FC United 5 Year Business Plan
Summary P+L and Commentary on Assumptions
February 7th 2014

1. Introduction

The Business Plan forecast for the new ground at Moston contains a number of assumptions based on FC United's last eight years of operation and knowledge of the opportunities and likely performance at the Moston site. The opening of the new ground and community sports facility creates new areas of operation for the club and both additional revenue streams and additional costs. The development of a new facility will present some exciting challenges for the club as we scale up our operations to enable us to deliver our ambition of a sustainable fan-owned football club. The revenue targets we have set in the business plan will require a focused effort and the employment of new staff but we believe the targets we have set to be realistic in the current economic climate.

A summary P+L forecast for 5 years (including this year) is provided in Section 5; and an updated capital cost and funding in section 6.

It should be noted that as with all business plans, this plan is correct at time of publication (7.2.14). However, the development of our plans for Moston is obviously an ongoing process and as such this should be considered work in progress. Minor amendments may happen as the performance for this year is known month on month; and a further full review of the business plan will take place in a few months time as we approach occupancy. Nonetheless we regard this as our current plan and both achievable and prudent.

2. What is Included and Excluded?

i. The business plan includes five years – the current, projected outturn for this year 2013/14 – and the first four years of occupancy in the new stadium facility. This takes it up until the end of June 2018.

ii. This is a revenue business plan – it does not include the capital costs and expenditure being made this year in the build.

iii. However, it does include the following which is the servicing of finance for the build:
   a. Provision for the repayment of Community Shares from August 2017 (3 years after occupancy as per the terms and conditions on the share offer) at a rate of 10% of total share capital per year;
   b. The payment of up to 2% interest on shares from that date;
   c. The repayment of borrowing from MCC
   d. The repayment of Loan Stock borrowing

iv. We fully expect our fundraising to continue however the Business Plan does not include any Development Fund income/expenditure following occupancy.

v. The Business Plan also does not include any Community Programme income or expenditure as it is intended that this is self-funding.

3. Key Assumptions - Revenue

A number of assumptions drive the revenue forecasts. A brief summary of those assumptions is provided here. They are:

i. Match attendance / gate receipts
ii. Matchday revenue
iii. Non-sports facility hire and events
iv. Sports facility hire

3.1 Matchday Attendance (Gate Receipts)

The new ground will have a positive initial impact on attendance at home games which we forecast to be sustained at a moderate level for the first four years in the ground covered by this forecast. This initial increase and subsequent growth will require a sustained effort of promoting our club and the continued development of our links within the local area and the communities of Manchester. We also hope to re-attract those who have reduced attendance in recent years and lapsed attenders. Progress on the field of play will also be important in this initial period.

Table 1. Turnover from Gate receipts

	Year 1 (£) (Current year)	**Year 2 (£)** (first year in ground)	**Year 3 (£)**	**Year 4 (£)**	**Year 5 (£)**
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Average match attendance	1820	2310	2426	2547	2674
Percentage increase		27%	5%	5%	5%
Gate & Season Ticket Revenue	211,090	268,123	281,570	295,596	310,376

3.2 Other Matchday Revenues

A home of our own is the opportunity the club has been waiting for both to make a real difference to the matchday for supporters whilst gaining a financial benefit that can be reinvested in the club with the retention of supporters' matchday spend which currently goes elsewhere. This additional spend will be used in sustaining and developing our club, being a leading example of good practice in supporter ownership and supporting our ambition to be of wider benefit to our communities. We have been cautious in our expectations in this area, based on the experience of others, working on an average spend of less than £2 (net of VAT) on food and beverage per supporter attending each game.

