

Melbourn Community Sports Limited

Business Plan

Preliminary Details

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Definitions and Abbreviations

CCC	Cambridgeshire County Council
McSPA	Melbourn Community Swimming Pool Association
McSplash	The trading name of McSPA
MVC	Melbourn Village College
MVCSC	Melbourn Village College Squash Club
SCDC	South Cambridgeshire District Council

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1 EXECUTIVE SUMMARY

This Business Plan sets out the details of the initial set up and running of Melbourn Community Sports Limited. It details how the company will be structured, managed, financed and the plans for the first year of development.

1.1 The Company

Melbourn Community Sports Limited (MCS) will be a not for profit limited company. It will be the representative body of community sports provision for Melbourn and the surrounding areas. MCS will be made up of representatives from Melbourn Village College (MVC), South Cambridgeshire District Council (SCDC), Cambridgeshire County Council (CCC), Melbourn Community Swimming Pool Association (McSPA), Melbourn Village College Squash Club (MVCSC) and the local community on its board. MCS will be a registered charity limited by guarantee. As such, any trading profit will be invested in community sports development as determined by the board.

MCS will operate and manage the following facilities:

- Melbourn Community Swimming Pool and associated facilities.
- Fitness Gym to be built adjoining the pool facilities.
- Melbourn Village College Sports Facilities (out of school hours details of which will be set out in the operational agreement) including the floodlit multi-games area, tennis/netball courts, sports hall, gymnasium, dance studio and sports fields.
- Car-parking facilities.

and operate under agreement:

- Melbourn Village College Squash Club.

A detailed document will be prepared specifying the management and operating terms of MCS, which will be ratified by all parties.

1.2 The Product

MCS will be the single face of sports and leisure provision on the MVC site. It will provide the customer with a one-stop shop for all their sports and leisure activities including booking facilities, invoicing, payment and play.

The swimming pool will continue to operate as it is presently offering casual swimming for a variety of user groups, swimming lessons, specialised sessions, aquafit/circuit classes, private hire, birthday parties, special needs lessons etc.

Holiday activities are presently run by McSPA and these will continue under MCS and will be further developed and expanded to meet the demand that is currently under provided for.

The floodlit multi-games area will continue to be hired out for block bookings and casual bookings. Various leagues will also be set up to ensure maximum use of the facilities.

A new macadam tennis/netball surface will be built and be developed similarly to the floodlit multi games area.

A new fitness gym and changing facilities will be adjoined to the existing McSPA facilities. This will offer both casual and membership options with general and specialised sessions. A GP referral program will be introduced. There will also be access to the fitness gym at agreed times for older students from MVC.

To service the new and existing facilities of MCS new offices and a reception area will be included in the fitness gym building developments.

The gymnasium, sports hall and dance studio will be developed out of school hours to maximise the use of the facilities. This will be from a combination of private bookings, casual bookings, classes, courses and events.

The car-parking facilities will be upgraded and maintained.

Corporate packages will be developed to compliment and improve existing packages offered by both McSPA and MVCSC.

The unique selling point for MCS will be the broad facilities available to the customer both on a membership basis or pay and play basis whilst retaining the community feel.

1.3 Long Term Aim

The long-term aim of MCS is to provide high quality community sport and leisure facilities for the community. Emphasis will be on developing programmes for all sectors of the community and in particular sports development.

The fundamental aims of MCS will be:

- To provide excellent sports facilities for education and leisure purposes on the Melbourn Village College site.
- To operate, maintain and develop those facilities under a single management system.
- To work in partnership with local authorities and other interested parties to improve the quality of life for local people of all ages.
- To adopt an inclusive approach, actively promoting equal opportunities access.
- To reinvest any surplus in further development of dual use sports and leisure facilities.

1.4 Vision

MCS' vision is to provide exemplary community sports/leisure facilities and opportunities within Melbourn and the local community for all user groups.

1.5 Mission

MCS' mission is to bring sports provision on the MVC site under one banner by June 2005 thus providing one central service for the customer. MCS also plans to develop the existing facilities to include a fitness gym, macadam netball and tennis courts and improved parking facilities, which will be operational by January 2005.

1.6 Company Values

MCS will be operated in accordance with the management agreement developed by the interested parties. MCS will be part of the community and endeavour to support the community in every way possible.

1.7 Financial Projections

It is anticipated that the initial capital investment will come from a variety of sources including local authorities, the partner bodies and private funding.

The estimated total cost of the developments is in the region of £750,000.

The "worst-case" cash flow scenarios indicate that the break-even point for MCS is at approximately 85% of the 750 memberships possible. Over a five-year period, this would result in a trading surplus of £2122. If, however, full membership were achieved then MCS would be breaking even at the five-month mark and would then begin to accumulate funds to reinvest into the facilities.

The cash flow forecasts and profit and loss accounts demonstrate that MCS will be self sufficient once set up.

2 BACKGROUND

The three main bodies have operated as separate bodies in the past. McSPA is a charitable Trust whose principle activity at present is the provision of a swimming pool and complimentary programme including swimming lessons. In addition, during school holiday periods, a comprehensive holiday activity programme is offered using college facilities (e.g. trampolining courses, football courses etc.)

The small pools project at Melbourn arose from a partnership between several agencies initiated following research undertaken by the Sports Council (now Sport England) into small pool provision. The pool at Melbourn was developed as a pilot project. McSPA arranged funding for the project in co-operation with the Sports Council. The Sports Council provided a prototype grant for £260,000. This was provided with a further regional grant of £50,000 and a regional loan of £10,000 bringing the sport councils total financial input to £320,000. South Cambridgeshire District Council provided a grant of £135,000 and the foundation for sport and the arts provided £13,000. The remaining £90,000 was raised by the swimming pool association through fund raising events during an eighteen-month period.

In the last 10 years, the business turnover has grown and McSplash has become one of the very few swimming pools in the country to successfully operate on a break-even basis without grant aid or local authority subsidies. According to Sports England figures, McSplash is in fact one of only five public swimming pools to achieve such success.

2.1 Products and Services

The services McSplash currently offer are wide and varied. Timetables run throughout the school term time with separate holiday programmes including special activities. During weekdays, there are activities from seven in the morning until ten at night. At weekends, McSplash is open between eight in the morning and six in the evening. The last financial year was the busiest yet with the swimming pool being manned and open to the public for seven days per week, fifty-one weeks of the year. Each week the building was open to the public for ninety-nine hours. Each year since opening has seen an increase in demand for all of the services and at present McSplash is almost at capacity.

