



**Jeffreys Henry LLP**  
CHARTERED ACCOUNTANTS



**Woking Football Club  
Stadium Development  
Financial Report**  
15 November 2019  
Confidential

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Rosemary Johnson MBE  
Chairman, Woking Football Club  
The Laithwaite Community Stadium  
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Dear Sirs,

In accordance with our letter of engagement dated 31 October 2019, we have prepared a financial report with a financial projection for the redevelopment of Woking Football Club's Laithwaite Community Stadium.

This report is intended solely for the use and benefit of the addressees and their advisers and only in connection with the proposed redevelopment of the Laithwaite Community Stadium.

This report is based on the latest information made available to us and we accept no responsibility for events after the date of issue. We emphasise that our enquiries would not necessarily disclose all matters of significance to you relating to the company and further we emphasise that the due diligence was very limited in its scope and may not have identified all materials issues. This was a "light touch" review and therefore some of the information provided to us by the directors of the company was not verified to supporting documentary information. Further, we have not carried out any audit work on the financial information included in our report and we express no opinion thereon.

If you require any clarification or further information, please contact Justin Randall on 0207 309 2333 or at [jrandall@jeffreysHenry.com](mailto:jrandall@jeffreysHenry.com)

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# **Woking Football Club Stadium Development**

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## **1. Executive Summary**

### **1.1 Woking Football Club is both Surrey's premier football club and also a national leader in its community engagement**

*Football has a huge role to play in the community and Woking Football Club has been a pioneer for many years - a great example of innovation and commitment. In the National League we are proud that Woking has won so many awards and been an example to others. The vision is commendable and we support any ways for the club to expand and diversify its community impact. (Brian Lee MBE, President, National League)*

The Club's stated aim is to serve the most vulnerable in the local community from a foundation of footballing excellence. Success on the field has led to a thriving community and academy structure which is recognised by many as the preeminent example in the country of how a club can serve the locality. This has been reflected in numerous awards. The impact of the community work is dependent on the profile and funding opportunities that are concomitant with ongoing football success.

### **1.2 The Laithwaite Community Stadium urgently needs to be upgraded**

Woking Football Club currently loses circa £200k pa (without FA Cup income) and this will only increase over time due to the loss of the Sheerwater groundshare, the increasing cost of maintaining a dilapidated stadium and pressures to increase the playing budget simply to maintain the Club's current status in the National League.

### **1.3 Woking as a town is changing dramatically and the club has a key role at its heart**

The sustainability of professional football being played at Surrey's premier sports stadium has an important role to play in a town looking to be the county's economic, administrative and business hub. In addition, a new stadium, with additional retail, community and medical facilities, will be a key part of a revitalized Kingfield and Hoe Valley sports and leisure zone.

### **1.4 Change is needed**

The Club's stated ambition since the 1990's has been promotion to the Football League (EFL) which will also maximise the Club's community impact. This will, however, require an increase to the playing budget. Once promotion to the EFL is achieved, further investment will be needed as playing budget increases are likely to outstrip additional gate income and EFL loyalty payments.

This means further income streams will be required from commercial and sponsorship opportunities.



Beyond this, the Club will be highly attractive to investors as it becomes debt free and has a new stadium. The aim of the board is to create an attractive investment opportunity for an investor to buy into the club and spend money on boosting the playing budget, without the need to fund interest or build new facilities. The board believe this will be extremely attractive to an investor. Woking FC will be positioned in the most positive manner possible, with tangible new assets, no debt and a sustainable operating model. This is an ideal model for gaining further investment.

Without stadium development, Woking Football Club will not be financially sustainable, the Club will decline, and community impact will be significantly affected. The Club would find it impossible to attract outside investment and grow to its full potential. Ultimately, like Bury and others the Club fails.

Woking Community Stadium will provide a high quality 9,026 capacity stadium for first class professional football for many generations to come. It will generate income to secure the long-term success of Woking Football Club through self-sustainability and, thereafter, to be attractive to inward investment.

### **1.5 Why not Woking?**

Given the traditions, catchment area and potential offered by development, there is no reason at all why Woking will not be able to grow its size, revenues, matchday offer, reputation and ultimately, its attendances. Those who stand to gain most from posing the question “why not Woking?” are the town and the local communities and organisations the Club serves.

Much of this is evidenced by other professional clubs nationally who have dramatically increased attendances, despite not possessing all the potential of Woking, as the leading club in Surrey with a vibrant local area and community.

It will help the Club to become a significant and growing source of pride for the local community and town. Importantly, the new stadium’s facilities will mean that it can be used by the community year-round, regardless of whether a game is taking place or not. This is crucial because the stadium development on its own will only bring the club to a breakeven position, with the increased non-matchday revenues being offset against increased operating costs.

### **1.6 New facilities and revenue**

On the field the stadium will provide the Club with the facilities that meet the requirements of the English Football League and provide the management and players with the resources to improve and compete at a higher level.



Off the field the stadium will attract additional revenue streams through retail and commercial units situated in the ground as well as hosting non-football events. The stadium will provide a social focal point with an array of facilities for the wider community, stakeholders and businesses. It will contribute to the regeneration of the area and build close links and integrate with local businesses and residents. It will attract all age groups from all sections of Woking's communities, promoting sport, health, education, employment, training, social inclusion and social enterprise. It will provide medical and dental facilities to meet current and projected demand in fit for purpose high quality spaces.

**It is absolutely clear the stadium development is necessary for Woking Football Club's finances. It will improve the standard of football in Woking and will benefit the wider community.**

## **2. Football Industry**

### **2.1 Professional football in England**

**2.1.1** The football industry has seen huge growth in the past thirty years, particularly since the restructuring of the football league system in 1992 with the advent of the Premier League. In 1992/93 the combined turnover of the ninety-two professional clubs totalled £263m. In 2017/18 the ninety-two clubs generated £5.8 billion. The revenue growth has been largely due to the huge increase in broadcasting and commercial revenue paid to the Premier League, with the League now accounting for £4.8 billion of turnover.