Table 2. Turnover from other matchday revenues

	Year 1 (£) (Current year)	**Year 2 (£)** (first year in the ground)	**Year 3 (£)**	**Year 4 (£)**	**Year 5 (£)**
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Away games, Friendlies & Cups	28710	30,000	31,500	33,075	34,729
Function room & Concessions	24,000	77,861	86,641	96,362	104,792
Online Shop / Merchandise	73,820	66,902	70,247	73,759	77,447
Programmes	28,814	31,695	33,280	34,944	36,691
Ground Advertising		30,000	31,500	33,075	34,729
Sponsorship	66,680	79,184	83,143	87,300	91,665
Donations Raffles & Travel	56,246	53,800	56,490	59,315	62,280
Academy Coaching	34,607	30,000	30,900	31,827	32,782
Membership	38,531	38,531	41,581	45,834	51,289
Car Parking	3,253	2,875	3,019	3,170	3,328
Total	**354,661**	**440,848**	**468,301**	**498,661**	**529,732**

NB Extraordinary element of kit sponsorship in Year 1 Merchandise figures.

3.3 Function Space Facility Hire Income (Non Sporting)

The FC United first team will only be playing at the ground for between 23 and 30 games per season. This is only equivalent to one month of the year. During the other '11 months' of time, the ground will be a community facility open to hire by our members and the general public. The business plan contains calculations on the minimum expected use of the ground for a variety of events. The function room design provides maximum flexibility (divisible into small, medium, large rooms) and creates opportunities for the following events:

- As a venue for our own FC United events such as our successful sporting dinners and popular theme nights;

- As a venue for community events and hires;
- As a facility that can be hired privately by the general public;
- As a venue for meetings and conferences.

Careful planning and promotion of the opportunities the ground provides will bring in valuable revenue. We have made some modest forecasts on the number of events and potential revenue, leaving room for expansion.

Table 3. Turnover from Function Space (non-matchday, non-sporting)

	Year 1 (current year)	**Year 2** (first season in the ground)	**Year 3**	**Year 4**	**Year 5**
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Number of events		46	54	57	60
FC United club events		23	25	27	28
Total	**19,000**	**£209,882**	**£240,802**	**£263,486**	**£287,259**

3.4 Sports Facility Hire

The development provides new and redeveloped sports facilities. These will provide a venue for:

- FC United teams
- FC United Community programme
- Moston Juniors FC
- Community sports activity (including non-football sports, training events etc.)
- Private hire
- Medical facilities
- 'Soft' sports use of the function room space

We expect that other sporting opportunities will present themselves as the promotion and knowledge and experience of the facility grows

Table 4. Turnover from sports facilities

	Year 1 (£)	**Year 2 (£)**	**Year 3 (£)**	**Year 4 (£)**	**Year 5 (£)**
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Pitch Hire		55,760	57,433	59,156	60,931
Tournament & Sports events		16,500	17,325	18,191	19,101
Dance/fitness classes		7,200	11,520	12,960	14,400
Medical suite rental		4,800	4,800	4,800	4,800
Total		**84,260**	**91,078**	**95,107**	**99,232**

4. Key Assumptions - Costs

Of course, alongside this increased revenue will also be the increased costs of running the new facility. Table 5 summarises the cost of sales related to facility hire and matchday revenues.

Table 5.Total Cost of Sales

	Year 1 (£)	**Year 2 (£)**	**Year 3 (£)**	**Year 4 (£)**	**Year 5 (£)**
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Total	**328,716**	**306,487**	**330,729**	**351,915**	**373,432**

4.1 Staff Costs Summary

Alongside existing football wage costs (managerial staff, coaches, players etc.) and club administration staff costs, the new facility will require a much expanded staff base. Total staff costs will go from a forecast £215,345 this year

(2013/14) to £463,342 next year (2014/15). The staff structure and wages will be the subject of a full review and consultation between now and occupancy, but for the purposes of business planning, includes the following:

- General Manager
- Club Admin
- Office Admin
- Facilities Manager
- Facilities Deputy
- Commercial/partnership (inc. fundraising, merchandise)
- Grounds staff
- Catering and Bar Manager
- Part time chef
- Bar Deputy and P/t Staff
- Security and matchday safety staff
- Sales assistant
- Accounts and financial administration
- Apprenticeship opportunities

Table 6. Summary total staff costs

	Year 1 (£)	**Year 2 (£)**	**Year 3 (£)**	**Year 4 (£)**	**Year 5 (£)**
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Total	**215,345**	**463,342**	**477,243**	**491,560**	**506,307**