The McSplash swimming development programme has acquired an excellent reputation. Each term we provide regular swimming lessons for over 700 individual pupils and run holiday swimming lessons for over 70 children and adults. In total, last year, over 3000 lessons were taught giving us a throughput of over 20,000 individual lessons over the 12-month period. Each ten-week term generates an income of some nineteen thousand pounds. With the use of IT, the lesson programme proves to be an invaluable source of income, which can be controlled by a single member of staff, leading to healthy income each term. The current waiting list for swimming lessons is about one year long and we are currently encouraging parents to place their children on the waiting list as soon as possible in order to avoid disappointment.

McSplash holiday activities are always a great success. Over the years, a great reputation has been built up for providing good value and most of all well organised and safe activities for local children and teenagers. Activities include canoeing, trampolining, snorkelling, orienteering and underwater photography. All the courses become full well before the event and it is not unusual to have to operate extra courses due to the demand.

Activities do not just cater for children. McSPA currently offers over 20 hours of public swimming, ten hours of adult only swims, four hours of adult swimming lessons and six hours of water aerobics each week. All of these sessions are fully subscribed. A copy of the present pool programme is included in Appendix IV.

McSPA is a registered training centre offering lifeguard and HSE First Aid at Work training courses. These courses provide highly desirable qualifications and are attended by candidates from all over the area.

McSPA is also home to the Melbourn Swimming Club, which boasts over 100 members. The club takes on children and adults acting as a feeder club for the larger swim squads in Cambridge.

McSPA is located on the village college site. Two years after the swimming pool was built, south Cambridgeshire District Council, encouraged by the success of the swimming pool, awarded the college site a substantial grant to build a floodlit all weather multi - games area. This games area along with the other facilities on site including a very well used squash club now allow McSPA to enjoy the benefits of being surrounded by many other clubs and groups.

MVC is an educational establishment. In addition to the students and community education, the following groups also use the site on a regular basis:

- Melbourn Village Squash Club
- Melbourn Village Tennis Club
- Great Chishill Tennis Club
- Melbourn Badminton Club
- Ipswich Town Community Project
- Royston Eagles Football Club
- Royston Town Ladies Football Club
- Eternit Colts Football Club
- Foxton Football Club
- Melbourn Business Training Centre
- Melbourn Youth Club
- Melbourn Slimming World
- Melbourn Judo Club

Additionally, many groups use the facilities on an occasional basis.

MVC needs to upgrade and develop the current sporting facilities. MVC is primarily an education establishment. Currently sports facilities are hired out to the public by the school and used by Community Education for courses and classes including a range of sports activities such as yoga and keep fit.

MVCSC was set up by members of the community interested in playing squash. The building was paid for by private funding. MVCSC has been operating successfully using volunteers since 1986. MVCSC is currently a members' only facility with the courts used exclusively by the members. The current membership is 100 full time members, 40 off peak members and 10 junior members. As part of the club's remit when it was set up, the school is allowed access to the facilities, coaches and equipment funded by the club. There is no casual use available to the community. Members participate in local leagues and competitions as well as having their own successful leagues. Lessons are also available for interested members with the club's own qualified instructor.

In 1999, SCDC undertook a study considering dual use sports centres across South Cambridgeshire including sport and leisure provision within Melbourn and the surrounding area. This identified a need for a fitness gym, improved netball and tennis provision coupled with a more strategic management of the facilities. From these discussions ensued which have now resulted in the development of MCS and the previously stated vision and mission.

2.2 Financial History

The Melbourn Community Swimming Pool Association's financial background is as follows:

Year	Turnover £	Trading Surplus £
1993	98 463	4 458
1994	109 641	21 872
1995	122 367	20,410
1996	126 612	14 780
1997	138 021	1 356
1998	167 529	24 890
1999	150 208	-60 987
2000	157 055	-11 839
2001	158 737	-25 620
2002	172 889	-2 300
2003	223 624	-3,808

Between the years of 1993 and 1998 it would seem that the trust was in a very good trading situation, managing to accumulate large profits each year. However, the amounts spending on plant maintenance and repairs in this period was inadequate, resulting in healthy balance sheets but not such healthy plant facilities. Over the past three and a half years, the introduction of new staff and chairman has seen the trust develop in a new way, investing in the maintenance and upkeep of the facility. In the short-term this has resulted in an overall trading loss, but this is now reducing as the new, full maintenance, operating regime becomes normal and it is anticipated that trading operations will return to break-even or slight surplus in the near future.

Due to the way that McSplash was funded (see Section 2) the building and its services were fully funded before completion. At the end of the last financial year, there were short-term liabilities of £13,783 (i.e. falling due within one year).

A copy of the accounts for the last financial year is included in Appendix I.

2.3 The Health and Fitness Industry

Over the last few years, the UK Health and Fitness Industry has witnessed a dynamic growth fuelled largely by increased Health and Fitness awareness and leisure spending.

The biggest growth area has been in the development of Fitness Gyms with nearly 8.5% of the UK population or 5 million people expected to belong to a fitness club by the end of 2004. The total market at present including independent clubs, leisure centres and branded health chains is estimated at 4,822. The private fitness chains currently represent 13.7% of this market.

Research demonstrates that, in choosing a club to join, convenience of location is a key criterion for club selection, with 77.6% out of the total member sample stating this as the key reason for selecting a particular club. Other key factors were the choice and quality of facilities and price/value for money.

According to an audit by Leisure Database, the Fitness Industry will support a further 300 – 400 health clubs over the next four to five years. However, in 2003/2004 new club openings are expected to slow as the major fitness chains look to consolidate their positions. The report also revealed that more Britons than ever are signing up to get fit by joining a gym.

2.4 Changes in membership levels throughout the UK in the last 12 months

Increase/Decrease in membership	% Clubs
------------------------------------	---------

+ 20%	23
+ 10-20%	21
Up to 10%	23
Remained static	24
- 20%	1
- 10-20%	2
-up to 10%	4
No response	2

91% of clubs have maintained or increased membership levels since last year.

McSPA presently has a catchment radius of approximately 10 miles for its swimming facilities. In this area there are very limited Health Club facilities and few of these are attached to swimming facilities allowing the use of both. The nearest such facilities are Letchworth to the South West, Sawston to the North East and Cambridge. Royston currently has two private leisure clubs, both of which have "tired" facilities and equipment and are essentially fitness gyms with limited classes.

