

Wrexham AFC Limited

Football League Forecast (Season 2012/13)

Prepared by Wrexham Supporters' Trust (March 2012)

1 Background

This document outlines Wrexham AFC Limited's ("WAFC") forecasted Football League budget for the 2012/13 season, based upon the primary assumption that the business continues to operate in the manner that it has previously and is not re-structured.

The information prepared in this document does not constitute the final budget for the aforementioned season, as this is subject to change and presenting at the Annual General Meeting of Wrexham Supporters Trust (WST) in June 2012.

The budget is based upon a detailed financial model built by the WST from information that we have gathered since taking ownership of the WAFC on 30th November 2011.

This document describes the Football League budget in the following areas:

- Opening position
- Key Assumptions
- Profit and loss account
- Balance sheet
- Cashflow forecast

2 Opening cash position

The opening cash position of £203,000 takes into account the actual performance of WAFC as of February 2012. Due to attendances averaging 3,800 during season 2011/12, reaching the third round of the FA Cup and three player sales, WAFC is in a stronger cash position than initially forecasted in August 2011.

The opening position takes into account revenue and additional costs from achieving promotion back to the Football League. The forecast anticipates obtaining promotion automatically, and not via the lucrative play off option, as these forecasts were prepared in March 2012.

The opening cash position takes into account season ticket sales in the traditional months of May and June based on anticipated prices for the new season.

3 Key Assumptions

The forecasted budget for the Football League is based on the following key assumptions:

- Average crowds of 4,300 throughout the 2012/13 season. The average for the 2011/12 season in the Football Conference is currently 3,800 and we are anticipating an increase due to the higher standard of football and an increased away following compared to the Football Conference.
- Sale of 1,600 season tickets - WAFC sold 1,800 tickets for the 2011/12 season. We have forecasted an increase on the Conference Budget of 1,400 due to a higher standard of football
- No income from cup matches or transfer fee income
- We are forecasted to sell all match and match ball sponsorships

- We are forecasting to sell six executive boxes for the entire season
- We are forecasting to entertain 100 attendees per game
- We are forecasting to sell the majority of advertising boards and other matchday advertising opportunities
- We are forecasting to have 800 weekly Gold Bond members by the end of the 2012/13 season

4 Profit and Loss account

The profit and loss account outlines the forecasted trading performance that WAFC is anticipated to achieve during the 2012/13 season and itemises the income and costs into specific areas.

4.1 Turnover

It is forecast that WAFC will:

- Turnover £1,200,000 from match receipts during 2012/13 based upon an average attendance of 4,300 and season ticket sales of 1,600. This includes gate receipts, match and ball sponsors, programme sales, and hospitality packages
- Receive football income of £734,000 during 2012/13 that includes a distribution from the Football League, sponsorship/advertising income, tv/radio fees, the official web site, and club shop income of £96,000 (based on when the WST previously ran the club shop)
- Raise £37,000 from the sale of Gold Bond lottery tickets
- Raise £30,000 from donations from supporters groups, including WST
- Raise £246,000 from the Centre for Excellence which includes central subsidy from the Elite Performance Players Plan being introduced next season, confirmed transfer fee income from historical agreements, Football League education funding, sponsorship, and general donations and fundraising by parents

4.2 Variable costs

WAFC is forecasted to incur the following costs:

- Matchday activities will cost £153,000 and includes gatemen/stewards, matchday officials, St Johns Ambulance at each match, police costs at selected matches, match filing costs, matchday hospitality costs paid to Glyndwr and programme costs
- Football costs of £152,000 include kits for the first team, medical costs, player accommodation, travel to away games, scouting expenses and club shop costs
- It will cost £15,000 to pay Blackpool to run the Gold Bond lottery and in sales commission to agents based on projected revenue
- The Centre for Excellence will cost £24,000 to run and includes, administration, facility, technical and health costs. All staff wages are covered in payroll costs

4.3 Gross Profit before overheads and wages

WAFC is forecast to make a gross profit of £1,903,000 before taking account of overheads and wages. Gross profit equals total revenue before wages and overhead costs are taken into consideration.

