

DRAFT PENDING RECEIPT AND
DEPOSIT OF ~€200 IN JUNIOR
CRICKET REVENUES AND
CHEQUES

SACC

Draft Treasurer's Report,
CY 2020

Rich Parkin
20th October 2020



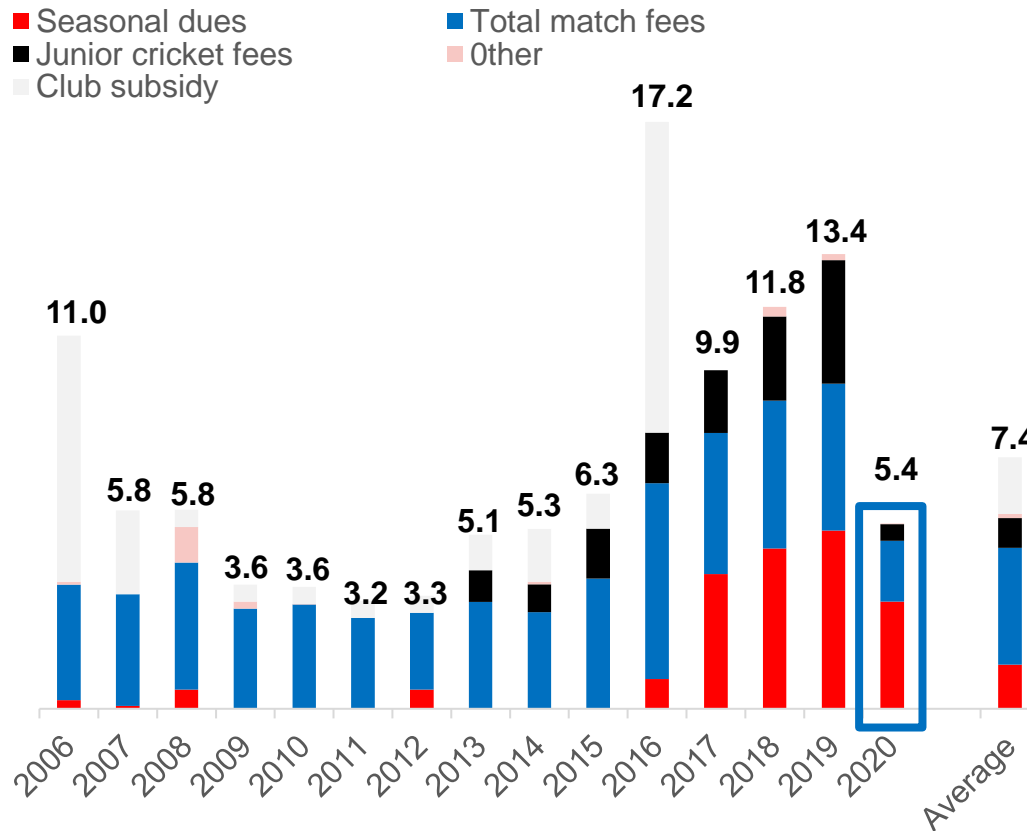
STANDARD ATHLETIC CLUB
SETTING THE STANDARD SINCE 1890

Executive Summary

- The Treasurer's function is **to ensure the financial sustainability of high quality cricket at SAC**, thereby enriching the identity of the overall Club
- **Most notably, the Cricket Section maintains and renews an ~€85K asset base (pavilion, pitch, sight screens, scoreboard, other equipment and kit)**
- **This leads to 3 objectives**
 - **Short term: Be able to fund ongoing operations; at least €1000 cash on hand at beginning of season**
 - **Medium term: Generate sufficient cash flow (EBITDA) to fund anticipated replacement of assets.** Over the next 10 years this will require around €3K a year (pavilion cladding, windows and interior, pitch surface, netting around practice area, Club kit)
 - **Long term: Capital reserves should equal the accumulated depreciation of our asset base.** In practice this is going to take some time to achieve given the lack of investment up to 2015; and we will need to run with strong profitability while we continue the renovation of facilities
- **This year's financials were heavily affected by Covid-19**
 - Number of matches cut by 60%, with associated reduction in adult revenue
 - Junior cricket reduced to 1 month, while the Notre Dame event (which generated net ~€2K in 2019) was cancelled
- Nevertheless, we managed to generate €2.8K cash, which more than offset our depreciation
- **After all costs, including groundcare costs, Covid disruption meant that the Section generated a €400 deficit in 2020**
- Over the past 2 years our focus has turned to renovating the historic pavilion, which housed the whole Club after the 1944 destruction of the old facilities. This structure was in danger of collapse in 2018. We have funded replacement of the roof and budgeted (with Management Committee approval) €7K towards further renovation this year. Priorities are structural beams, gutters, door and windows. **By spring 2021, the Section will have funded over €40K in capital improvement in 6 years, representing a renewal of ~50% of the cricket asset base**
- **The 2021 budget assumes a return to 2019 levels of activity; the budget will be revised should the Covid situation warrant. Experience this year shows that the Section is able to generate sufficient cash flow to offset depreciation even in the difficult Covid environment**