Research over the last few years has consistently shown there to be a demand for a Health & Fitness Gym in the area.

2.5 The Local Area

McSplash swimming pool is currently the only all year round facility in the area, with the nearest competition being out of the area (Letchworth 14 miles away in N Herts. and the Abbey Pool 11 miles away in Cambridge).

The local community served by MCS is considered to be the population in the catchment area of Melbourn Village College and in the villages within a radius of some 10-12 miles of Melbourn, thus including Bassingbourn, Litlington, Thriplow, Orwell, Whaddon, Shingay-cum-Wendy, Croydon, Arrington, Crishall, the Mordens and Abington Pigotts, as well as part of North Herts (Royston, Therfield, Barkway... although demand from North Herts villages will perhaps decline at such time as Royston has a leisure centre)

Over the past ten years McSPA has built up a large and loyal customer base with a total of over one thousand five hundred adults and children becoming members and enjoying preferential rates, generally much lower than those of other facilities in the region. The activities offered draw in people from all over the South Cambridgeshire and North Hertfordshire area. Last year the swimming pool saw an average of 1000 swimmers per week. In addition there are 700 people currently on the swimming lesson programme and a further 210 children use the pool for primary school swimming lessons. MVC also use the pool for swimming during physical education.

The McSplash pool has created a wide range of benefits for the community and in doing so has become one of the main focal points for community life. Many of the benefits are immeasurable or intangible but can be summarised as follows:

- Overall increased fitness and health throughout the community. There is increasing support for exercise reducing the risk of various medical conditions and as part of a rehabilitation programme.
- Many adults and children have taken the opportunity to learn to swim.
- Large numbers of people have been trained in useful skills such as lifeguarding and first aid.
- Provides key resources for the Village College and local primary schools.
- Facilities and lesson programmes specifically designed for people with special needs.

In addition to these benefits, McSPA has fulfilled the aims of Sport England to provide a successful demonstration pool. In summary, the McSplash pool built by The Melbourn Community Swimming Pool Association has been an outstanding success. McSPA now wishes to build on this success, to amalgamate and extend the current leisure and recreation facilities for the community.

MVC currently offer the use of the school facilities for private hire to local groups for leisure activities. This has to be booked through the school. Additionally, community education provides adult education sessions that are exercise based including yoga, keep fit, trampolining, gymnastics and dance.

This is an area that could be developed with a more varied programme being offered to the community, including pay and play sessions. Both the demand and facilities are there but there is a lack of structure and personnel to maximise the opportunities that exist. This could be quite easily developed by marketing, considering how the facilities are presented to customer, health etc., including pay and play sessions and support for the development of local sports clubs.

The developments offer MVCSC members the opportunity to co-ordinate the current membership system with the use of existing and additional facilities. This process has already been begun with McSPA planning exercise classes in MVCSC facilities during off-peak court usage times and offering MVCSC members free membership at McSplash. This will also make the courts available to the local community on a pay and play basis and co-ordinated marketing/promotion opportunities. There will also be staff available to assist with any problems in the MVCSC facilities and to monitor and maintain cleanliness.

3 BUSINESS ORGANISATION AND MANAGEMENT STRUCTURE

As a registered charity and limited company MCS will trade within the limitations of the charity commissions rules and regulations. The people responsible under this governing document for the operation of the charity will be known as Trustees. As MCS will operate as a charitable company, the trustees are equivalent to Directors.

The document "Melbourn Community Sports Limited Operating Responsibilities and Accountabilities" gives information about the board structure and responsibilities.

An organisational structure for MCS is included in Appendix II.

The existing McSPA staff will operate the day-to-day management of MCS. Some changes and developments to the existing staffing structure will be required.

The Sports Facilities Development Manager will be responsible for the day-to-day management of MCS under the direction of the Board. Miss Greene started with McSPA in January 2003 and brings experience from her previous employment within larger charitable organisations including specialist knowledge relating to fitness suite operation within a charitable trust, sports development and leisure management.

McSPA has six other permanent paid members of staff - one senior Sports Officer, three Sports Officers and two Trainee Sports Officers.

McSPA also employs the services of a bookkeeper, twenty coaches and casual staff. These people all work on a term-to-term basis depending on demand. The rest of the staff are volunteers, ranging from volunteer receptionists and lifeguards through to volunteer maintenance workers and teachers.

In addition to the management team, McSPA retains the services of several companies in a professional capacity. These are listed at the front of this document.

4 MARKET AND COMPETITIVE ANALYSIS

4.1 Summary of SWOT Analysis

A summary of the SWOT analysis is included in Appendix III.

The main strength is the fact that there are existing facilities and therefore an existing customer base. In addition, McSPA has a good reputation for providing community sports facilities and activities. This is something that can be developed when introducing the fitness facilities and amalgamating the existing facilities. There is also a strong community element to the existing facilities, which goes back to fundraising for the pool prior to it being built. This has continued throughout the 12 years of existence and, again, this element will be developed when promoting the fitness gym. The existing staff are very motivated and enjoy working for McSPA. This is evident in how they interact with customers. This is invaluable in terms of customer service and must be retained with the development of the facilities. The staff are also experienced in working in leisure facilities.

McSPA and MVC have developed good links with local community groups, which can continue to be developed. McSPA is also actively involved in the SCDC Sports Development Programme and will continue to be so as MCS.

Another strength is the lack of competition from fitness gyms in the local market. As discussed earlier there is considerable demand for this kind of facility. Whilst there is limited competition presently, strategies should be in place for the development of any competition. It is likely that the existing competition will look to update their facilities in line with the development of the facilities at MCS. While competition is weak, MCS need to ensure that they optimise this and develop themselves as a market leader in the local area. This will help them in fending off any new competition.

It seems likely that shortly after the new facilities open, a leisure centre will open in Royston to include a swimming pool, fitness gym and sports hall. This should be considered as the main threat to MCS. It is essential that MCS' new facilities are open in advance of these facilities with time to develop the customer base and establish loyalty amongst the customers. This situation should be monitored and a strategy put in place to respond to the new entrant to the market. However, research indicates that there is sufficient demand in the area to support both facilities. The current opportunity offered by the lack of competition should be exploited to its maximum whilst it exists.

Fitness and exercise is a fashion industry and it is therefore essential that the management of MCS keep up with current developments and trends within the leisure industry, adapting the products and services to meet these trends. This represents another threat to the successful management of MCS, but with careful and proactive management this can be minimised. This also represents an opportunity for MCS to maximise on trends and keep up with developments in advance of the competition.