**2.1.2** The increase in TV money has also led to an increase in the number of overseas owners and significant wage inflation in the football industry. The Premier League has a wages/revenue ratio of 59% and across all four divisions, this rises to 66% of revenue. Excluding the Premier League, wage bills of the remaining Football League clubs exceeded their revenue in 2017/18 with a wages/revenue ratio of 102%.





2.1.3 Looking more closely at League 2 (Woking's ambition), the following statistics are relevant:

	<b>Woking</b>	<b>Average National League</b>	<b>Average League 2**</b>
Stadium capacity	5,400*	6,701	10,801
Average attendance	2,174	2,048	4,491
Season Ticket Holders	1,470	2,572	2,572
Current turnover £m	1.3		4.0
Operating losses £m	-0.2		-0.4

Attendance and season ticket figures from Football League data

\* Current permissible capacity.

\*\* Average League 2 attendance figures relate to 2017/18 season - obtained from Deloitte and Touche Football finance Review. Woking figures are for current season.

2.1.4 The above indicates that the Club's capacity at the Laithwaite Community Stadium is significantly smaller than the average National League club and league attendances of just over 2,000 are close to the average.

2.1.5 Woking's attendances vary considerably with evening matches typically lower than Saturday afternoon fixtures. Woking's lowest attendance in 2017/18 (Chester) was 1,367, whilst the crowd twice exceeded 3,000 for the FA Cup game against Peterborough United (excluded from the above League averages) and the League game against Aldershot Town.

2.1.6 In the 2018/19 season, home attendances exceeded 4,500 on three occasions. The FA Cup home game against Watford brought in a crowd of 5,717. On other occasions the present stadium was simply not big enough to accommodate larger demand such as recent high-profile fixtures with Torquay and Welling. The existing stadium is therefore already costing the Club lost revenues due to its size and configuration.

2.1.7 Like many clubs, Woking is currently loss making and dependent upon its shareholders for additional finance. However, the Club board are taking a long-term approach to significantly improving infrastructure and long-term sustainability so that the Club is sustainable without outside, but often short-term help. Woking FC will then continue to be at the heart of the town for many generations to come.



**2.1.8** The differences between National League and League 2 are significant, with average attendances in League 2 of 4,491 being 220% greater than National League figures. This highlights the need to improve the current stadium infrastructure in order to compete in a sustainable way as the Club progresses.

## **2.2 Financial regulation**

**2.2.1** The loss-making challenge of many football clubs alongside recent high-profile insolvencies have resulted in a greater focus on financial sustainability. From the 2014/15 season onwards, EFL clubs agreed to the implementation of new financial fair play regulations that aim to help clubs reduce the level of annual losses and overall debts. In essence, clubs that exceed set loss limits will be subject to a transfer embargo and be liable to pay fines if they achieve promotion. The limits for the 2014/15 season were to have maximum allowable losses of £3m, or £6m if the losses over £3m are covered by equity contributions. From 2015/16, the allowable loss was reduced to £2m or up to £5m if covered by equity contributions.

**2.2.2** Alongside UEFA requirements and existing English League 1 and League 2 salary cap regulations, there is an increasing focus on seeking to ensure clubs are run more prudently and that disaster scenarios such as those experienced by Portsmouth and more recently Bury, are avoided.

**2.2.3** The regulations also highlight the need for clubs to maximise both matchday and non-matchday revenue in order to reduce both losses and reliance upon debt provided by owners. Deloitte and Touche commented in their 2012 Annual Review:

“UEFA and the Football League’s financial fair play regulations may encourage clubs to further invest in their training and youth facilities as they seek to assemble their playing squads in a more cost-effective manner. It can also be considered that maximising both matchday and non-matchday revenue through ticketing strategies and stadium development will become even more important following the introduction of the regulations.”

## **2.3 New and refurbished football stadia**

**2.3.1** Over £3 billion has been invested in stadia and new facilities in the past 20 years, including over 30 new grounds and the significant refurbishment of others.

**2.3.2** Funding of stadia is focused on improving venues to enhance the matchday experience and, in turn, attract new spectators/fans and generate revenue. However, increasingly, the business model of relying upon facilities which are wholly dependent upon 23 games spread over a nine-month season is becoming less sustainable. As a result, all new stadia and facilities are designed to generate significant revenue from non-matchday facilities. This income, which is typically more stable than matchday revenue (which is driven by on field performance), provides a competitive advantage to clubs of similar capacities and attendances.



- 2.3.3 Furthermore, new stadia attract longer term sources of income (examples being five-year premier seat debentures and stadium naming rights) which also help clubs to budget more accurately and acquire long-term sustainability.
- 2.3.4 Further details of the impact of new stadia on a club's finances are included in Section 7.
- 2.3.5 In recent years National League clubs such as Braintree Town, Bromley, Chesterfield, Halifax, Maidstone, Maidenhead, Solihull Moors, Sutton United, AFC Fylde, York, Harrogate, Barnet, Borehamwood and Ebbsfleet have all invested in either reconstruction, redevelopment or building of new stadia, or have published plans to redevelop. Locally, Aldershot have a similar vision for a 10,000-seater stadium working with their local Council. This further highlights the importance of Woking's plans to remain competitive alongside similar teams and perhaps even surpass them.
- 2.3.6 When looking at what has been achieved elsewhere, we need to ask "Why not Woking?"