Covid cut our season by 60%, with a corresponding impact on revenues

SACC revenue, 2006-20, at 2020 prices (€K)

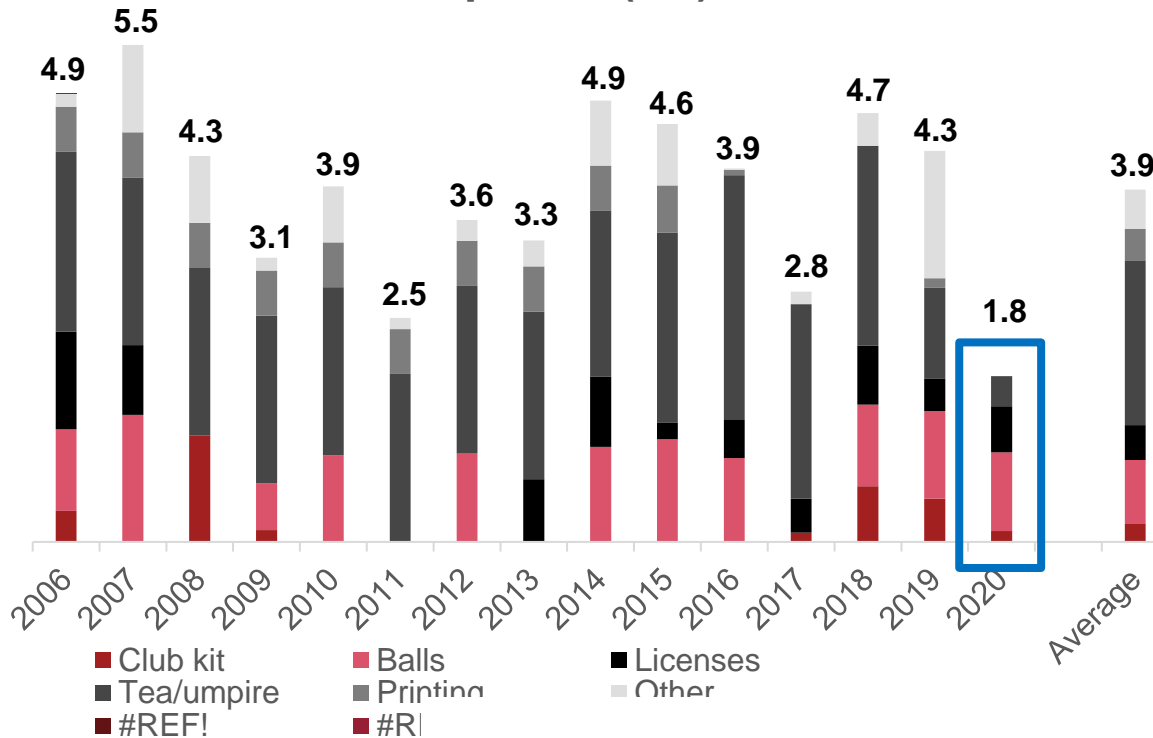


Comments

- Number of home games fell from 20 to 8 (with Tour also cancelled), or 60%. Revenues also fell by 60%
- Impact was particularly severe in junior cricket, where season was cut to 1 month versus 3, with loss of Notre Dame school event. This led to an 85% revenue reduction versus 2019
- In contrast, seasonal dues held up relatively well, dropping only 40%.
- The Section's decision to lower per person seasonal dues to reflect the shorter season clearly paid off

Operating costs also fell by ~60%

SACC operating costs, 2006-20, at 2020 prices (€K)



