

Bath City FC Ltd

Accounts, Breakdown and Commentary 2017-2020

29 January 2021

Dear Supporters,

Whilst the Club Board has shared financial information consistently with the Society Committee over the past few years, it is often not that easy to read and understand for many of us non-financial types! This was recognised by supporters and some of the Board and Committee, so a simplified set of accounts in a more “user friendly” format has been created by Oliver Holtaway, Paul Williams, Jon Bickley and Jon Blain.

Hopefully you find it clear and useful and it is something we will repeat so everyone has a better understanding of the financial situation and management of the Club. And I also hope you’ll be pleased with the progress over the past few years as a lot of effort has gone into managing costs whilst generating more revenue from both existing and new areas.

Finally, special mention should go to Bob Chester for his huge effort and contribution on the commercial revenue generation, he is a “one man department” in many ways – thank you Bob.

Yours,

**Nick Blofeld
Chair**

Bath City FC Ltd - Unaudited Accounts

	FY 19/20	FY 18/19	FY 17/18	Variance 19/20 v 18/19	Variance 18/19 v 17/18
Revenue					
Football Income	283,734	346,526	218,428	(62,792)	128,098
Commercial	104,124	96,510	85,989	7,614	10,521
Social Club	74,200	119,251	126,616	(45,052)	(7,365)
Market and Stadium Hire	100,107	104,168	39,472	(4,061)	64,696
Discounts	9	34	9	(26)	25
Merchandise & Programmes	31,926	32,396	26,109	(470)	6,287
Lotto	9,335	9,861	9,817	(526)	44
Other	77,897	5	4,471	77,892	(4,466)
Interest	354	212	186	142	25
Supporters Club Donations	13,920	12,500	11,400	1,420	1,100
Supporters Society Donations	9,595	-	6,663	9,595	(6,663)
Sale of assets	-	(104)	-	104	(104)
Commercial Donations	663	350	-	313	350
Total Revenue	705,864	721,710	529,161	(15,847)	192,550
Expenses					
<i>Cost of Sales</i>					
Football Cost of Sales	-	-	15	-	(15)
Commercial Cost of Sales	1,437	4,497	4,394	(3,060)	103
Social Club COS	42,895	56,561	55,069	(13,666)	1,491
Merchandise & Prog COS	19,630	22,122	18,687	(2,492)	3,435
	63,962	83,179	78,165	(19,218)	5,014
<i>Direct Expenses</i>					
Football	446,522	477,985	383,736	(31,463)	94,248
Commercial	2,290	2,091	1,750	200	341
Social Club	38,165	39,469	43,432	(1,304)	(3,963)
	486,978	519,544	428,918	(32,567)	90,626
Total Expenses	550,939	602,724	507,083	(51,785)	95,641

Gross Profit/(Loss)	154,924	118,987	22,077	35,938	96,909
Overheads					
Overheads	122,316	125,005	120,756	(2,689)	4,249
Bank & Interest Charges	7,600	6,144	4,717	1,456	1,427
Employers NI	27,699	33,487	19,447	(5,788)	14,040
Depreciation	12,910	12,479	12,852	430	(373)
Bank Loan Interest	2,091	2,599	2,951	(508)	(351)
Employers Pension	2,311	1,696	830	615	866
	174,927	181,411	161,553	(6,484)	19,859
Net Profit/(Loss)	(20,003)	(62,425)	(139,475)	42,422	77,051

Financial Year: 1 June to 31 May

BREAKDOWN AND COMMENTARY

Overall commentary

	FY 19/20	FY 18/19	FY 17/18
Overall			
Total revenue	705,864	721,710	529,161
Total cost of sales	63,962	83,179	78,165
Total direct expenses	486,978	519,544	428,918
Total expenses	550,939	602,724	507,083
Gross profit / loss	154,924	118,987	22,077
Overheads	174,927	181,411	161,553
Net profit/ loss	(20,003)	(62,425)	(139,475)

Over the past three seasons, the Club has cut its annual net losses from £139K in FY17/18 to £62K in FY18/19, and to £20K in the pandemic-affected FY19/20. This was primarily driven by a significant increase in football income and steady growth in commercial income, which outpaced increases in direct expenses and overheads.