Increasing awareness of the health benefits of physical activity must be exploited to its potential particularly in the initial pre-sales period. An additional opportunity would be the management of the community centre, allowing the facilities to be maximised to complement the programme already offered by McSPA.

The existing staff come from a variety of backgrounds with extensive experience in leisure operations. The Manager has experience of working in large multi-use centres including extensive gym facilities. Some of the staff have limited experience of working in fitness gyms and this will need to be addressed by employing staff with experience in this area when looking for additional staff to meet the operational demand of the expanded facilities.

Other current weaknesses are inadequate parking and the design of the building. The parking at the college will also be developed within the project scope. The existing design of the building cannot be changed without huge investment, so the developments of the

fitness gym need to be sympathetic to this and make the best of limitations. Car-parking facilities are being developed as part of the project thus this weakness will be addressed.

Currently demand for the use of the swimming pool exceeds capacity. This weakness cannot be addressed without building additional pool space, which is not feasible. It is important that the pool is maximised and it will be possible to increase the opening hours with the introduction of the fitness gym. With the addition of more leisure facilities, it can be expected that demand will decrease slightly as customers have more choice in what activities they can do. Some customers who currently swim may choose to use the fitness gym as an alternative to swimming. With the addition of the fitness gym, the profile of MCS can be expected to increase and as such new customers will be attracted to the existing facilities.

Signage to the facilities needs to be improved from approaches to the Melbourn and from within the village itself as well as inside the college campus. Additionally, a large sign needs to be put up at the entrance to the building to identify it from the Car Park to new customers.

4.2 The Local Market

In the latter part of 2002, a survey was carried out amongst the local population. The survey was included in swimming pool timetables and left up to the customer to complete and return. The survey was conducted in this way in order to try and gauge interest in the project through the effort people put into returning the forms. Customers were simply asked to return a form if they would be interested in such a project. Collecting data in this way ensured that all questionnaires returned were completed by customers who had a genuine point of view over the subject.

The following results were obtained:

In total, there were 192 responses to the questionnaire. 87% of responders were in favour of the proposed fitness suite, with 13% thinking that it would not be a good addition to the village facilities.

The lack of negative questionnaires is to be expected, as generally people are less willing to comment on issues that they do not understand or are not interested in.

Overall, the survey results show that there is a great deal of public interest in a development such as this in Melbourn.

4.2.1 Services customers would like

The results from Figure 1 show that the local community already have a lot of knowledge regarding the services that could be made available to them. The two most popular services would be the provision of personal fitness programmes and facilities for fitness testing.

The amount of interest shown in GP Referral schemes is unusually high when considering that the local community has no access to or information about any such local scheme at present.

The high level of interest shown in therapy, massage and sauna reflects the increasing amount of professionals we have visiting the site from both Melbourn and Royston's industrial / science parks. This is likely to be considered as a phase two development once the current facilities are up and running and finances allow.

4.2.2 Equipment customers would like

Figure 2 shows that over 85% of responders in favour of the facility would like to see it equipped with both cardiovascular and resistance equipment. This is in line with standard fitness gym provision that has been tried and tested over recent years.

The desire for some form of entertainment during exercise had been shown with suggestions such as:

- MTV
- MUSIC
- MUSIC VIDEO
- PERSONAL MUSIC SYSTEMS

It is intended to provide cardio theatre with the CV equipment that by design meets all the above requirements.

4.2.3 How customers would like to pay

Figure 3 shows that the majority of people in favour of the new facility would prefer to pay by direct debit. This is in line with the majority of fitness facilities. It is intended that direct debit options will be offered along with pay as you go options. This ensures that the facilities are accessible to all.

4.2.4 How much customers would expect to pay

Figure 4 summarises the response to the question regarding monthly fees. The majority of people who completed the questionnaire were unsure about how much they would expect to pay for the service. The majority of people who did have an idea would be willing to pay between £20-£29 per month. This survey was completed over a year ago, so with inflation it can be expected that customers would now be willing to pay slightly more.

Most people noted that it would depend upon the quality and size of facility available to them. Following a review of the competition and the questionnaire responses first year prices for membership have been set as follows:

- Peak Membership £30
- Off Peak Membership £25
- Joining Fee £40

As previously mentioned, pay and play options will be available for those customers not wishing to take out a membership. They would be required to have an induction prior to using the fitness gym (one off payment of £10 - £15). The price for a pay as you play session in the gym will be set at approximately £4.50 off peak and £5.50 at peak times.

4.2.5 Customer catchment area

Reviewing McSPA's current customer base, it is evident that Melbourne's position off the A10 leaves it with a large catchment area covering not only Melbourn but also the surrounding communities up to ten miles away and more. This is supported by the results from the survey, which are shown in Figure 5.

4.2.6 Customer Age Range

The majority of the respondents were in either the 30 – 39 or 40 – 49 age group (Figure 6), with almost 80% of these groups being in part / full time employment.

