, and Wilf Schenk. And to our one current volunteer Isha White.

As trustees, we would like to express our appreciation for **Mark Anderson**, who retired as a co-opted trustee in July of this year after several years of extremely insightful and well-balanced contributions.

The Trustees wish to express their warm appreciation to **Gordon McAlpine** for all his dedication, creativity and hard work throughout what has been a most challenging year".

Thank you also to **Fasil Bogle, Alex Walker** and all the others who created the Findhorn Hive. We are so happy to be able to work in this lovely low-carbon space alongside other social enterprises and small businesses.

And most importantly, thank you to all **our members!** Whether you have been aware of it or not, you are not only using a service. You are also participating in an experiment, where we explore the benefits of a community enterprise that facilitates the use of technology to meet the needs of the individual in a way that also serves the greater good of our human society and of our planet as a whole.

Remember: **it is your car club** and we always welcome your feedback and ideas.

## **Trustees**

The Trustees of Moray Carshare:

Bea Jefferson (co-opted)

David Hammond (district representative, Findhorn village)

Duncan Easter (district representative, Findhorn Ecovillage)

Gordon McAlpine (executive trustee)

Jake Jay-Lewin (district representative, Kinloss)

Jan Nowell (co-opted)

Patricia O'Shea (district representative, Forres)

For contact details and more information, see [www.moraycarshare.co.uk](http://www.moraycarshare.co.uk).