Comments
<ul style="list-style-type: none"> Operating costs are overwhelmingly teas, balls and umpires. Tea spending was reduced due to Covid regulations “Other” costs fell due to cancellation of Notre Dame junior cricket activity

After 5 years of systematic repairs, only the pavilion structure and practice pitch now require renovation

Asset base (current €K)

	Assets	Replacement cost (and capex since 2014)	Book value (31/12/20)	Depreciation period	Annual in life depreciation	
Fixed Assets	Practice pitch and net	7.5	0	Pitch: 30; net: 10 yrs	280	
	Match pitch and base	14.4	10.6	Base: 25; pitch: 15 yrs	830	
	Portable batting cage	2.2	1.2	10 rs	220	
	Pavilion	Roof	<u>9.5</u>	8.5	20 yrs	475
		Structure	30.0	0.0	100 yrs	300
	Protection around pool	10 (of which <u>5.0</u>)	4.2	20 yrs	500	
	Bowling machine	2.7 (of which <u>0.2</u>)	0.2	10 yrs	270	
	Scoreboard	2.0 (of which <u>0.3</u>)	0.8	25 yrs	80	
	Sight screen, forest end	2.4 (of which <u>0.5</u>)	0.8	25 yrs	95	
	Screen, clubhouse end	0.4	0.0	10 yrs	40	
	Slip catch cradle	0.5	0.1	25 yrs	25	
Kit	Senior kit	3.2 (of which <u>0.5</u>)	0.3	7.5 yrs	425	
	Junior kit	1.2 (of which <u>0.4</u>)	0.2	5 yrs	240	
					3780	

■ Approaching end of life
 ■ Needs maintenance/repair
 ■ Good condition; no expenditure needed

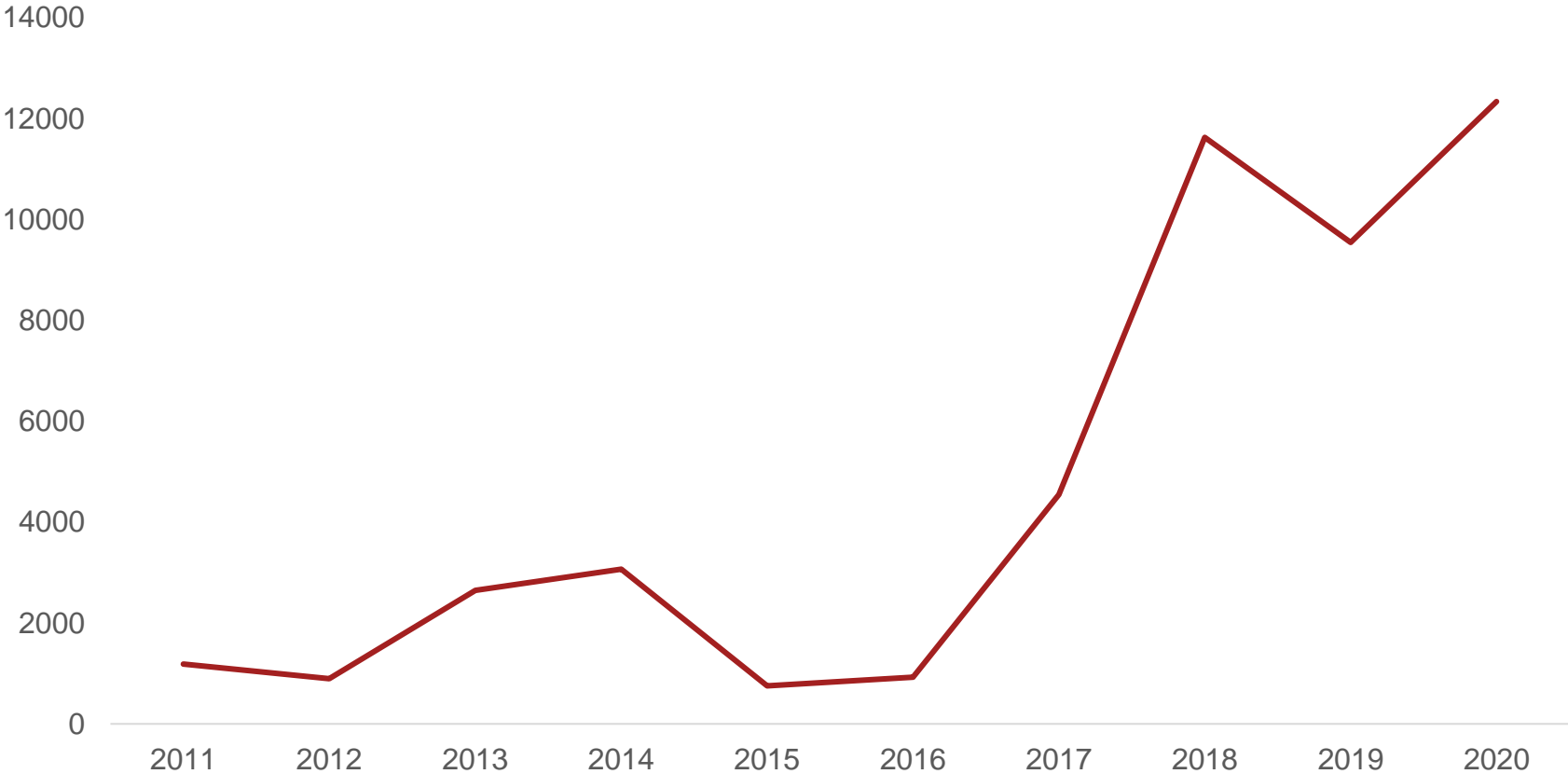
This led to ~€3K EBITDA and cash flow and a €1K profit (after depreciation)