Figure 1

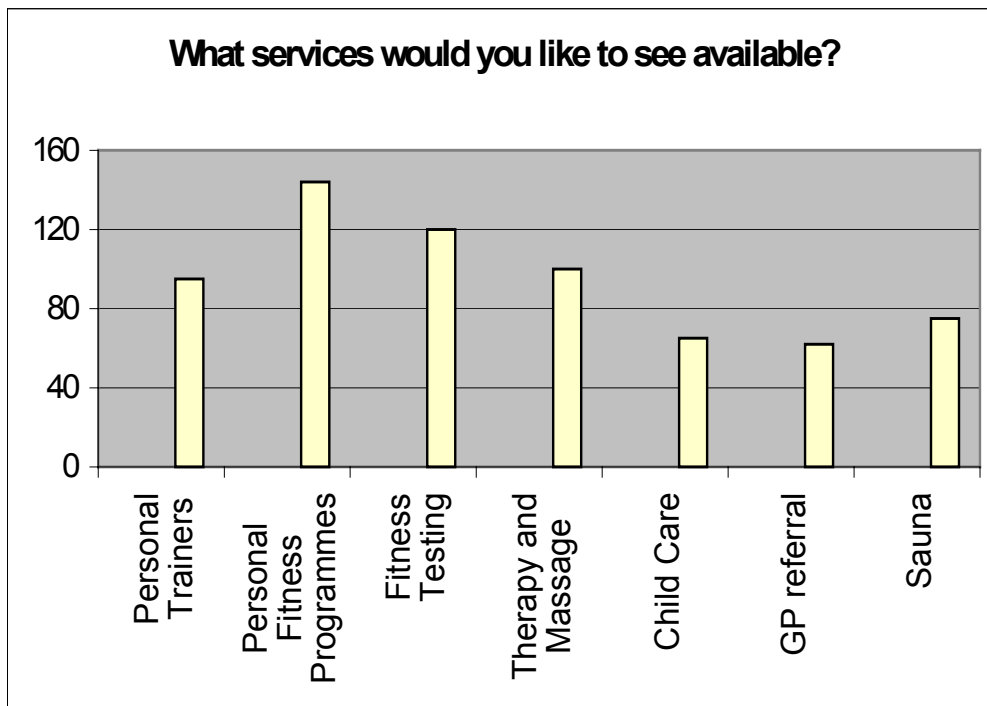


Figure 2

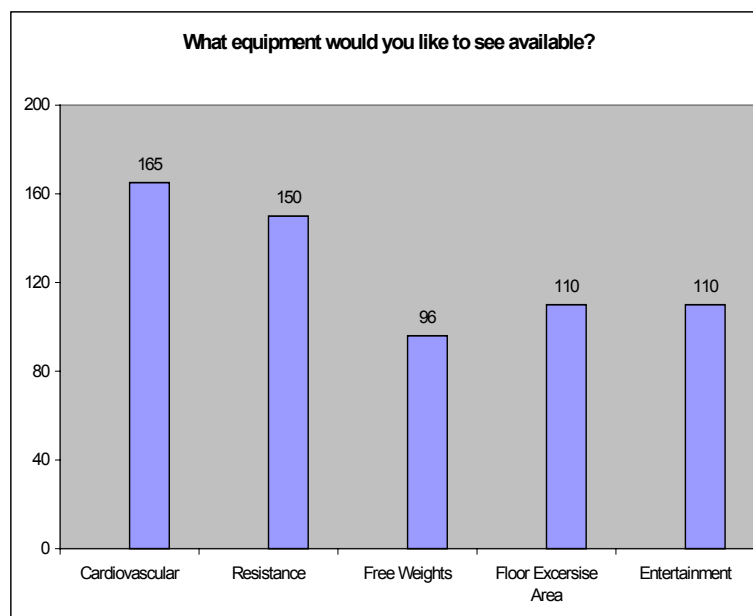


Figure 3

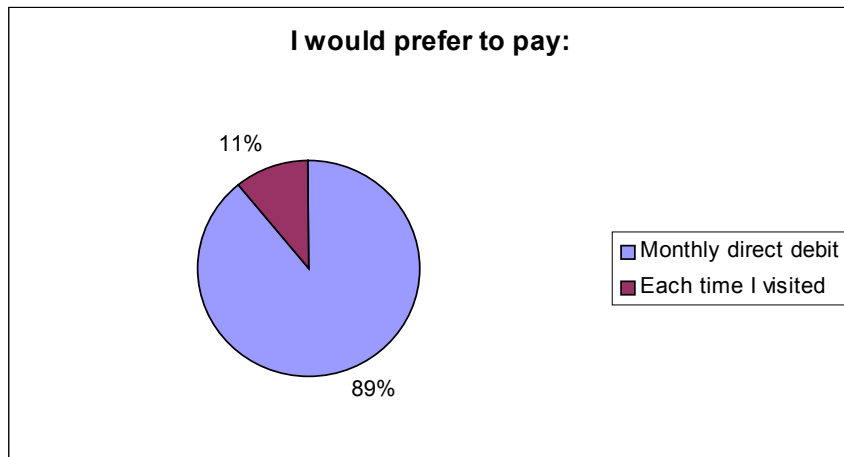


Figure 4

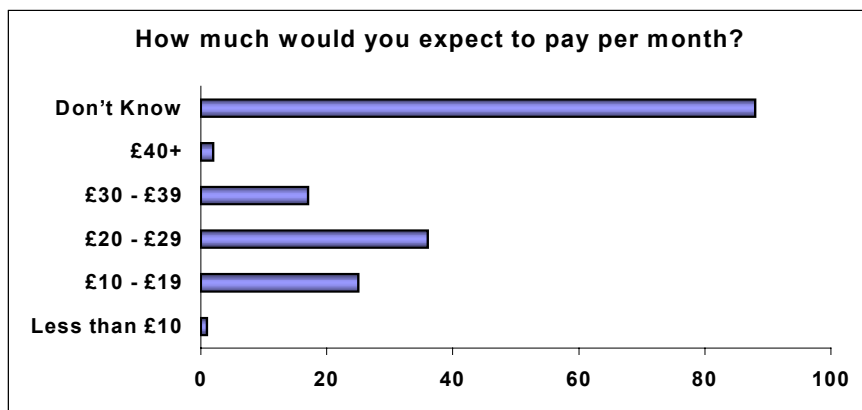


Figure 5

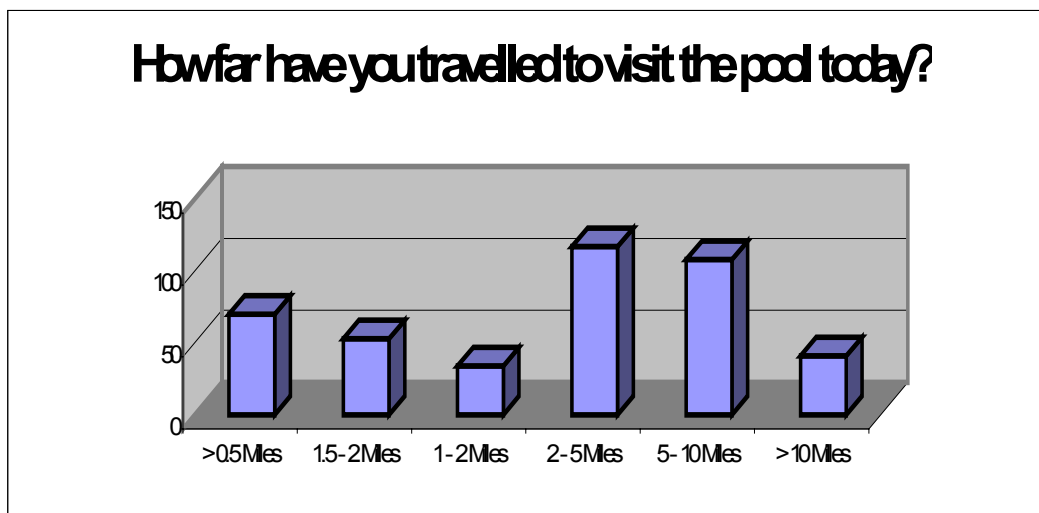
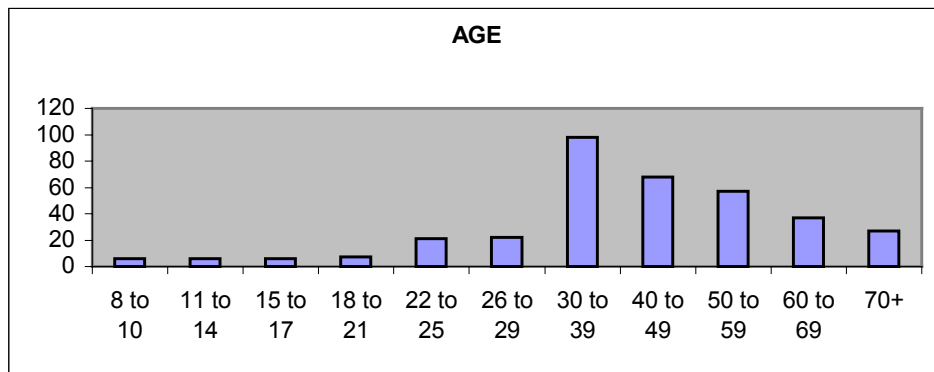


Figure 6



5 STRATEGY AND OPERATING PLAN

5.1 Entry Strategy

The entry strategy for the new facilities will be aggressive marketing and promotion to ensure that as many people as possible are aware of the development. The facility will be promoted as a community facility for use by all people in the local community. As there is limited competition in the local market, MCS will be looking to develop a niche market that will limit the effect of any new facilities that are developed in the area.

The fitness gym will be the core of the marketing/advertising but will also introduce the local community to the new Community Company operating all the community facilities.

5.2 Target Market

There will be a number of target markets for the new developments:

- Present Exercisers
- New Exercisers
- Over 50's
- GP Referral
- 14 – 16 year olds
- Overweight Population
- Elite Athletes
- Corporate Memberships
- Ladies

Some customers may fit into more than one target market as some of the segments will overlap. Each market segment will require different promotional techniques. In addition, they will need to be treated specifically to their needs when they have joined the gym to ensure that they remain a member. The target markets will be developed and expanded on as the facilities develop.

5.3 Sales and Pricing

MCS will operate a membership system with fees paid by monthly direct debit. There will also be a joining fee that will cover administration charges and encourage continuity. There will not be a minimum contract period attached to the membership, as this would discourage people from joining. In addition, this would create issues with the Office of Fair Trading, which has been looking into Fitness Gym/Health Club contracts over the last year.

Customers who are not members will be able to use all the facilities as casual users. The price will vary according to whether they are an adult or concession and whether it is peak or off peak. Block bookings will also be available for the FMGA, tennis and netball courts, sports hall and gymnasium.

Exercise for Health will be available in the gym from its opening (GP Referral scheme). This will be in conjunction with South Cambs District Council and initially will be funded to ensure that MCS does not make a loss from the operation. As a community facility, emphasis will be on exercise for all, including people with special needs.

To maximise the income from the facilities they will be open from 7am – 10pm on weekdays, 7am – 6pm on Saturdays and 7am – 10pm on Sundays. This will be open to all users most of the time with some special sessions programmed in, such as “Young at Heart” and “Exercise for Health”. School facilities will be available out of school hours.

5.4 Promotion

Once building commences and customers can see that the project is going ahead, publicity will be launched. This publicity will emphasise the community nature of the project and the unification of the various bodies into a single face to the customer, as well as detailing the developments and the variety of facilities and activities that will be available.