### **3. Woking FC**

#### **3.1 History**

- 3.1.1 Woking FC was founded in 1889 and after a nomadic existence moved to Kingfield in 1922, playing in the Isthmian League.
- 3.1.2 In 1958 Woking came to national prominence by winning the FA Amateur Cup at Wembley. This was live on BBC television and played before 71,000 supporters. The Club returned triumphantly to Wembley in the 1990's and won the FA Trophy three times in 4 years.
- 3.1.3 Woking FC was promoted to the National League in 1991/92 and throughout the last 27 years has played mainly in the fifth tier of English football, with only four seasons in the sixth. The Club was relegated into the National League South in 2017/18 but was immediately promoted in 2018/19 and is currently seeking back-to-back promotions.
- 3.1.4 The Club has a long-standing relationship with the FA Cup and the 1990/91 season saw Woking becoming part of FA Cup folklore, beating West Bromwich Albion. 100 coaches from the town then went to the next tie at Everton. This FA Cup run is still considered by the BBC to be one of the top ten FA Cup moments in history.

Last year the Club reached the third round again and hosted Watford. This tie pulled in a capacity crowd to see a team 110 places above them in the leagues and brought in approximately £150,000 in media coverage as it was aired on BT Sport as well as globally in Asia and the Middle East.



## 3.2 Existing Kingfield Stadium

- 3.2.1** The current ground is nearly 100 years old and has a notional capacity of 6,036. However, for safety purposes is now limited to circa 5,400. Like some of the stadia in League 2 and the National League, it still retains terracing for standing. The average capacity in the National League in 2017/18 was 6,701 and in League 2 was 10,801.
- 3.2.2** If Woking achieved promotion to League 2 in line with its five year strategic plan, the current Laithwaite Community Stadium would be one of the four smallest stadia in League 2 – the next smallest being Crawley Town with a capacity of 5,996, followed by Forest Green Rovers with a capacity of 5,147 (FGR presently have plans for a new 10,000+ capacity stadium). Current regulations require all clubs that are promoted to League 2 to meet the qualification criteria of 4,000 capacity (with ability to reach 5,000) with 500 seating (with ability to reach 1,000). Admission criteria is 5,000 with 1,000 seating (with ability to reach 2,000). A new member club entering League 2 must comply with the qualification criteria and has until the 30 April in its first season as a member to meet the admission criteria set out above.
- 3.2.3** The Laithwaite Community Stadium is not surprisingly showing its age and facilities are poor compared to most other modern stadia. The major weakness in the current stadium can be summarised as follows:

Commercial income from hiring of rooms/bars/restaurant space is negligible due to a lack of attractive facilities and space.

Commercial income from matchday hospitality is relatively insignificant due to poor quality facilities and the lack of any pitch views from those facilities. Accordingly, the Club is unable to capitalise on the growing number of potential business clients. The only way Woking FC can provide additional space is by renting facilities in local restaurants/hotels. The Cardinals Bar is situated behind the old stand, where away fans are welcome as long as the game isn't segregated. Even at National League level the majority of games are segregated and in League 2 all games are segregated. As the main bar, it is no longer effective for home fans. The Club is also losing the possibility of further match day revenues from away supporters owing to the lack of a second bar facility; this would only worsen in League 2 if promotion was achieved.

Toilet and concourse facilities are particularly poor and inadequate. Modern facilities for the disabled are woefully lacking. This makes it difficult to attract new fans and in particular, women and families. As has been mentioned, many other clubs are adapting to this but Woking is unable to.

The Club is overly reliant on income from unreliable runs in cup competitions and naming rights; income which can fluctuate significantly depending upon performance on the field. The only current income (ignoring funding from the FA) which is truly independent of on-field performance is Sheerwater FC groundshare income (which is time bound and will cease in the short term), extra games, community tournaments and some limited commercial income.



The long terrace looks unattractive as it has some large warehouse type structures sitting behind it.

In addition, the safety authorities have made it clear that they will insist upon significant and costly health and safety improvements should Woking FC not secure a new stadium.

### **3.3 Ownership**

**3.3.1** In 2001, the Club was bought by childhood fan Chris Ingram. He became acting chairman in 2010, when he underwrote losses of at least £200,000 per year so that the Club could continue as a going concern.

**3.3.2** Material shareholders holding in excess of 10% of the Ordinary shares of Woking Football Club Limited are currently Mr. Peter Jordan, the ultimate beneficial owner, who controls 66% and The Cardinals Supporters' Society Limited (Cards Trust), which controls 29% of the voting rights in the Company.

**3.3.3** The Club has previously been funded by ownership investment as well as being reliant on additional income brought in by cup runs. This has made it more essential to move towards a position of financial self-sustainability.

**3.3.4** A new stadium, along with the increased attendance and commercial potential this will bring will make Woking FC highly attractive to business investment. Attracting this additional income and investment relies upon the Club regaining control of the controlling shareholding presently sitting with Peter Jordan. Steps have already been put in place to achieve this and create a fully integrated investment opportunity.

## **4. New Stadium**

### **4.1 Location**

**4.1.1** The location of the new Woking Community Stadium will be at the same site as the existing Laithwaite Community Stadium. Kingfield has been Woking FC's home for 97 years.

**4.1.2** The site is adjacent to 3 major roads – the M3, M25 and A3 and Woking Railway Station, which with its frequent service to London Waterloo, is a 15-minute walk. These factors enable easy access for larger crowds visiting from opposing National League teams. In addition, a significant proportion of the club's catchment is Guildford based, following the demise of their team in the 1970's.



## 4.2 Capacity – why 9,026?

**4.2.1** At present, the Laithwaite Community Stadium has a capacity of 5,400 and has had an average attendance this season of just over 2,274. Last season it had 3 of its top ten attendances (between 3,500 and capacity) ever at Kingfield. The Club is ambitious and has aspirations to be promoted to League 2. Woking FC possesses a significant catchment area and is the highest placed football club in Surrey.

**4.2.2** The Club having a higher capacity stadium is the most appropriate business model based on the following factors:

Woking FC has played at Kingfield for almost a hundred years and needs a new stadium with sufficient capacity to provide for the long-term future and expansion of the Club.