4.4 Operating profit deducting all overheads and wages

After overheads and wages of £1,939,000 are deducted, WAFC is forecast to make an operating loss of £35,000 based on current costs. This is a more accurate reflection of how profitable Wrexham Fc is likely to be when all costs are taken into consideration.

5 Balance Sheet

The balance sheet provides a snapshot of WAFC at each month end date and provides a snapshot of what WAFC owns (assets) and what it owes (liabilities) at each point in time.

5.1 Assets

- Fixed assets represent the assets acquired from Wrexham Football Club (2006) Limited. Goodwill is the difference between the liabilities and the assets we acquired from Wrexham Football Club (2006) Limited above the £1 we actually paid. Assets comprise of player registrations, stock, trade debtors, and cash in hand inherited from Wrexham Football Club (2006) Limited and liabilities comprise of trade creditors, loans, PAYE/NIC, VAT and hire purchase agreements. This is subject to a review as part of our year-end audit following 30th June 2012.
- Club Shop stock is forecasted month-end stock value based on historical information
- Wet and dry stock is the balance inherited from Wrexham Football Club (2006) Limited and is subject to a year-end review as part of our audit.
- Other Debtors and control accounts relate to timing differences at the month-end from the Gold Bond lottery and ticket sales from card and online transactions
- Cash at bank is detailed as per the cash flow forecast supplied

5.2 Liabilities (debts)

- Trade creditors relate to variable cost and overhead purchases that are paid on trade accounts.
- The deferred income refers to season ticket sales, pitch side advertising and hospitality boxes that will be released into turnover when a home match takes place.
- PAYE/NIC liabilities are paid by the 22nd of each month after the payroll. As an employer we incur 13.8% national insurance contributions.
- VAT is paid monthly on the 7th day following the month after the end of the VAT period. For a company the size of WAFC it is common practice to repay VAT quarterly, but due to previous late payment of VAT by Wrexham FC (2006) Ltd, HMRC require WAFC to repay this monthly.
- Corporation tax is the forecasted tax due on operating profit but is subject to review and write down of fixed assets as part of the year-end audit procedure.

5.3 Financing

WST has invested share capital of £270,000 since the takeover on 30th November 2011 and currently has £210,000 available to invest. We also forecast investing £90,000 of community shares funds into WAFC in February 2013 to help to transform a historically loss-making football club into a sustainable business.

6 Cash Flow Forecast

This key part of the budget outlines the cash requirement that WAFC requires in order to pay its bills each month.

6.1 Receipts

WAFC is forecast to receive almost £2.1m during the course of the 2012/13 season from the following primary sources:

- £1,400,000 in gate receipts, hospitality and programme sales
- £771,000 of football-related income, including advertising, sponsorship and sales from the Club Shop
- £37,000 of Gold Bond Lottery income
- £276,000 of other income, including donations and the Centre for Excellence

6.2 Other income

WAFC is forecasted to receive £0.3m in the form of share capital from WST as follows:

- An investment of £200,000 WST share capital in October 2012 (the current confirmed balance of WST funds is £210,000)
- A further investment of £100,000 in WST share capital in February 2013 (made up of an anticipated surplus fund of £30,000 in WST plus £70,000 raised from the community share offer)

6.3 Purchases

It is forecast that WAFC will need:

- £384,000 to meet matchday operations, football related costs, club shop purchases, Gold Bond administration and centre for Excellence running costs
- £309,000 to meet overheads.

6.4 Statutory Payments

It is forecast that WAFC will need to pay a total of £700,000 in PAYE and VAT during 2012/13, of which £507,000 will need to be paid in PAYE/NIC (due monthly) and of £191,000 in VAT (also due monthly).

6.5 Payroll

The total payroll for all staff is currently forecast to be £1,100,000 for the 2012/13 season. Players' wages are personally and commercially sensitive and will not be disclosed.

