

# **BEACONSFIELD RUGBY UNION FOOTBALL CLUB LTD**

## **FINANCE REPORT TO 2024 ANNUAL GENERAL MEETING**

The Consolidated Accounts have been circulated to Members which incorporate the results of the parent and its Subsidiary. The latter which is Beaconsfield RFC Trading & Supporters Club Ltd is responsible for the running of the trading aspects of the Clubhouse, which includes sponsorship, under an agreement with the parent. The surplus of the subsidiary is donated to the parent in order to pay no corporation tax and the parent pays no tax as it is a Community Amateur Sports Club.

### **OVERALL RESULT FOR YEAR ENDING 30 APRIL 2024**

The overall result for the year was a loss of £88,412 compared with a profit of £21,770 in the previous year. The results are very disappointing but while still atrocious are not quite as bad as they seem. Members will know that the Club's financial resources are divided between Trading Funds and Restricted Funds. The latter definition was created 8 years ago in order to isolate funds to be used for the future development of the Club from funds to be used for day to day trading. The source of Restricted Funds has been fund raising activities such as the Ball, Sportsman Dinner and the 200 Club surplus. It also includes donations, and loans from the RFU and the post covid Bounce Back loan.

An analysis of the loss for the year is as follows and can be seen on pages 24 and 25 of the Accounts:

<b>£k</b>	<b><u>2023/24</u></b>	<b><u>2022/23</u></b>
<b>Result for Year</b>	<b>-88.4</b>	<b>+21.8</b>
Exclude Depreciation (non cash)	30.2	25.9
Exclude Asset write-off (non cash)	6.5	0
<b>Cash Surplus for Year</b>	<b>-51.7</b>	<b>+47.7</b>
Surplus on Fund Raising Activities (Restricted Funds)	10.5	71.1
Restricted Funds spent on back carpark	30.9	0
<b><u>TRADING DEFICIT FOR YEAR</u></b>	<b><u>-31.3</u></b>	<b><u>-23.4</u></b>

The above table shows that the deficit on trading last year was £31.3k coming on top of a £23.4k deficit the previous year. **These results are totally unacceptable and have changed the trading funds of the Club from a healthy position at May 2022 to a completely unacceptable position at end April 2024.**

Members might remember that in my Report to last year's AGM I wrote "the deficit of £23k on the trading account is not a sustainable position for the Club" It was expected that a number of cost saving measures would be implemented in 2023/24 but the reality was that these did not occur causing the result to be worse.

**The problem and lack of action was in the running of the Clubhouse.** The other main areas of income and costs were largely under control and not dissimilar to the previous year

- Sponsorship remained at a high level of £57.2k vs £58.2 in 22/23
- Subscriptions were £92k vs £88.7k the previous year following the reduction in the bar credit.
- Playing costs were down by £8k at £73.4k through reduced spend on kit
- Spend on the grounds increased by £8k to £29k which was a more normal level whereas the spend in 2022/23 was restricted.
- Overheads/Admin expenses excluding depreciation were £88.9k vs £91k a year earlier. Increases in electricity costs of £5k and of promotional costs of £13k ( although balanced by donations of a similar amount) were offset by the £14.5k reduction in repairs and maintenance.

### **CLUBHOUSE TRADING OPERATIONS**

An analysis of the results of the Trading Company will highlight the problem that was allowed to exist for 2 years.

<b>£k</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2021/22</b>
Donation to CASC- surplus	16.4	25.5	74.0
Sponsorships	55.4	58.2	65.8
Trading Result	-39.0	- 32.7	+8.2

It is clear from the above table the extent of the sharp deterioration in the results of the trading activities of the Clubhouse which followed the decision to appoint a General Manager in place of a Bar Manager.

The next table highlights some of the issues that were not addressed over the last 2 years.

<b>£k</b>	<b>2023/24</b>	<b>2022/23</b>	<b>2021/22</b>
Clubhouse Takings	134.6	117.5	119.4
<u>Rents Receivable</u>	<u>12.8</u>	<u>17.9</u>	<u>26.4</u>
<b>TOTAL CLUBHOUSE INCOME</b>	<b>147.4</b>	<b>135.4</b>	<b>145.8</b>
Wages & Salaries	68.6	61.4	46.5
Cleaning	11.6	10.8	4.5
<b>COSTS TOTAL</b>	<b>80.2</b>	<b>72.2</b>	<b>51</b>
Consumable Purchases	74.7	60.8	60.3
<b>Gross margin %</b>	<b>45%</b>	<b>48%</b>	<b>49.5%</b>

The decision to create a General Manager was on the basis that the incumbent would generate additional income for the Club by actively marketing the Clubhouse to members and third

parties. Slightly due to issues with the Council, this aim was not achieved and indeed rental income has declined. The Club now only has 1 regular user of the Clubhouse (Stuart Wall) The decision was also made that the General Manager, unlike Bar Managers, would not be required to clean the Clubhouse or provide food for players after training.

The trend in clubhouse takings may look acceptable but it masks some concerns.

- The Rugby World Cup generated an estimated additional £14k in revenue. Excluding this the Clubhouse takings would have been unchanged on the previous 2 years
- The takings in the summer of 2023 was £33k which was twice the level of the previous year. This was due an increased number of parties and events.
- Excluding the RWC and summer takings, the income in the season was down 15% on the previous season. This was due to the economic climate, reduced numbers at lunch and on the touch line and a growing worrying trend for members to vacate the Clubhouse earlier on a Saturday. (the Bar closed at 7:30 after the last home game)
- There was some modest effect of the poor winter weather on Sunday income

The costs highlighted show the impact of:

- Paying the General Manager £10k more than the previous bar manager
- Needing to pay for cleaners for the Clubhouse at a cost of £11k
- Paying for staff member to cover on training nights and produce food at a cost of c£4k in staff costs
- The continual over staffing of the bar and kitchen which was not addressed.
- The reduction in the gross margin on clubhouse income as cost increases were not reflected in price increases.