Our main priority during this period has been growing average matchday attendances. Setting the ambitious target of an average attendance of 1000, we invested in a strong squad and management team, developed a coherent recruitment strategy for new supporters and invested substantially more effort and resources in our public engagement strategy, including email newsletters, social media and digital engagement, and traditional media relations, allowing us to better communicate with supporters and the community. As a result, attendances have increased by 75%, averaging 690, 1,095 and 1,064 across the consecutive years.

Commercial revenue has progressed well, increasing by approximately £20K between FY17/18 and FY19/20, mainly owing to stronger performance of the shirt sponsor draw.

The Club began FY17/18 with the ambition of developing Charlie's/Randall's as a "7-days-a-week" social club for both supporters and local residents. After early experiments in event promotion underperformed, however, we changed tack and instead sought to secure steady income by leasing space to local organisations. By FY18/19, this included renting out the clubhouse to a gym, as well as leasing office space and car parking spaces. This change in strategy has led to a decline in social club income, offset by an increase in market/stadium hire income.

Accounting for COVID

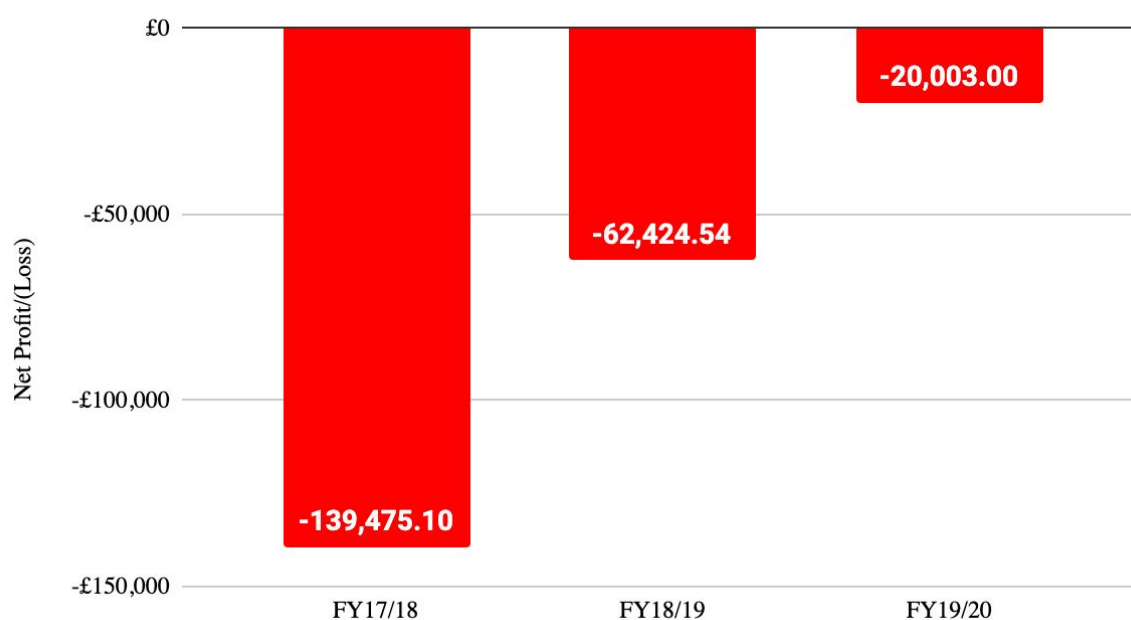
There were no significant windfalls or one-off costs during the three years under review, except for larger than usual contributions from the Supporters Club and Supporters Society in FY19/20 in response to the COVID shortfall.