6.6 Creditors Unwind

This is a hire purchase agreement on a company vehicle inherited from Wrexham Football Club (2006) Limited.

WREXHAM AFC LIMITED BUSINESS PLAN: Profit and Loss Account

League 2 2012/13

Financial Year 2012/13

Month Period	Jul-12 1	Aug-12 2	Sep-12 3	Oct-12 4	Nov-12 5	Dec-12 6	Jan-13 7	Feb-13 8	Mar-13 9	Apr-13 10	May-13 11	Jun-13 12	ANNUAL TOTAL	% of Turnover
Turnover														
Matchday	29,643	165,074	142,974	148,499	148,499	118,542	102,342	102,342	102,342	159,549	-	-	1,219,808	54%
Football Income	50,904	77,962	65,250	62,708	65,250	74,592	59,762	59,762	57,643	61,860	49,209	49,209	734,110	32%
Gold Bond	2,600	2,600	2,600	2,600	3,033	3,033	3,467	3,467	3,467	3,467	3,467	3,467	37,267	2%
Donations	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	1%
Centre for Excellence	46,192	22,192	18,692	17,692	17,692	17,692	17,692	17,692	17,692	17,692	17,692	17,692	246,304	11%
	131,839	270,328	232,016	233,999	236,975	216,360	185,763	185,763	183,644	245,068	72,868	72,868	2,267,489	100%
Variable Costs														
Matchday	5,600	15,571	12,675	14,016	14,016	16,581	19,126	10,392	15,775	23,111	5,653	874	153,390	7%
Football Costs	27,000	12,950	8,850	8,350	8,350	7,700	8,200	8,200	7,700	8,350	5,900	10,900	122,450	5%
Football Income Costs	2,119	10,593	4,237	2,966	4,237	10,593	3,178	3,178	2,119	2,542	1,271	1,271	48,305	2%
Commercial	1,300	1,300	1,300	1,300	1,517	1,726	1,854	1,083	1,083	1,083	1,083	1,083	15,713	1%
Centre for Excellence	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013	2,013	24,150	1%
	38,031	42,427	29,075	28,644	30,132	38,613	34,370	24,866	28,689	37,099	15,920	16,141	364,008	16%
Gross Profit	93,808	227,901	202,942	205,355	206,843	177,746	151,393	160,896	154,955	207,969	56,947	56,727	1,903,481	84%
Gross Profit %	71%	84%	87%	88%	87%	82%	81%	87%	84%	85%	78%	78%	84%	
Overheads and Wages	158,351	165,071	165,071	166,071	165,071	161,903	162,903	161,903	161,903	166,071	149,451	155,368	1,939,134	86%
Operating Profit (EBITDA)	- 64,543	62,831	37,871	39,284	41,772	15,844	- 11,510	- 1,006	6,948	41,899	- 92,503	- 98,642	35,652	-2%
Operating Profit (EBITDA) %	-49%	23%	16%	17%	18%	7%	-6%	-1%	-4%	17%	-127%	-135%	-2%	
Release of Grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exceptional Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructuring Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	741	-	-	1,081	-	-	949	-	-	2,772	
Profit before Taxation	- 64,543	62,831	37,871	40,025	41,772	15,844	- 10,428	- 1,006	6,948	42,848	- 92,503	- 98,642	32,880	
Corporation Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit after Taxation	- 64,543	62,831	37,871	40,025	41,772	15,844	- 10,428	- 1,006	6,948	42,848	- 92,503	- 98,642	32,880	
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit	- 64,543	62,831	37,871	40,025	41,772	15,844	- 10,428	- 1,006	6,948	42,848	- 92,503	- 98,642	32,880	
Reserves B/Forward	- 46,540	- 111,083	- 48,252	- 10,381	29,644	71,416	87,260	76,831	75,825	68,877	111,725	19,222	- 46,540	
Reserves C/Forward	- 111,083	- 48,252	- 10,381	29,644	71,416	87,260	76,831	75,825	68,877	111,725	19,222	- 79,420	- 79,420	