It is statistically proven that new stadia attract increased attendances. Data from Deloitte and Touche shows the following increases in first year attendance for new football stadia:

<b>Club</b>	<b>Year of opening</b>	<b>% increase</b>
Leicester	2002	47%
Hull	2002	77%
Man City	2003	35%
Swansea	2005	67%
Arsenal	2006	57%
Milton Keynes	2007	57%
Colchester *	2008	-8%
Cardiff	2009	15%
Chesterfield	2010	76%
Brighton *	2011	172%
Tottenham*	2019	89%
<b>Average</b>		<b>62%</b>

\* The reduction in Colchester's attendance was due to the Club being relegated the previous season, whereas Brighton benefitted from promotion immediately prior to their first season in the new stadium. Discounting these two stadia moves reduces the average increase to 58%.

\*\*Tottenham's figures relate to current year figures being their first full season in the stadium.



Appendix 2 provides details of the capacities of all stadia in League 2 in 2017/18, together with the existing stadium's current capacity and planned capacity. The redeveloped Woking Community Stadium, with a capacity of 9,026, would rank 15 out of 24 Clubs.

Appendix 2 also shows that the average attendance in League 2 in 2017/18 was 4,491.

In the longer term, the “new stadium” impact declines and playing success becomes an important revenue driver. However, a new stadium and the increase in revenue generated acts as a catalyst for success. This is highlighted in following sections which emphasise the importance of non-matchday revenue and long-term self-sustainability as on-field success is not guaranteed.

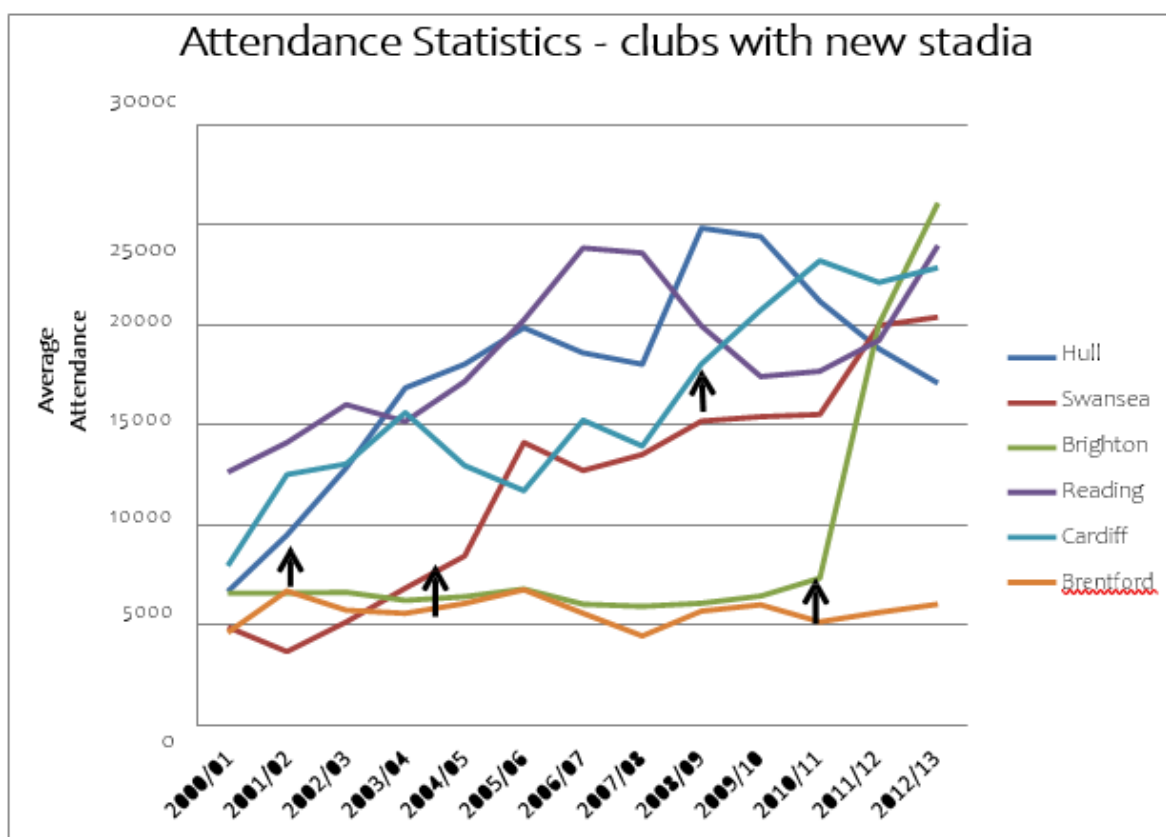
**4.2.3** In 2018/19, whilst in the National South division, Woking's average home attendance was 1,883. The National League average attendance was 1,984. Woking had a higher average attendance while in the National South than 17 out of the 24 teams in the National League in 2018/19, despite being in a lower division. **This indicates that Woking are ready to grow as they clearly have a bigger loyal fanbase.**

**4.2.4** Since 2016 the EFL have run an Away Fan Experience Project which measures the matchday experience experienced by visiting fans. This is significant as the growth of away fans brings tangible benefits to the club and the local community. Away fans are the beating heart of the matchday experience – they are central to atmospheres (home fans are always noisier if there is a loud away following), spend the most money following their teams, and are crucial to the EFL's media package. Woking's proposed new stadium has an excellent away end that is flexible and can be scaled up to hold more fans as demand dictates. In addition, the benefit to the local community is also real through travel, food and retail spend.

**4.2.5** In terms of developing facilities, developing a stadium and improving the playing standard, “Why not Woking?”

### **4.3 Other relevant stadia precedents**

**4.3.1** Whilst a move to a new stadium does not guarantee success, an examination of some recent stadia moves indicate a significant positive correlation. The graph below covers six clubs who have moved to new stadia.



The black arrows indicate when the Club moved excluding Reading who moved in 1998.

All of these clubs have been relatively successful subsequent to their new stadia investment with Swansea, Cardiff, Reading, Hull and Brighton having achieved promotion to the Premier League.