Financial Summary, 2018, 2019, and 2020 actual €s

	2018	2019	2020
Revenues	11.7	13.4	5.1
Operating costs	4.7	4.3	2.1
EBITDA	7.0	9.1	3.0
Capex	0.4	11.0	0.2
Change in cash	6.6	-1.9	2.8
Depreciation	2.5	2.2	2.1
Profit/Loss	4.5	6.9	0.9

We therefore have ~€12K on hand at year-end to fund pavilion work and the season start

End of Year "Cash", in 2020 €s

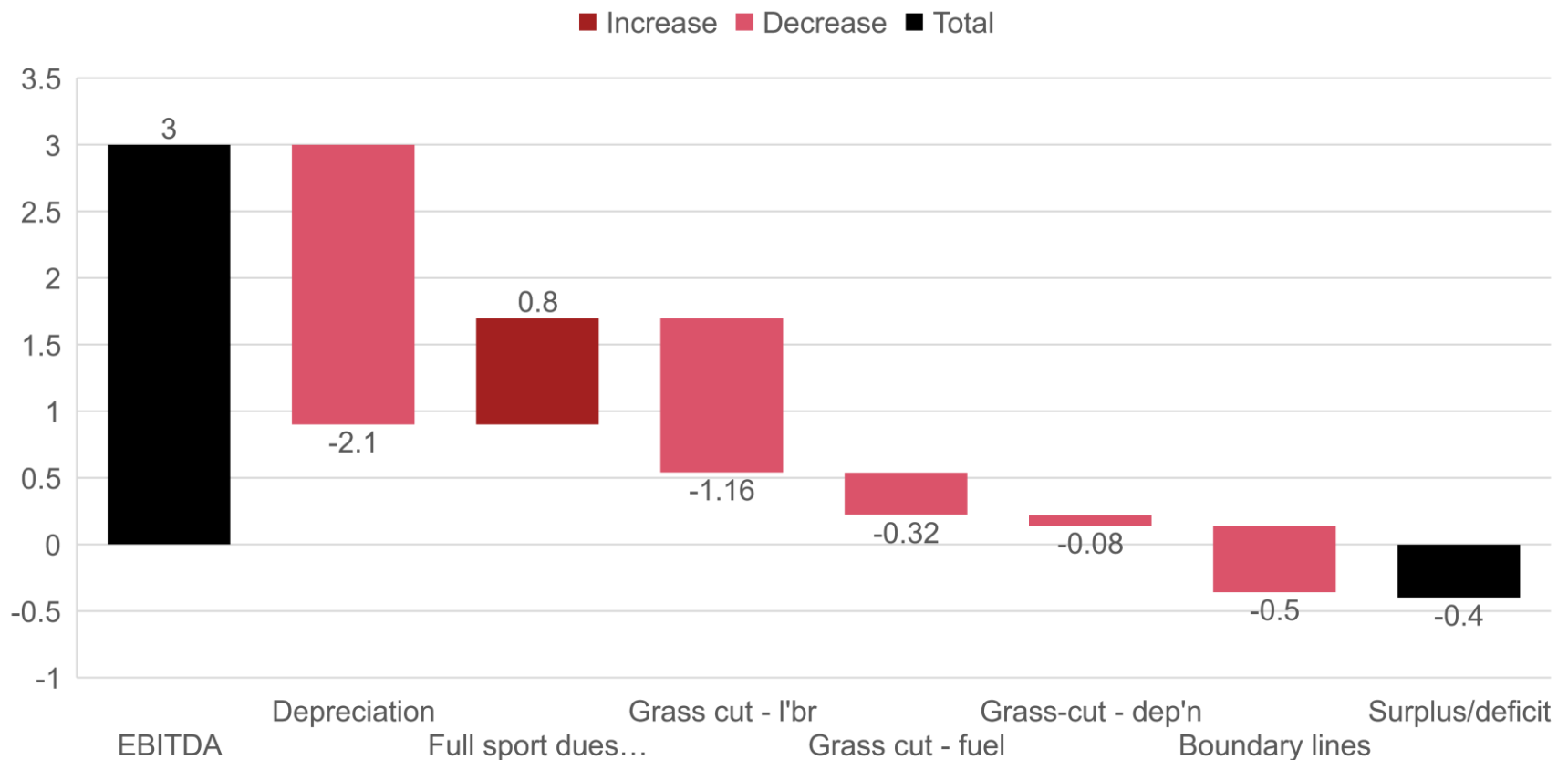


We have completed a fully-allocated P&L measuring the net financial contribution of Cricket to SAC

- The fully-allocated P&L for Cricket takes account of all elements attributable to Cricket
 - Revenues
 - All dues and fees collected by the Section (already included in the Cricket Section accounts)
 - An allocation of the Full Dues
 - Adults, €130. The “sports” component of dues represents €260 (€1220 less €960 for Social Membership). Assuming adults play 2 sports, we allocate €130 to Cricket
 - Juniors, €50. While there is no “social” membership for juniors, we assume that Cricket represents the same percentage of junior cricketers’ dues as for Adults; i.e., $130/1220 \times €465$
 - Costs
 - All direct costs, including the depreciation of the asset base dedicated to Cricket (already included in Cricket Section accounts). This oversates costs by ~€200 since Cricket accounts include the entire pavilion, while 50% of this is used by the groundstaff to maintain Club grounds
 - An allocation of ground care costs for the 20 weeks of the cricket season. The cost is 75% allocated to Cricket (with the other 25% for non-cricket uses of the field (member picnics, aesthetics for members not using the field directly, Events, fitness activities, etc.)). Based on groundstaff interviews this represents 1 person day per week. We assume the 27 hp tractor burns 40 litres of fuel a day, and allocate also the depreciation of the tractor and the helicoidal lawn cutting tool