WREXHAM AFC LIMITED BUSINESS PLAN: Balance Sheet

League 2 2012/13

Financial Year 2012/13

Month Period	Jul-12 1	Aug-12 2	Sep-12 3	Oct-12 4	Nov-12 5	Dec-12 6	Jan-13 7	Feb-13 8	Mar-13 9	Apr-13 10	May-13 11	Jun-13 12
Fixed Assets												
Plant & Machinery	14,354	14,354	14,354	14,354	14,354	14,354	14,354	14,354	14,354	14,354	14,354	14,354
Fixtures and Fittings	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-
Motor Vehicles	32,219	32,219	32,219	32,219	32,219	32,219	32,219	32,219	32,219	32,219	32,219	32,219
Land & Buildings	-	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-
Player Registrations	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424	7,424
Goodwill	361,311	361,311	361,311	361,311	361,311	361,311	361,311	361,311	361,311	361,311	361,311	361,311
	415,308	415,308	415,308	415,308	415,308	415,308	415,308	415,308	415,308	415,308	415,308	415,308
Current Assets												
Club Shop Stock	15,495	9,732	8,876	10,741	18,580	12,817	11,088	8,393	6,758	4,698	3,910	3,122
Wet & Dry Stock	8,140	8,140	8,140	8,140	8,140	8,140	8,140	8,140	8,140	8,140	8,140	8,140
Debtors	-	-	-	-	-	-	-	-	-	-	-	-
Other Debtors	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Control Accounts	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440	2,440
Prepayments/Acc Income	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178	4,178
Cash at Bank	315,821	304,414	269,117	451,970	433,436	412,385	358,976	410,352	369,927	369,955	538,769	450,480
	347,834	330,664	294,511	479,229	468,534	441,720	386,582	435,263	393,202	391,171	559,197	470,120
Current Liabilities												
Creditors	61,100	39,045	29,490	33,169	40,664	36,258	36,545	25,453	30,235	37,047	17,352	22,312
Other Creditors	-	-	-	-	-	-	-	-	-	-	-	-
Accruals	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Income	449,804	391,134	332,464	273,794	215,124	176,010	136,897	97,784	58,670	0	253,642	298,550
PAYE/NIC	68,291	70,408	70,408	70,408	70,408	69,702	69,702	69,702	69,702	70,408	66,395	68,229
VAT	19,597	18,705	13,407	13,590	12,798	14,865	9,482	9,875	9,594	16,366	47,463	5,756
Corporation Tax	-	-	-	-	-	-	-	-	-	-	-	-
Wages accounts	0	0	0	0	0	0	0	0	0	0	0	0
	598,792	519,292	445,768	390,960	338,994	296,836	252,626	202,814	168,201	123,821	384,852	394,848
Working Capital	- 250,959	- 188,628	- 151,257	88,268	129,540	144,884	133,956	232,449	225,001	267,349	174,346	75,272
Long Term Liabilities												
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Bank Loans	-	-	-	-	-	-	-	-	-	-	-	-
Hire Purchase	5,432	4,932	4,432	3,932	3,432	2,932	2,432	1,932	1,432	932	432	-
	5,432	4,932	4,432	3,932	3,432	2,932	2,432	1,932	1,432	932	432	-
Net Assets	158,917	221,748	259,619	499,644	541,416	557,260	546,831	645,825	638,877	681,725	589,222	490,580
Financed By												
Share Capital	270,000	270,000	270,000	470,000	470,000	470,000	470,000	570,000	570,000	570,000	570,000	570,000
Reserves	- 111,083	- 48,252	- 10,381	29,644	71,416	87,260	76,831	75,825	68,877	111,725	19,222	- 79,420
Shareholders Funds	158,917	221,748	259,619	499,644	541,416	557,260	546,831	645,825	638,877	681,725	589,222	490,580