Attendance data shows:

Club	Capacity	Average attendance		% Increase
		Before move	After move	
Reading	24,000	9,676	23,948	147%
Hull	25,500	9,506	17,076	80%
Swansea	20,750	8,457	20,378	141%
Cardiff	26,800	18,043	22,843	27%
Brighton	27,000	7,351	26,065	255%





#### 4.4 Stadium design

**4.4.1** The Club's brief to the architect has focused on a stadium suitable for football, with good quality facilities that have a dual use, meaning that it can generate income on both match and non-matchdays and/or be suitable for other sport and community uses.

**4.4.2** The key features of the new stadium are:

Accommodation for 9,026 spectators.

A combination of seating and standing that fall into the National League's requirements.

Provision of 45 disabled spaces with easy access at all levels.

A full UEFA compliant pitch with dimensions of 105 x 68m (115 x 74.5 yds) which is capable of hosting international matches.

Pitch surrounds to accommodate extending the pitch playing surface to 106m to accommodate rugby.

Pitch construction with hybrid grass allows for increased usage beyond normal grass, thereby enabling a number of teams to play on the surface and allowing for ground share; women's, men's and academy games; as well as different codes of sport such as rugby.

Hospitality accommodation for up to 250 seated and 400 standing spectators via lounges, bars and hospitality boxes that will generate conference and banqueting revenue on non-matchdays.

5 hospitality boxes holding 8-10 spectators each.

Retail facilities including a shop, restaurant, gymnasium, medical centre, dental facility and multiple other medical/community use facilities including a pharmacy.

Groundsman accommodation (inc. office, workshop & garage)

**4.4.3** In order to effectively manage both capital and operating costs, the majority of hospitality, catering and office facilities are incorporated into the West stand which comprises some 2,581 sq. m of floorspace spread across two levels.



## 5. Community and Serving the Growing Town

- 5.1 Sport England states that the value of sport to local government and communities extends beyond sport for sport's sake. There is considerable evidence of sport's role in delivering a wide variety of benefits to communities and individuals, including economic growth.

Sports can help increase economic prosperity, provide employment opportunities and contribute towards raising aspirations and increasing skill levels.

Sports activities and events, sports facilities, sports volunteering, sports leadership, sports training and sports employment schemes all help develop the knowledge, skills and productivity of individuals and communities and create strong and vibrant neighbourhoods and cities where people want to live and businesses invest.

- 5.2 Woking FC is a unique community Football Club; Cardinals in the Community has over 25 projects covering mental health, dementia, the elderly, marginalised youth, general health, wellbeing, Junior Citizens, schools, charities, youth clubs, girls and ladies football, internships and the academy. Nationally, in 8 years Woking FC has been Community Club of the Year four times and won numerous other awards. Internationally, the Chaplaincy work has been profiled in the New York Times.
- 5.3 Woking as a town is changing dramatically and in line with the Woking Economic Development Strategy, is becoming the major administrative, economic and business hub in Surrey. Surrey's premier sports stadium will attract larger crowds, boost local business, provide much needed retail and medical facilities and will provide health and academic benefits through community programmes.
- 5.4 The Woking Borough Council's Economic Development Vision highlights leisure as a key component of its outworking and the stadium redevelopment will be a fundamental element of this. Numerous recent city developments have used the power of sport as a catalyst, such as Glasgow and Manchester, and so too can Woking to progress and develop the Kingfield locality and enhance the Hoe Valley sports zone. The stadium will add value into the wider community and integrate opportunity and facilities for the business community to utilise. This will include commercial space, community functions and events, conference and event spaces, activations, sponsorships and partnerships.
- 5.5 Woking FC has been the community heart of the town for 130 years and the redeveloped stadium will position it to be a modern, ongoing community asset. Local organisations, charities, schools, sports clubs, businesses and all sections of the community will benefit for many generations to come.
- 5.6 In addition, the pitch is used continuously once the season ends by community groups and charities. The planned modern pitch will enable year-round usage by many more community groups.
- 5.7 Other towns and communities have already benefited hugely from similar stadium developments and experienced subsequent sporting success. "Why not Woking?"



## **6. Alternative Proposal**

- 6.1** We are aware of alternative proposals for funding the redevelopment of the stadium.
- 6.2** The proposed use of £30 million of taxpayer's money to fund the reconstruction risks a number of undesirable outcomes and long-term risks for Woking and the local community.
- 6.3** Without a fully redeveloped site, the community will not be able to benefit from new retail amenities and facilities as the proposals will not allow for these. These new retail facilities will allow the Club to generate further income supporting the Club's growth and the local community's economic activity.
- 6.4** If publicly funded, the development will restrict and reduce the area's attractiveness for further potential investment. If the Club is able to take control of the development there will be the opportunity for new retail outlets to be incorporated into the design. Additional outlets will attract further infrastructure investment.
- 6.5** A full redevelopment of the site will minimise the ongoing and long-term maintenance costs associated with a stadium. If the Club is fully in control of the stadium's ongoing development, it provides a sustainable model for the future. However, were the Council to fund its redevelopment it would be left with a liability with a cost base that will continue to grow indefinitely.
- 6.6** The community and people of Woking deserve better than a patched-up stadium with escalating maintenance costs. They have waited thirty years for this opportunity and now is the time to seize it. This can only happen if the Club is fully in control of the redevelopment of the site.
- 6.7** There is no reason "why not Woking?"

## **7. Financial Projections for The Woking Community Stadium**

The development of the new stadium is based on delivering improved capacity and facilities to achieve a significantly more sustainable operating business plan by:

Attracting increased spectator numbers and increased spend per head by offering better facilities to all fans.

Offering a range of hospitality and premium seat products.

Increasing non-match day income via conference, retail and commercial unit rent.

Increasing commercial revenue via naming rights and increased sponsorship income.

Attracting a potential ground share to increase revenue and share costs.