 - The time spent by the ground staff to paint the boundary lines (22 hours at fully loaded labour cost of €23.70 per hour)
- The “non-sport” part of Member dues is not included in Cricket revenues. These are used to fund Club central activities and overhead unrelated to sport. Members who play Cricket contribute to this through the non-sport part of their dues.
 - Other benefits
 - Financial: Touring team dinners and post-game drinks, which yield margin for the Club
 - Intangible; the impact on the Club’s image (e.g., articles in French press)
- As such it measures the extent to which the Section is in surplus/deficit in its financial contribution to the Club. Any surplus could be shared between investment in Club facilities (over and above depreciation), or payment towards other expenses in other parts of the Club

In 2020, Covid-reduced revenues meant that cricket made a net loss of €400, vs. last year's €3K profit

Net Financial Contribution of Cricket to Club, After All Costs, 2020



We are conservatively budgeting for €3.5K profit, while funding pavilion renovation

	2019	Budget 2021
Total revenue	13350	10100
Seasonal dues	5230	5000
Match fees	4310	4000
Junior cricket	3630	1000
Player kit sales	20	0
Other	160	100
Total costs	-4300	-4210
Teas	-950	-1000
Balls	-980	-1000
Umpires	-50	-100
Fixture cards	-110	-110
Licenses	-650	-1000
Other junior cricket	-850	-500
Other (includes hand sanitiser)	-710	-500
EBITDA	9050	5890
Capex	-11000	-10000 (pavilion repairs)
Change in cash	-1950	-4110
Depreciation	-2200	-2250
Profit/Loss	6850	3640