The c.£52K raised by supporters to allow the Club to compete in the playoffs of the 2019/20 season, plus the early sales of season tickets for the 2020/21 season, have all been recorded as income for FY20/21 and are not reflected in the figures above.

Everyone at the Club is deeply grateful and heartened by the willingness of fans to step up and support the club when the football season was curtailed.

Income from the government's Job Retention Scheme (JRS, aka furlough) amounted to approximately £52K and has been recorded as other income in FY19/20. A £25K Business Rates Grant from BANES Council has also been recorded as other income.

Net Profit/Loss by year (in £)



FOOTBALL

Football	FY 19/20	FY 18/19	FY 17/18
Income	283,734	346,526	218,428
Cost of Sales	-	-	15
Direct Expenses	446,522	477,985	383,736
Profit / Loss	(162,788)	(131,459)	(165,323)

NB Football “direct expenses” includes the playing budget plus costs related to management and coaching, physios, training facilities and travel, etc.

During the three years under review, the Club set ambitious targets for increasing attendances in line with the “1000BC” initiative, which aimed to grow average attendances to 1000. Through strong performances on the pitch, better marketing and by tapping into promising fan segments including families and students, the Club’s average attendances grew 59% from 690 in FY17/18 to 1,095 in FY18/19, and we were on track to meet attendance targets in FY19/20 before the season was curtailed.

To achieve this, we have set annual football budgets with the aim of producing a team that will consistently challenge for the National League South playoffs. This includes investing in coaching staff and performance technology, as well as playing budget. The team has delivered on these expectations, consecutively finishing 9th, 5th and 4th¹ during the three years under review.

Strong performances on the pitch have helped to grow average attendances by approximately 75% and significantly increase football income (albeit with a year-on-year drop in FY19/20 owing to the season’s curtailment). We also prioritised the marketing of season tickets, with annual sales growing from 130 to 255 during the three years under review. We have invested in more sophisticated marketing campaigns that reflect fans’ sense of collective ownership. Crowds are also changing, with the Club attracting more families and kids than ever. This is in part owing to the early success of our school visits initiative, although this has shown somewhat diminishing returns over the course of the three years under review.

The Club introduced regular online ticket sales during FY19/20, initially offering discounts to encourage the habit of buying online. While many supporters continue to pay by cash on the turnstile, some newer fans, including those buying family tickets, prefer the reassurance of buying in advance. The Club now sells around 80-100 online tickets for an average matchday, with surges in online sales for Student Days and Family Days. Selling tickets online in advance has the advantage of locking in revenues even if the purchaser decides not to attend on the day. In addition, our experience with online sales may also prove to have the added benefit of preparing the Club for ticket-only matches, if this becomes a public health requirement owing to COVID-19.

¹ Final position for the curtailed 2019/20 season was on a points per game basis

Income from prize money and player sales represented a relatively small share of the Club's football income, which was in line with past seasons.

When the 2019/20 season ended prematurely in March 2020, many supporters rallied to support the Club by purchasing season tickets for the 2020/21 season, for which we are incredibly grateful. Please note that these revenues have been ringfenced for the FY20/21 accounts and are not reflected in the figures presented here.

COMMERCIAL

Commercial	FY 19/20	FY 18/19	FY 17/18
Income	104,124	96,510	85,989
Cost of Sales	1,437	4,497	4,394
Direct Expenses	2,290	2,091	1,750
Profit / Loss	100,397	89,923	79,845

Commercial income has grown steadily over the three years under review, largely in line with our targets. The bulk of the increase has been driven by the strong performance of the shirt sponsor draw, which attracted a record 85 entrants in FY19/20. We have also been successful in attracting "big ticket" sponsorship deals, such as sponsorship of the main stand and of special matchdays such as Community Day.