**Members might be interested as to why this state of affairs was allowed to run for so long. Back in October 2022 I informed the Committee that the current Clubhouse manning structure could not be sustained. This was repeated regularly at each Committee meeting and eventually in May 2023 the Committee voted to implement a major change, scrapping the General Manager role. This decision was subsequently not implemented.**

The General Manager resigned in April 2024 and a new Clubhouse organisation will be in place for 2024/25 season.

### **TRADING CASH**

At the end of April 2024 the funds in the Trading accounts was £16k. This compared with £66.5k at end April 2023. The trading loss of £31.3k was added to by £19k of capital spend on:

- New oven for £9k
- Mobile lights for £2.5k
- A combination tool for the grounds for £5.5k
- BBQ for £0.8k (balanced by fund raising)
- Other £1.4k

£16k is an inadequate sum to fund the Club through the summer. Indeed funds of £60k are required even allowing for a busy level of summer activity. **To remain solvent on the Trading Account through summer 2024, the Club's restricted funds had to lend the Trading Account over £40k.**

### **RESTRICTED FUNDS**

Restricted Funds stood at £264k at end April 2023 supported by a loan from the RFU of £151k and Bounce Back loan of £40k. The RFU loan was taken out in June 2022, with an interest of 2% and repayable over 8 years from June 2026. The Bounce Back loan is being repaid over the next 6 years with an interest of 2.5%.

Restricted Funds had reduced to £117k at end April 2024. The Restricted Funds at end April 2023 was in expectation of being able to build a gym. However Council approval from our landlord was not forthcoming but we were able to agree a number of projects which could be funded by the RFU loan. These were:

- Resurfacing of the back car park and creation of disabled entrance
- Purchase of tractor, mower and accessories plus a container
- Purchase of a mobile scoreboard
- Purchase of a boot cleaner.

The Projects cost a net £77k which meant that £66k of the loan plus £2k of associated interest was repaid to RFU.

There was some additional capital expenditure required in relation to the 2022 changing room redevelopment for electrical and plumbing work costing £8.1k.

Finally, activities raised £10.5k for Restricted Funds through a combination of an enjoyable Sportsman dinner, 200 Club surplus and interest.

### **USE OF RESTRICTED FUNDS**

Members might think that the £117k in Restricted Funds could be used for future developments at the Club. Unfortunately the current trading performance and other commitments mean that very little of this money can prudently be spent in the coming year.

The surplus on the Ball was expected to be capable of meeting 2 years repayments on the RFU loan and this was part of the financial planning to justify the loan. However the surplus on the 2024 Ball will be only a maximum of c£9k compared with £57k in 2022. The 2 year loan repayment will be c£25k so unless future Balls achieve a higher surplus, Restricted Funds will be required to meet the repayment obligations. The reason for the sharp drop in surplus was that numbers attending were down by a third partly due to some adverse reaction to the 2022 Ball, and the current economic climate.

The commitments are:

- £40k loan to the Trading Accounts assuming that the trading result is cash neutral in the current financial year

- £19k possibly required to meet rent and legal obligations with Hall Barn for the Cross Lane fields. Rent has not been invoiced or paid for 4 years but it is prudent to provide for this obligation.
- £10k to meet a Construction Industry Levy which is likely to be payable on the 2022 development but was not disclosed by the contractor to the Club
- £50k to meet repayment of the RFU loan should future Ball's surplus be no greater than that of 2024.

## **TRADING FINANCIAL OUTLOOK**

Members will realise that the Club's financial position is poor. The absolute essential outturn on Trading Accounts in 2024/25 must be at least breakeven in terms of cash. This will require the trading cash surplus (ie before depreciation) to be c£10k to allow for some capital expenditure. **This is an improvement of £40k on 2023/24. To achieve this requires a major reduction in Clubhouse costs.**

The Budget for 2024/25 shows:

- Subscription Income of £97k vs £92k in 2023/24 by removal of bar credit, £5 increase in playing subs offset slightly by reduced social subs.
- Sponsorship income of £53k vs £57.2k in 2023/24 as economic climate may reduce the number of sponsors, for example our 2 school sponsors faced with VAT on fees.
- Rental income at £20k vs £13k with expectations on film companies using our car park.
- Playing costs unchanged at £73k with higher coaching costs –use of a forward coach – but offset by lower kit purchases and travel costs
- Ground costs slightly lower at £27k
- Small increase in overheads

### **Clubhouse Budget**

The Chairman will set out the changes for the running of the Clubhouse from September onwards. However there will be a major saving from the absence of the General Manager role, and the agreed use of volunteers to help man the bar at busy times on Saturdays when the 1<sup>st</sup> XV are at home.

Consideration is being given as to how to reduce the net cost of £10k for food after senior training on Tuesdays and Thursdays and free hot dogs on Sundays.

Without the RWC, it is likely that Clubhouse takings will be below 2023/24. But buying gains and increased pricing will hopefully increase the gross margin.

Overall, the targeted net benefit will be a c£20-25k improvement in the Clubhouse surplus.

## **CONCLUSIONS**

It is ironic that at the end of the most successful playing season in the Clubs recent past, the financial outturn was extremely unsatisfactory. This report has set out the issues and hopefully shown the gross mistakes that have been made in the running of the Clubhouse in the last 2 years. The current year has to produce a considerable enhanced financial performance, but it will take a few years to rebuild the financial strength of the Club.