Pre-sales for the fitness gym will commence one month prior to opening, with the joining fee waived for the first 50 members. There will be a display set up with plans available and an example of some of the equipment (as space allows) in the fitness gym and detailing all the facilities available.

There will be lots of external advertising (editorials etc....) in addition to internal advertising. Any advertising being done in the run up to opening will include some reference to the forthcoming developments.

There will be annual promotion every January to tie in with New Year's Resolutions. There will also be promotions throughout the year as and when required. Any promotion and advertising will also include information on pay and play options.

To try and ensure retention of existing members there will also be various competitions/challenges in the gym with small prizes available. Leagues will be operated by MCS for the multi-games area and macadam surface.

As part of the joining fee, MCS will also provide a joining pack. This will include a number of informative leaflets telling the customers what facilities are available, the cost and how to book. Further, each customer who signs up to the fitness gym as a Direct Debit member will be given a rucksack, sweat towel and water bottle. These will all be branded with MCS's logo and as such will represent free advertising. The joining fee will cover the cost of these.

Different levels of membership will be available, taking into consideration peak and off peak times and different user groups. The facilities will also be available for casual use/pay and play at both member and non-member prices. Some memberships will be by Direct Debit membership where monthly payments are made or yearly payment. This is to provide the customers with a variety of payment options and ensure that all user groups are able to access the facilities.

Once the gym is up and running there will be various promotional campaigns run during the year to ensure that membership levels remain high. There will also be a variety of motivational schemes run to ensure that retention levels are kept as high as possible.

5.5 Staffing

To facilitate the planned developments at MCS it will be necessary to employ further staff and adapt the staffing structure. This is described in Appendix II.

The staffing costs will be approximately £20,000 per month or £240,000 annually. A breakdown of the costs is included in Appendix V.

All staff will be qualified with the appropriate industry qualification.

Existing and new staff will undergo an intensive period of staff training prior to the opening and amalgamation of the new facilities. This will be co-ordinated by the manager and will involve external trainers as appropriate.

5.5.1 Health and Safety

All MCS facilities will be included into the existing health and safety maintenance plan, which includes inspections required under Health and Safety law.

6 FINANCIAL ANALYSIS

6.1 Financial Forecasts

Several financial scenarios have been modelled, including cash flows and profit and loss for two and five years. All the financial forecasts were performed at 100% and 85% take up of the maximum fitness gym membership. Take up of the other facilities was assumed at 80% of maximum possible. All scenarios allow for repayments and interest on a loan of £100,000.