## 7.1 Non-matchday revenue

**7.1.1** A key focus for the Woking Community Stadium is to provide Woking FC with a higher proportion of longer term, stable, non-match related sources of income. This is in addition to an anticipated increase in spectator numbers/revenue which can be expected from a new stadium.

**7.1.2** A summary of current stadium and indicative redeveloped Woking Community Stadium non-performance related income shows:

Non-performance related income	
Current Stadium	Developed Stadium
Groundshare income	Retail
Stadium naming rights	Groundshare income
Cardinals Bar & Geoff Chapple Lounge	Rental income – Commercial units
	Medical centre
	Stadium naming rights
	Concessions & hospitality
	Catering income – non-match days

Further details of these additional non-performance related sources of revenue are as follows:

## 7.2 Conferencing/banqueting facilities

**7.2.1** Most new stadia generate income by selling match day lounge and media centre space as conference and banqueting facilities on non-match days. Desk top research undertaken by external consultants has confirmed that demand exists in the Woking area.

## 7.3 Sponsorship, advertising & stadium naming rights

**7.3.1** Selling stadia naming rights is now commonplace at all levels – recent examples are Arsenal (Emirates) and Saracens (Allianz).

The high-profile position of the Woking Community Stadium being near 3 major roads; M3, M25 and A3, as well as its good rail links would help generate higher income than other similar clubs which are less well located.

**7.3.2** It is likely that any deal would include use of lounges/hospitality boxes.

**7.3.3** The Club is currently generating sponsorship and advertising income of approximately £92,735. With the greatly upgraded facilities and the increased attendance this is conservatively expected to bring an additional £20-25,000 of sponsorship and advertising revenue. This would increase even further with promotion to League 2.

**7.3.4** Different streams of advertising revenue will correlate with attendance, such as pitch side advertising boards as opposed to those such as shirt sponsors which will be fixed.



#### **7.4 Property rentals – retail and other commercial units**

**7.4.1** The creation of new retail units at the stadium will allow the Club to generate more reliable revenue streams independent of on-field performance. This will reduce the company's reliance on matchday and sponsorship revenue which fluctuates depending on the success of the team. This will allow the Club to more accurately budget for future years as it will be able to rely on a fixed source of revenue.

**7.4.2** Based on current market rental prices in the local area, the annual rental yield of these commercial units is expected to be in the region of £400,000.

**7.4.3** Profits could increase with a change of tenants in future periods.

#### **7.5 Car park revenue**

**7.5.1** Current plans incorporate extra spaces for Woking FC. On match days a portion will be used for officials/staff/players and visiting directors, but the bulk will be included as part of the marketing of hospitality packages.

#### **7.6 Premier seating sales**

**7.6.1** Premier seat sales have a link with matchday performance at the point of sale (they are easier to sell if the team is doing well). However, these ticket sales could be fixed for a longer period, therefore, on-field success is less of a factor than in regular ticket sales.

**7.6.2** At present, Woking has an extremely limited corporate offering due to the lack of space and poor-quality facilities. There are no hospitality boxes and no lounges with pitch facing views. The current Premium Seat lounge facility is a windowless room.

**7.6.3** Most recently built football stadia have all incorporated Club Level or Premier Seating.

This product is aimed at businesses and individuals who do not want to commit to the cost and relative inflexibility of a hospitality box, but are prepared to pay a premium for quality seating which incorporates the option of catering and allows networking opportunities for guests.

**7.6.4** Recent examples of successful premier seat sales include Hull, Swansea, Cardiff and Arsenal. At Arsenal's Emirates Stadium which has a capacity of 60,000, the Club Level comprises 7,000 seats and together with 150 hospitality boxes generates income which nearly matches the income from the remaining 50,000 seats.

**7.6.5** Brighton's stadium, which opened in 2011, was successful in selling 2,800 premium seats on five-year packages.

**7.6.6** With the number of local businesses in the area, the advent of premier seating should drive significant demand.



## 7.7 Future potential activities

- 7.7.1 The redeveloped stadium will be able to facilitate the hosting of concerts and other stadium shows as well as providing an opportunity for on field exhibition events.
- 7.7.2 The Club will have the opportunity to host charity matches and other charitable events which will benefit the Woking community. Modern pitch technology will vastly increase availability of the pitch for community use.
- 7.7.3 Tours of the stadium can be arranged, generating an additional revenue stream.
- 7.7.4 The increased capacity will allow for tickets to be donated to local schools and youth groups, which will not only benefit the community, but will also attract a younger fanbase, promoting the values of Woking Football Club and introducing a future generation of fans to the town's club.

## 7.8 Recent trading at the Laithwaite Community Stadium

7.8.1 The project for a redeveloped stadium has been driven by the need to achieve a more sustainable operating business plan for Woking Football Club. The limitations of the current facilities at the Laithwaite Community Stadium make it unrealistic for the Club to break-even in the current stadium while maintaining a competitive playing budget without having to rely on a competitive cup run.

7.8.2 Recent trading results are as follows:

£'000s	Final	Final	Draft
Year ending	May-17	May-18	May-19
Turnover	1,218	1,313	1,593
Operating profit/(loss)	(127)	(238)	172

- 7.8.3 The variation in turnover over the three years is largely due to additional cup income – with the May-19 figures boosted by the FA Cup game against Watford.
- 7.8.4 The cost base has increased significantly over the past two years as investment in the Club's training facilities, management and medical facilities has been made, alongside an increase in the playing budget. Despite this, Woking still has one of the lowest playing budgets in the National League.
- 7.8.5 Achieving the target of promotion to League 2 will result in increased revenue, but the scope for this at the current Laithwaite Community Stadium will be limited and the increased income will be offset by the magnitude of the increased playing budget required.



