Draft Report on:

The Financial Impact of

Running and Maintaining

the Whaly

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1. Introduction

At the first meeting of the RIB User Group it was agreed that a review should be carried out on how the costs of owning and running the Whaly could be meet. This brief report seeks to identify major costs and opportunities to meet these costs.

It is recognised by the group that this report should be considered the start point for discussions with the SAMM Committee members, Leaders of each Group within the SAMM organisation and all SAMM members.

2. Executive Summary

It is accepted that this draft report contain a mixture of actual and estimated values, it is the Rug Committee's view that the level of uncertainty introduce by these estimated values is acceptable at this stage.

It is accepted that this draft report requires additional work by RUG and the Group Leader to check out the assumptions made on usages.

The most important element of this report are the assumptions as they drive everything else and as such require careful review

Assumptions

1 SAMM continue with their contribution of (1,258 Euros) towards the running cost of the Whaly.
2 Any surpluses made will be used to offset the above 1,258 Euros
3 Any losses will be covered by SAMM
4 A charge will be made for training inline with all other charges
5 The cost of purchase of the item identified as additional items in section 4 are capital items and as such the responsibility of SAMM
6 We introduce a "if you break it you pay for the repair/replacement" policy

We believe that that to achieve our objectives we will require to charge:

A booking fee of 10 Euros per occasion

An engine run hour fee of 8 Euros

3. Projected Costs Build Up

The cost build up used in our financial model is as follows:

Servicing costs; This has been based on 100 engine run hours between each service at a cost of 300 Euros per service plus 50 Euros for the engineers time to travel to and from CTD.

Yard Cost: This has been based on historical figures supply by the SAMM Treasurer

Depreciation: This has been based on a straight line approach of 10% of the capital value, with an asset projected life of 10 years.

Insurance: This has been based on historical figures supply by the SAMM Treasurer.

Maintenance: As no actual figures are available this has been based on 2% of the capital cost of 10,000 Euros

Contingencies This has been added to cover any/all other cost not clearly identified in the above it has been based on 2% of the capital cost of 10,000 Euros.

Please note: in this model the only item considered a variable is the total annual service costs which is a function of the number of services required based on projected usage multiplied by the cost per service.

For example:

If the annual engine run hours was 200 hours with a servicing frequency of every 100 hours that would equal 2 services within the year at a cost of 350 Euros per service equals 700 Euros in the year.

4. SAMM's Contribution

For several historical reasons SAMM has been making a contribution to the previous boats running costs and if translated into the Whaly costs are as follows:

Annual cost of having boat in CTD	588 Euros
Insurance	170 Euros
Depreciation (at 50% of full value)	500 Euros
Total	**1258 Euros**

In addition to the above it is considered by the RUG Committee that the following additional items are required to be purchased and as the asset is owned by SAMM these items should be funded by SAMM:

The items are as follows:

Roll bar
Bilge pump
2 paddles / boat hooks
Spray hood
Cover(s)

It is estimated that the likely costs of these items will be between 750 -1,000 Euros

Please note the above estimated capital costs have not been included in these calculations as a discussion and agreement with SAMM is required first.

5. Projected Revenue Build Up

Within the financial model the following approach has been taken:

Major sources of revenue:

Racing Group
Non Racing Events
Shoestring Events

The detail below each major heading are as follows:

Racing Group

Number of events: This is the number of occasions as outlined in the Race Calendar.

Average engine hours: This is the average engine run hours per event based on historical data.

Annual engine hours: Is a calculation field, Number of events * Average engine hours per event.

General Events

General events covers two main areas which are:

1) Hires by qualified helms for days out or part days using the Whaly with families and friends.

Number of events: This is the number of occasions estimated/projected.

Average engine hours: This is the average engine run hours per event based on estimated data.

Annual engine hours: Is a calculation field, Number of events * Average engine hours per event.

2) Training events run by RUG to ensure users/potential users reach and maintain the required level of skills and experience

Number of events: This is the number of occasions estimated/projected.

Average engine hours: This is the average engine run hours per event based on estimated data.

Annual engine hours: Is a calculation field, Number of events * Average engine hours per event.

Shoestring Group

Covers two main areas which are:

1) Racing Events run by the group

Number of events: This is the number of occasions which is an estimate.

Average engine hours: This is the average engine run hours per event based on estimated data.

Annual engine hours: Is a calculation field, Number of events * Average engine hours per event.

2) Support Boat to be used as and when the group require covering activities such as dinghy sailing training, open days etc

Number of events: This is the number of occasions which is an estimate.

Average engine hours: This is the average engine run hours per event based on estimated data.

Annual engine hours: Is a calculation field, Number of events * Average engine hours per event.

6. What If analysis

In support of this report we have included sets of figures for what we believe will be:

The most likely case

The worst case

The best case

	Most Likely	Worst Case	Best Case	
Projected Revenue				
Race Events				
Annual Number of events	13	10	20	Variable
Average engine run hours per event	6	6	6	
General Events				
Annual Number of general events	12	10	18	Variable
Average engine run hours per event	4	4	4	
Annual Number of training events	6	4	6	Variable
Average engine run hours per training event	4	4	4	
Shoestring Events				
Shoestring Race Events	4	2	4	Variable
Average engine run hours per event	6	6	6	
Annual Number of Support Boat events	10	8	12	Variable
Average Support Boat engine run hours per event	1.5	1.5	1.5	
Total number of engine hours per annum	**189**	**140**	**258**	
Fixed Cost per hire (Euros)	10	10	10	
Cost per engine hour (Euros)	8	8	8	
Number of services	1.89	1.4	2.58	Variable
Run hours between services	100	100	100	
Cost of 1 service	350	350	350	
Annual cost of having boat in CTD	588	588	588	
Capital cost	10000	10000	10000	
Depreciation	10%	10%	10%	
Insurance	170	170	170	
Maintenance	2%	2%	2%	
Additional items required	0	0	0	
Contingencies	2%	2%	2%	
Annual Projected Costs				
Servicing costs	661.5	490	903	Variable
Cost of having boat in CTD	588	588	588	
Depreciation	1000	1000	1000	
Insurance	170	170	170	
Maintenance	200	200	200	
Contingencies	200	200	200	
Annual Results				
Projected Revenue	1962	1460	2664	Variable
SAMM's contribution	1258	1258	1258	
Projected Costs	2820	2648	3061	Variable
Surplus / Shortfall	**401**	**70**	**861**	