Appendix IX shows the predicted profit and loss for the first two years of operation. This shows that with a membership base of 750 achieved within 6 months and all other facilities used at approximately 80% capacity at the current prices, MCS would have a gross trading surplus of £64,943 after two years. Appendix VIII shows the same situation but with only 85% of the 750 membership base achieved after 6 months and remaining at this level. In this scenario, MCS would be at about breakeven point with a gross trading surplus of £533 at the end of two years. In this worst-case scenario (i.e. in the event that a commercial loan is sought), there would be some months where a loss is made because of the loan interest being paid at three-monthly intervals. This would need to be accounted for in the management of the finances. After 5 years, the trading account shows that at 85% capacity a trading surplus of £2121 would be achieved. This is illustrated in Appendix X. At full capacity, the trading surplus after 5 years would be approximately £155,000, as illustrated in Appendix IX.

The cash flow forecast in Appendix VII demonstrates that after 5 months MCS would be breaking even assuming full membership of 750 is achieved. The modified forecast for a membership take-up of 85% is given in Appendix VI and shows that break-even is achieved after a year of trading. The assumptions upon which the financial forecasts are based are shown in Appendix XII.

6.2 Funding Requirements

As the financial forecasts demonstrate, MCS will be self-sufficient once set up and running. An initial capital investment is needed to set the development up, but, given that MCS will be self-sufficient, this is a sound investment. The majority of local authority facilities require some level of operational funding from the authority, particularly if they include a swimming pool. MCS is therefore a good opportunity for the local authorities to be involved in the provision of leisure facilities for the local community, but with no long-term investment required beyond the initial capital. It is anticipated that the initial capital investment will be funded as follows:

➤ CCC	£300,000
➤ MVC	£ 50,000
➤ McSPA	£ 50,000
➤ MVCSC	£ 10,000
➤ Private Funding	£ 50,000

It is hoped that SCDC will be able to fund in the region of £275,000.

The estimated total cost of the developments is in the region of £750,000. The funding identified to date leaves a shortfall of £15,000. It is anticipated that this can be sourced from further private funding and sponsorship.

The financial projections for the running costs allow for a Small Business Loan of £100,000 to be taken out. The interest and repayments are included. This is used as the worst-case scenario and will be avoided as far as possible. However, the figures clearly demonstrate that this loan can comfortably be afforded if circumstances require. Preliminary discussions with the bank strongly indicate that it would be possible for MCS to acquire this loan.

The cash flow forecasts and profit and loss accounts demonstrate that MCS will be self sufficient once set up, even when allowing for a loan of £100,000.

6.3 Risk Analysis

The financial forecasts are based on fundamental assumptions, which are included in Appendix XII. In preparing the financial forecasts, every attempt has been made to account for unforeseen circumstances. Generous funds have been put aside for the maintenance and upkeep of the facilities. The forecasts have been performed at different levels of income. An economic downturn would undoubtedly affect MCS, as customers would start reducing the luxuries in their life, which includes fitness. Therefore, the number of customers that we would be competing for would be reduced. In this event, it would be necessary to ensure that we are offering a quality package that is better than the competitors. It would also be necessary to concentrate on the core activities, such as swimming lessons, which customers will see as more essential. As MCS will be priced mid-market, it is likely that a downturn will have only a small impact. Customers who have previously paid more may choose to go for a less expensive option, thus still leaving MCS with a customer base. The high-priced end of the leisure market would be worst affected.

As previously discussed, it is anticipated that at some point in the future there will be a leisure centre opened in Royston. Again, this would undoubtedly affect MCS, with many of the customers to the south of Melbourn being drawn to the more local facilities. However, many current McSPA customers are drawn from the north, as people are reluctant to battle into Cambridge for leisure facilities. Additionally, research has demonstrated that there would be sufficient demand for both Royston and Melbourn facilities to operate. It is however, important that MCS establishes and builds on the existing McSPA reputation to develop customer loyalty and always keeps abreast of local developments. It is important not to be complacent and always to be developing plans to ensure that customers are retained.

Of particular concern is the level of litigation in today's culture, so it is essential that MCS operate at the highest levels to ensure that this risk is minimised. Suitable insurance cover will be taken out and management will ensure that all staff are appropriately qualified and experienced for the jobs that they are performing.

7 CONCLUSION

The amalgamation of McSPA, MVC and MVCSC will provide a significant improvement to the current arrangements for leisure facilities on the MVC site. It would provide a “one-stop shop” for the customer and clarify current booking arrangements. The specialised and dedicated staffing structure will offer opportunities for improving and developing the current provision to maximise the opportunities available to the customer. Facilities will be developed to improve access to all user groups allowing them the opportunity to access physical activity and reap the benefits of the physical and psychological benefits of exercise. The dedicated staff will also be able to expand on sports development provision.

Whilst an initial capital investment is required, financial forecasts demonstrate that within 6 months of opening break even point will be reached and MCS will be self sufficient with no requirement for further investment. Additionally, the financial forecasts demonstrate the capability for a trading surplus to be created which can then be reinvested into enhancing community facilities and activities on the MVC site.

An existing staffing structure is in place at McSPA, which can be developed to manage MCS with minimal disruption. This provides the opportunity to maximise on the experience of the existing staff and the good reputation of McSPA as a community facility.

Research demonstrates that the fitness industry is expected to continue to grow in future years and that there is a market for the facilities within the local community.

Now is the ideal time to capitalise on these windows of opportunity and provide the local community with much needed facilities and ensure the continued provision of existing facilities.

