

## Exeter City AFC Ltd

### Annual Accounts 31<sup>st</sup> May 2014

#### **Introduction**

The financial process is virtually the same for each season and while we have explained this in past reports, this part of the report is important so it has been largely repeated and will of course be of assistance to newcomers.

As usual, well before the new season starts, the Club's finance team prepare draft budgets for the Club's Board and these are then reviewed and revised as necessary in order to set out the income targets and the cost limits for the coming season.

We work on the basis that we try to give our manager the best chance of competing against other Clubs with different funding strategies and this means that we have to incorporate sensible calculations to predict the expectations for the different categories of income where there is no clear certainty (most of them). This is quite a tricky task, but not as tricky as actually getting in the money to meet the challenge. It is quite easy to predict costs, but again not always so easy to keep the lid on them.

In the football world, with most sources of income highly dependent on home results, there is a lot of uncertainty and the finances are made more complicated by the fact that most player contracts are set in stone many months before we know even which league we are going to be in. Nothing is included if a source of income is too uncertain, such as player transfers.

The Club's finance team meet with the Board of Society's finance team throughout the year to monitor and discuss all areas of finance including the budget and the monthly measurements against targets.

#### **Income**

##### Gate receipts

Once the fixtures were published, the Club's statistics team got to work and calculated that we would get 94,298 spectators for the 23 league games (average 4,099) and that with the cup matches, friendlies, VAT, ticketing costs and the league levy, our total gate income would be £864,550.

The actual numbers for the league games amounted to 85,100 at an average of 3,700 so for the first time for many years, we had a variance well below target (about 9,000 down) and it does not take an Einstein to correlate that with our home form last season. This also caused our gate income to be a bit off target at £855,885 along with reductions to the other match day spend. If we had got closer to our predictions, with the same mix of spectators and the average yield, we would have been about £90,000 over target.

##### Other income

We receive income from the Football League sponsorship and TV rights, we earn as much as we can from our own commercial activities, we run fundraising events and receive a significant donation from the Trust.

Last season, our commercial activities suffered and finished at about £38,000 off target and again this is probably related to home form.

Income from transfer supplements generated about £104,000.

The Trust and the 1931 group together donated £115,000 and our bar, catering, shop and conference activities generated a turnover of about £450,000, which allowed all the relevant overheads to be paid as well as provide in excess of £100,000 towards the Club's income, which was a good increase on the previous year.

## **Expenditure**

### Employment costs

Employment costs for last season amounted to about £2,012,000 and these include wages and employer's NIC for players, directors, management, administration, stewarding, gatemen and ground staff.

### Operating Costs

Operating costs amounted to about £375,000, and these are the running costs of the club, excluding employment costs, such as rent, rates, water charges, heat and power, insurance, stadium maintenance, pitch maintenance, postage, stationery, IT costs, bank charges, audit costs, etc.

### Operating profit

Following an average season in 2012/13, our income expectations for 2013/14 were trimmed and in order to try and preserve previous budgets we started the year with a break-even target.

We have not yet had the audit (it is possible that some figures will change) and it currently looks like we will have a shortfall of about £100,000, prior to depreciation and any debts which will have to be written off.

### Associated Bodies

The funds from the Football League for our Centre of Excellence are kept separately from the main Club's records and they are expected to generate a modest surplus each year to maintain working capital. These figures are eventually included in the audited accounts.

The figures for the Football in the Community charity are kept entirely separately; their activities have again grown with the number of projects which assist many under-privileged community groups.

## Summary

The income and expenditure can thus be summarised as follows, but it should not be forgotten that these are currently draft figures which may be changed when the audit has taken place.

It should also be noted that the following figures now include the gross income and gross costs of our associated businesses, as opposed to the net effect which was the case in 2012/13.

<b>Category</b>	<b>Income</b>	<b>Costs</b>
League and cups	855,885	
Central Funds	670,446	
Commercial	450,191	
Trust & 1931	115,000	
Associated Club activities	399,733	
Transfer fees	103,796	
Employment costs		2,012,000
Overheads		668,787
<b>Totals</b>	<b>2,595,051</b>	<b>2,680,787</b>

The Club Board and the Trust Board are very disappointed with the financial outcome, which has highlighted our working capital deficit and we are all working together to remedy this.

To finish on a positive note, we cannot include them in our Balance Sheet (for prudent accounting reasons), but we must not forget the value of the assets in the form of the young players who have come out of the Centres of Excellence over the last couple of seasons.