Income from advertising hoardings was stable, with uncertainty over whether the Club would play away from Twerton Park during the redevelopment making sales more challenging in some cases during FY19/20. Overall, however, commercial income was on or above level for FY19/20 before the season was curtailed.

SOCIAL CLUB

Social Club	FY 19/20	FY 18/19	FY 17/18
Income	74,200	119,251	126,616
Cost of Sales	42,895	56,561	55,069
Direct Expenses	38,165	39,469	43,432
Profit / Loss	(6,860)	23,222	28,116

The Club's initial strategy in FY17/18 was to run and promote its own events, e.g. darts nights, at Charlie's and Randall's. Despite a great deal of effort and experimentation, however, we were unable to regularly attract sufficient numbers of either supporters or local residents to make this viable.

From FY18/19 onwards, we changed our strategy by seeking regular, longer-term rental agreements with local businesses and organisations (see the "Market & Stadium Hire" section below). Revenues from these agreements have outweighed the loss from declining social club revenues.

As such, Charlie's/Randall's has gradually morphed into more of a dedicated matchday bar, attracting fewer bookings for weddings and birthdays, etc. That said, matchday bar takings have performed well, in part because of higher attendances, but also because of reduced queue times via the bottle bar and order-by-app services.

The Club continues to reappraise its options for increasing the social club income of its bars and meeting rooms, albeit in the light of the intended redevelopment of Twerton Park.

[NB Bar staff wages are recorded as social club costs, while the General Manager's salary is recorded under overheads.]

MERCHANDISE

Merchandise & Prog	FY 19/20	FY 18/19	FY 17/18
Income	31,926	32,396	26,109
Cost of Sales	19,630	22,122	18,687
Profit / Loss	12,296	10,274	7,422

Our more robust business has allowed the Club to invest in a wider variety of clothing and merchandise over the past few years, enabling fans to show their colours at matches and around the town.

Bespoke t-shirts, hoodies, limited run hats and scarves - including away variants - have stimulated demand. More esoteric items like umbrellas have been less successful, so we're tending to focus on core products with new colour/design variants of them to keep things interesting.

The creation of the online store has enabled City to sell to our fans 24 hours a day, seven days a week and some of our biggest spending customers have bought from the US and Germany - something that could never have been achieved with the physical club shop.

Online sales have also enabled promotions like the Black & White Friday campaign, Christmas promotions, new season kit and our Lockdown Clearout. A recent initiative has been to pre-sell new items, which has been so successful we've often paid for new stock before it's been delivered.

In response to a direct appeal from the Club, sales of merchandise also increased during the lockdown period with most merchandise selling out.

MARKET & STADIUM HIRE

Market & Stadium Hire	FY 19/20	FY 18/19	FY 17/18
Income / Profit	100,107	104,168	39,472

In the course of FY17/18, the Club made the strategic decision to focus its efforts in securing stable sources of rental income for its physical assets, including Charlie's/Randall's. In February 2019 we entered into a license agreement with gym provider Crossfit for use of Charlie's and Randall's during weeknights. In addition, we have successfully rented out office space to a branch of WeBuyAnyCar.com and car parking spaces to local housing association Curo (NB agreements for the use of office and gym space by third parties have been made in the form of licences rather than leases for operational ease and flexibility).

As a result, market & stadium hire revenues more than doubled between FY17/18 and FY18/19, and remained stable overall in FY19/20 despite the effects of the lockdown. This increase in market & stadium hire income has offset the related decrease in social club income.

OTHER INCOME

	FY 19/20	FY 18/19	FY 17/18
Other income	77,897	5	4,471

The Club received a total of £52,034 in Job Retention Scheme (JRS, aka furlough) income during FY19/20, to pay part of the wages of playing and non-playing staff who had been furloughed. In addition, the Club received a B&NES Business Rates grant of £25,000 to compensate for the closure of Charlie's/Randall's. Both of these items have been recorded as other income for FY19/20.

ENDS