## 7.9 Current forecasts v redeveloped stadium

- 7.9.1** A summary of the projected financial impact of the new stadium in both the National League and League 2 have been completed. Please refer to Appendix 1.
- 7.9.2** This forecast covers Year 1, but also indicates the likely position should the club achieve promotion to League 2.
- 7.9.3** The figures contained in Appendix 1 represent a simple summary of a more detailed exercise. The assumptions and calculations behind these can be provided as required in support of the planning application.
- 7.9.4** The assumptions used have been derived from analysis provided by the Football League benchmarking data, using Deloitte & Touche's Football Finance review and feedback from a number of consultants that have included:

New 9,026 seat capacity with all hospitality facilities in West stand.

Sale of premium seats and hospitality boxes.

Increased ticket prices if the Club is playing in League 2.

Income from non-match day conferencing and banqueting.

Income from rent of commercial units.

Additional costs and overheads relating to the new stadium.

The forecasts can be regarded as conservative in terms of potential cup revenue as they assume a first-round exit in all cup competitions. This contrasts with the 2018/19 season in which the Club generated approximately £150,000 additional revenue from the FA Cup.

## 7.10 National League comparison – key points

An uplift in income from £1.3m to £1.95m with key increases in ticket income, hospitality income, sponsorship and advertising income, and commercial rental income.

Average attendance (excluding premium seating and boxes) up 20% against current levels but no increase in ticket prices assumed.

Costs (excluding playing squad) increased by approximately £440k due to increased operating costs and additional staffing costs.

**Overall forecast operating profit improvement is £206k, i.e. turning the operating loss of £200k into a profit of £6k.**



### 7.11 League 2 comparison – key points

In order to understand the impact of moving into League 2, the historic attendance improvements in clubs being promoted to the League 2 has been analysed together with ticket prices.

Overall revenue uplift from £1.3m to £2.9m with key increases in ticket income, hospitality income, sponsorship and advertising income, and commercial rental income.

Operating costs (excluding playing squad) increase by approximately £740k compared to the current position.

**Overall forecast operating profit reduction (relative to the National league scenario) is £585k, i.e. turning the current operating loss of £200k into a loss of £579k.**

### 7.12 Longer term and sensitivities

More important for the Club than Year 1 forecasts is the ability to use the new stadium and vastly improved facilities to further grow revenue over the longer term and create a business model that is sustainable.

## 8. Arrangements During Construction

- 8.1** Owing to the required phasing of the development, the football Club will be required to relocate from the Kingfield site for a period of two years whilst the existing stadium is demolished and the new stadium constructed. The Club has undertaken extensive research into options for ground sharing during this period and now has a preferred option – though this cannot be revealed at this time owing to commercial confidentiality.
- 8.2** The Football Club has also undertaken detailed reviews of the likely changes to its financial model during the time away from Kingfield – in particular, the likely impact on ticket sales and other revenue streams. In summary, if the Club remains in the National League National Division, it is estimated that revenues would fall by circa £600,000 per annum but costs would also reduce by £150,000 per annum giving a net deterioration of the P/L account of £450,000 per annum. The detail behind these figures is obviously commercially confidential but can be made available as necessary in support of the planning application.
- 8.3** GolDev, the developer of the scheme, has entered into legal agreements to underwrite the additional losses incurred by Woking Football Club during the period in which the club is required to play away from the Kingfield site.





## **9. Ongoing Investment**

- 9.1** From the figures set out above, it is clear that the development will put WFC into a debt free situation with a new stadium that is rebuilt to a high standard, benefitting from both on-field and off-field income streams and which is fit for the next phase of the Club's history/development. It is, however, clear that further income streams will be required to increase the playing budget as outlined in Appendix 1, if the Club is to achieve its aim of promotion to the EFL and remain competitive at that level.
- 9.2** The Club is, however, confident that being debt free and with this new stadium, the Club will become an attractive vehicle for ongoing investment. Indeed, such investment is widespread throughout the football pyramid and even at National League level where the majority of clubs have some form of further income from investors to boost traditional income streams.
- 9.3** Recent examples of such further investment include Accrington Stanley (Andy Holt), Fleetwood Town (Andrew Pilley), Forest Green Rovers (Dale Vince / Ecotricity) and Salford City (the "class of '92") which has led to those clubs rising from the National League to the EFL where they all now compete successfully.
- 9.4** In the National League, clubs such as Notts County (Alexander and Christoffer Reedtz), Harrogate Town (Irving Weaver), Ebbsfleet United (Dr Abdulla Al-Humaidi), Dagenham and Redbridge (American consortium including Tim Howard and New York Yankees shareholder Peter Freund) and AFC Fylde (David Haythornthwaite) have all attracted new investment which has significantly impacted their playing budgets. Indeed, Woking FC remains one of the few clubs in the National League not to have secured such further investment.
- 9.5** We should question "Why not Woking?" in terms of the potential to attract significant investment as the stadium is developed and Woking FC progresses. Woking possesses many advantages over other clubs in terms of the town's status in Surrey, the Club's prosperous catchment area, the lack of direct competition in the local area and a vibrant community with good demographics.
- 9.6** Without the stadium development, Woking Football Club will not achieve its ambitions and will not be financially sustainable because a major new stadium, with attractive amenities and facilities, welcomed by the local community, is crucial to attracting the further investment the Club needs to maximise potential.
- 9.7** Attracting this additional income relies upon Woking FC regaining control of shares presently owned by Peter Jordan, thus making the Club a more attractive vehicle in which to invest. Steps have already been taken to achieve this.



## 10. Conclusion

Woking Football club is currently slowly dying. The club loses £200,000 per annum on average and has a decaying stadium that will cost fortunes in maintenance over the next few years. Papering over the cracks by refurbishing the existing stadium will only delay the inevitable. That course of action will see millions of pounds wasted since sustainable income cannot be generated. The deficit will continue to grow until it can no longer be sustained. The benefit to the local community will be lost.