4.2 Other Overheads Summary

Alongside increased staff costs the business plan also includes increased overheads for the facility. These include:

- Pitch & General Maintenance Fund
- Rates
- Water
- Electricity
- Heating
- Insurance and Professional Fees
- Other Overheads

Table 7. Summary overhead costs

	Year 1 (£)	**Year 2 (£)**	**Year 3 (£)**	**Year 4 (£)**	**Year 5 (£)**
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Total	**40,159**	**70,770**	**74,309**	**78,024**	**81,925**

5. Summary P+L

The 5 year summary P+L forecast is provided below.

FC UNITED	Year 1	Year 1	Year 2	Year 3	Year 4	Year 5
FIVE YEAR ANNUAL FORECAST SUMMARY	**Budget**	**Forecast**				
PROFIT & LOSS ACCOUNTS	<------------------------------Year Ended 30 June------------------------------>					
	2014	2014	2015	2016	2017	2018
	£	£	£	£	£	£
TURNOVER	567,446	584,751	1,003,113	1,081,751	1,152,850	1,226,599
Cost of Sales	273,702	328,716	306,487	330,729	351,915	373,432
GROSS PROFIT	293,744	256,035	696,626	751,022	800,935	853,166
GROSS MARGIN	*52%*	*44%*	*69%*	*69%*	*69%*	*70%*
Overheads (ex. Depn and g'will)	281,675	255,504	534,112	551,551	569,584	588,232
EBITDA	12,069	532	162,514	199,471	231,352	264,935
Depreciation	8,463	11,146	7,734	170	0	0
Goodwill Amortisation	126	126	126	126	126	126
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	3,480	(10,740)	154,653	199,175	231,225	264,808
OPERATING PROFIT	3,480	(10,740)	154,653	199,175	231,225	264,808
Interest on MCC loan	0	12,500	30,750	32,595	30,000	30,000
Interest on loan stock	0	1,500	9,000	9,000	8,250	4,500
Interest on community shares	0	0	0	0	38,000	38,000
PRE-TAX PROFIT	3,480	(24,740)	114,903	157,580	154,975	192,308
Tax	0	0	0	0	0	0
POST-TAX PROFIT	3,480	(24,740)	114,903	157,580	154,975	192,308
Community share accrual	0	0	60,000	90,000	90,000	121,000
Asset replacement accrual	0	0	45,000	45,000	45,000	45,000
RETAINED PROFIT	3,480	(24,740)	9,903	22,580	19,975	26,308

6. Capital Costs and Funding Update February 2014

Costs

COST ITEM	**Cost**
Construction	£4,411,000
N Vics Danebank	£191,000
Pitches	£551,000
Contingency, fees and misc	£312,500
VAT provision	£80,000
Sub-Total	**£5,545,500**
Additional saving	£6,000
Total as at Nov 2013	**£5,539,500**
Additional Anticipated Costs (Feb 2014)	
Additional revenue to support project	67000
Additional cost of grant funding delivery	90000
Road surfacing, upgrade to pitch etc.	25000
Total additional	**182000**
Total as at Feb 2014	**£5,721,500**

Funding

FUNDING	**Current**	**To be raised**	**Total Target**
Community Shares	£1,792,000	£108,000	£1,900,000
Development Fund	£201,586	£98,414	£300,000
Sport England	£918,000		£918,000
FF FSIF	£150,000		£150,000
FF Community	£500,000		£500,000
Manchester City Council Grant	£550,000		£550,000
Manchester College 1	£300,000		£300,000
Manchester College 2	£150,000		£150,000
MCC Loan	£300,000		£300,000
SIB Grant	£303,000		£303,000
New Grant Funding (tbc.)	£90,000		£90,000
Loan Stock	£300,000	£300,000	£300,000
Total	**£5,554,586**	**£506,414**	**£5,761,000**

NB:

- Additional MCC borrowing (£200k) available if required due to LS shortfall.

- Additional contingency of £39,500 if all targets met.

FCUM Board, February 2014