WREXHAM AFC LIMITED BUSINESS PLAN: Cash Flow Forecast

League 2 2012/13

Financial Year 2012/13

Month Period	Jul-12 1	Aug-12 2	Sep-12 3	Oct-12 4	Nov-12 5	Dec-12 6	Jan-13 7	Feb-13 8	Mar-13 9	Apr-13 10	May-13 11	Jun-13 12	ANNUAL TOTAL	
Opening Balance	203,141	315,821	304,414	269,117	451,970	433,436	412,385	358,976	410,352	369,927	369,955	538,769	203,141	
Receipts														
Matchpay	86,320	137,472	111,252	117,807	117,807	102,201	82,911	82,911	82,911	130,917	304,370	53,890	1,410,767	
Football Income	145,000	72,000	57,000	54,000	57,000	72,000	54,500	54,500	52,000	53,000	50,000	50,000	771,000	
Gold Bond	2,600	2,600	2,600	2,600	3,033	3,033	3,467	3,467	3,467	3,467	3,467	3,467	37,267	
Donations	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000	
Centre for Excellence	46,192	22,192	18,692	17,692	17,692	17,692	17,692	17,692	17,692	17,692	17,692	17,692	246,304	
	282,612	236,764	192,044	194,599	198,032	197,426	161,069	161,069	158,569	207,576	378,029	127,549	2,495,337	
Other Income														
Share Capital	-	-	-	200,000	-	-	-	100,000	-	-	-	-	-	300,000
Other Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	
Debtors Unwind	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exceptional Income	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	200,000	-	-	-	100,000	-	-	-	-	-	300,000
Total Income	282,612	236,764	192,044	394,599	198,032	197,426	161,069	261,069	158,569	207,576	378,029	127,549	2,795,337	
Purchases														
Variable Costs	14,827	60,540	39,685	30,130	32,826	39,190	34,912	33,228	23,336	30,658	34,304	11,030	384,666	
Overheads	24,195	27,470	26,270	26,270	27,470	25,378	25,378	26,578	25,378	26,270	24,794	23,594	309,045	
Capital Expenpiture	-	-	-	-	-	-	-	-	-	-	-	-	-	
	39,021	88,010	65,955	56,400	60,296	64,568	60,290	59,806	48,714	56,928	59,098	34,624	693,711	
Statutory Payments														
PAYE/NIC	31,298	41,959	44,076	44,076	44,076	44,076	43,370	43,370	43,370	43,370	44,076	40,063	507,183	
VAT	5,719	19,597	18,705	13,407	13,590	12,798	14,865	9,482	9,875	9,594	16,366	47,463	191,462	
Corporation Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	
	37,017	61,556	62,781	57,483	57,666	56,874	58,236	52,853	53,246	52,965	60,442	87,526	698,645	
Other Payments														
Payroll	93,393	98,105	98,105	98,105	98,105	96,534	96,534	96,534	96,534	98,105	89,173	93,256	1,152,483	
Creditors Unwind	500	500	500	500	500	500	500	500	500	500	500	432	5,932	
Bank Loans	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	
Exceptional Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restructuring Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share Redeemed	-	-	-	-	-	-	-	-	-	-	-	-	-	
	93,893	98,605	98,605	98,605	98,605	97,034	97,034	97,034	97,034	98,605	89,673	93,688	1,158,415	
Total Payments	169,932	248,171	227,341	212,487	216,566	218,477	215,560	209,693	198,994	208,498	209,214	215,838	2,550,770	
Quarterly Interest	-	-	-	741	-	-	1,081	-	-	949	-	-	2,772	
Net Cash Movement	112,680	11,407	35,297	182,853	18,534	21,051	53,409	51,376	40,425	27	168,815	88,289	247,339	
Closing Balance	315,821	304,414	269,117	451,970	433,436	412,385	358,976	410,352	369,927	369,955	538,769	450,480	450,480	