A new stadium creates sustainable income from commercial units within the complex. More importantly it creates a football club that could attract long-term investment. A new stadium, zero debt and sustainable income is a winning formula. A new investor could gain control of the majority shareholding and their money would only be needed to increase the playing budget NOT to service interest and pay for new facilities. The new stadium would create dramatic improvements for the community and boost the local environment.

The key is attracting investment and the Club regaining ownership. Without investment the project cannot succeed and the new stadium is exactly what is needed to attract this investment. Investment in lower league clubs is on the rise. In 2016 BDO stated, “A staggering 73 per cent of clubs in League 2 had also been approached by potential equity investors. This suggests a more medium to long-term strategy from investors, recognising potential for future value growth – something that may not be available in EPL clubs where the impact of enhanced broadcasting rights may already be factored into valuations. In addition, investor interest is coming from across the globe as much as from domestic fans and funds.” Lower league clubs such as Accrington Stanley, Fleetwood Town, Salford City FC and Forest Green Rovers have all received investment in recent years and have all since seen promotions, “WHY NOT WOKING?”

Without the new stadium Woking Football club fails. With a new stadium the club could be Surrey’s first Football League club.



## APPENDIX 1

### Woking Football Club

#### Summary of projected financial impact of new stadium

	First year in new stadium	
	National League £	League 2 £
<b>Movements in net income</b>		
Retail / Commercial income	385,800.00	385,800.00
Gate receipts	120,000.00	270,000.00
FA receipts	-	720,000.00
Sponsorship	25,000.00	50,000.00
Stadium naming rights	20,000.00	40,000.00
Matchday hospitality	25,000.00	25,000.00
Pitch hire	20,000.00	20,000.00
Non-matchday hospitality	50,000.00	50,000.00
	645,800.00	1,560,800.00
<b>Movement in costs</b>		
Stadium operating costs	(440,000.00)	(540,000.00)
Playing squad	-	(1,200,000.00)
Staff costs	-	(200,000.00)
	(440,000.00)	(1,940,000.00)
<b>Net financial impact of new stadium</b>	<b>205,800.00</b>	<b>(379,200.00)</b>
Current status quo	(200,000.00)	(200,000.00)
<b>Net current position</b>	<b>5,800</b>	<b>(579,200.00)</b>



## APPENDIX 2

### National League - Season 2017/18

Team	Ground Capacity	Seats	Av Attendance	Catchment	Av attendance as %
Tranmere Rovers	16,587	16,587	5,117	321,000	1.59
Wrexham	10,500	10,500	4,642	62,000	7.49
Leyton Orient	9,271	9,271	4,344	276,000	1.57
Hartlepool United	7,833	4,180	3,350	93,000	3.60
Aldershot Town	7,100	2,136	2,429	243,000	1.00
Maidstone United	4,200	792	2,412	168,000	1.44
Sutton United	5,013	765	2,214	203,000	1.09
Woking	6,000	2,500	2,024	101,000	2.00
Eastleigh	5,700	3,210	1,960	131,000	1.50
Macclesfield Town	6,335	2,599	1,839	52,000	3.54
Chester	5,126	4,500	1,827	118,000	1.55
AFC Fylde	6,000	2,000	1,801	79,000	2.28
Torquay United	6,500	2,950	1,731	135,000	1.28
FC Halifax Town	10,401	5,108	1,726	88,000	1.96
Ebbsfleet United	4,769	2,179	1,563	74,000	2.11
Maidenhead United	4,000	550	1,475	150,000	0.98
Dagenham & Redbridge	6,078	2,200	1,464	211,000	0.69
Bromley	5,000	1,456	1,445	329,000	0.44
Dover Athletic	5,745	1,500	1,355	116,000	1.17
Barrow	5,045	1,000	1,181	70,000	1.69
Solihull Moors	4,313	1,000	879	214,000	0.41
Guiseley	3,000	510	870	22,000	3.95
Gateshead	11,800	11,800	853	202,000	0.42
Boreham Wood	4,500	1,700	655	37,000	1.77
<b>Average</b>	<b>6,701</b>	<b>3,791</b>	<b>2,048</b>	<b>145,625</b>	



## League 2 - Season 2017/18

Team	Ground Capacity	Seats	Av Attendance	Catchment	Av attendance as %
Coventry City	32,609	32,609	9,255	360,000	2.57
Lincoln City	10,120	10,120	8,782	130,000	6.76
Luton Town	10,356	10,356	8,676	215,000	4.04
Notts County	19,841	19,841	7,911	329,000	2.40
Swindon Town	15,547	15,547	6,380	220,000	2.90
Chesterfield	10,400	10,400	5,354	105,000	5.10
Wycombe Wanderers	9,535	8,041	4,705	175,000	2.69
Grimsby Town	9,052	9,052	4,658	88,000	5.29
Carlisle United	16,981	tba	4,609	108,000	4.27
Port Vale	19,052	19,052	4,583	261,000	1.76
Cambridge United	8,127	4,376	4,523	125,000	3.62
Mansfield Town	9,186	9,186	4,309	109,000	3.95
Exeter City	7,687	4,000	4,005	129,000	3.10
Crewe Alexandra	10,153	10,153	3,876	72,000	5.38
Newport County	7,850	tba	3,489	146,000	2.39
Colchester United	10,105	10,105	3,321	190,000	1.75
Cheltenham Town	7,066	3,912	3,172	117,000	2.71
Yeovil Town	9,565	5,212	2,941	45,000	6.54
Forest Green Rovers	5,004	2,041	2,772	6,000	46.20
Stevenage FC	6,722	3,412	2,611	88,000	2.97
Crawley Town	6,134	3,295	2,268	112,000	2.03
Barnet FC	6,205	5,334	2,113	388,000	0.54
Accrington Stanley	5,450	3,100	1,979	36,000	5.50
Morecambe FC	6,476	2,173	1,492	35,000	4.26
<b>Average</b>	<b>10,801</b>	<b>9,151</b>	<b>4,491</b>	<b>149,542</b>	