Appendix I

Summary Accounts for Financial Year ending December 2003

Year End 31.12.03

02/01/2003 Through 01/01/2004 (in Pound) (Accrual Basis)

Page 1

Category Description	02/01/2003- 01/01/2004
INCOME	
Administration Fee	1,000
Donations	2,018
Interest	1,227
Sales	
Activities Mem	16,491
Activities Non	9,219
Discount Tickets	15,462
Entrance Memis	16,990
Entrance Non	24,313
FMGA	297
Lessons	67,617
Memberships	
Clubs & Assn	1,920
Corporate Memberships	3,471
Private	13,732
TOTAL Memberships	19,123
Pool Hire	11,530
Season Tickets	2,859
Sundry Sales	4,493
Vending	28,286
TOTAL Sales	216,680
Squash Tokens	0
Teaching	2,700
TOTAL INCOME	223,624
EXPENSES	
Uncategorised	0
Activities Expenses	4,244
Advertising	1,937
Corporation Tax	30
Finance	1,257
Insurance	9,291
Maintenance	
Pool	9,817
Property	7,926
Cleaning & Consumables	1,365
TOTAL Property	9,291
TOTAL Maintenance	19,108
Office Expenses	
Stationery & Postages	3,146
Sundry Office Exps	275
Telephone	1,827
TOTAL Office Expenses	5,248
Overs & Shorts	317
Professional Fees	1,680
Purchases for resale	
Other	3,788
Vending	20,186
TOTAL Purchases for resale	23,974
Salaries	
Admin Staff	10,517
Holiday Staff	7,010
Other Staff Salaries	1,860
PAYE	30,304
Pool Staff	5,258

Year End 31.12.03

02/01/2003 Through 01/01/2004 (in Pound) (Accrual Basis)

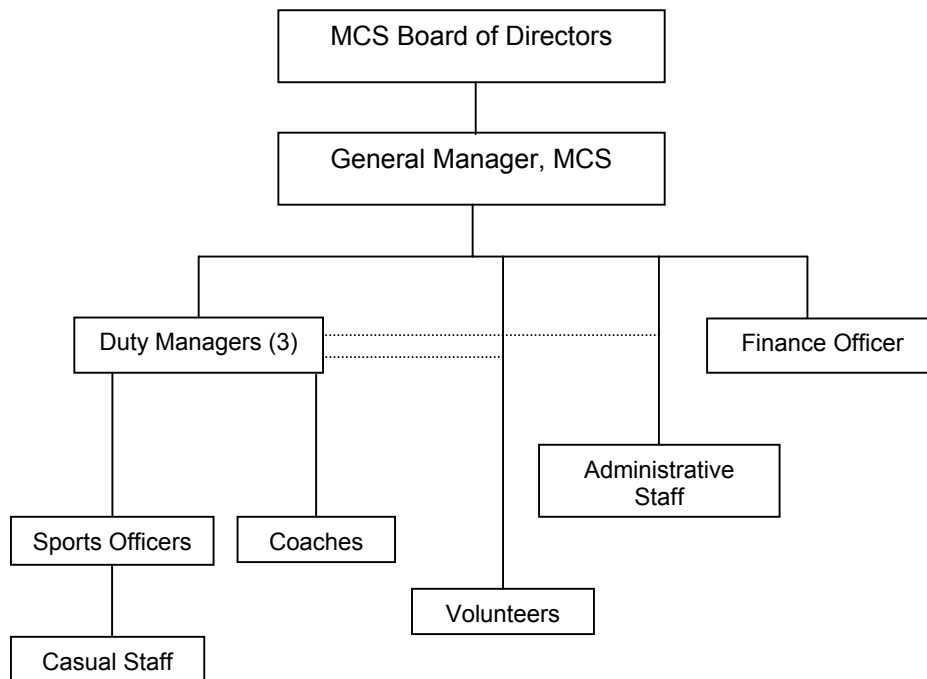
Page 2

Category Description	02/01/2003- 01/01/2004
Sports Officers	48,178
Sundry Staff Expenses	1,379
Swimming Teachers	22,244
AquaFit	3,351
TOTAL Swimming Teachers	25,594
TOTAL Salaries	130,101
Staff Training	2,811
Subscriptions	612
Sundry Expenses	-0
Utilities	
Electricity	5,723
Gas	10,794
Waste Disposal	327
Water	9,979
TOTAL Utilities	26,822
TOTAL EXPENSES	227,432
OVERALL TOTAL	-3,808

Appendix II

Organisational Structure

Organisational Structure of Melbourn Community Sports Ltd



Appendix III
SWOT Analysis Summary

SWOT Analysis Summary

Strengths	Opportunities
<ul style="list-style-type: none">➤ Established facility and customer base➤ Good Reputation in field of leisure provision➤ Community Focus➤ Motivated Staff➤ Lack of Competition	<ul style="list-style-type: none">➤ Establish in market prior to competition➤ Manage community centre➤ Increased awareness of health benefits of physical activity
Weaknesses	Threats
<ul style="list-style-type: none">➤ Lack of Parking➤ Poor signage to building➤ Design of building➤ Lack of multi-purpose facility	<ul style="list-style-type: none">➤ Increased competition from new and existing facilities➤ Fitness is a fashion industry

Appendix IV
Pool Programme

MONDAY 19th APRIL - SUNDAY 30th MAY

	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	
MONDAY	Lane Swim			Young @ Heart (09.05 - 11.00)		Aqua Fit	Adult Lanes		Melbourn Primary		Swimming Lessons		Public Swim	Adult Lanes		Aqua Circuit	
TUESDAY	Lane Swim	Barracks	Aqua Fit	Public Swim	Adult Lanes	Circuit Train'g	Pre - School Lessons Parent & Baby		Adult Lessons	Swimming Lessons		Public Swim		Ladies Only			
WEDNESDAY	Lane Swim				Thriplow Primary	Brandles School	Adult Lanes		School		Swimming Lessons		Aqua Fit	Aqua Fit	Adult Lessons		
THURSDAY	Lane Swim		Young @ Heart (8.35 - 10.00)	Aqua Fit	Meldreth Primary	Adult Lanes		Pre - School Lessons Parent & Baby			Swimming Lessons		Public Swim	Adult Lanes	NPLQ		
FRIDAY	Lane Swim	Barracks	Aqua Fit	Pre - School Lessons BRIGHT START GROUP			Adult Lanes		Foxton Primary		Public Swim (15.20 - 16.45)	Special Needs Swimming Lessons	Swimming Club				
SATURDAY	Swimming Lessons					Public Swim					Pool Parties			Private Hire for Clubs & Associations			
SUNDAY		Adult Lanes	Public Swim	*Family Swim	*Family Swim	Volunteer Swim			Public Swim				Melbourn Canoe Club				
	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	

* Due to the popularity of this session it will now be operated as two separate 45 minute sessions 10.00 - 10.45 & 11.00 - 11.45
Evening Public Swims will commence at 18.15
Friday Afternoon Public Swim will commence at 15.20



*** Free parking * * Facilities for the disabled available ***

The management reserves the right to alter the programme when necessary.
Please note that the last admission will be 30 minutes before the end of the session.



Appendix V
Anticipated Staffing Costs

Anticipated Staffing Costs
(Including salaries, benefits, taxes)

Position	Number	Salary £	Sub Total £
Manager	1	32 000	32 000
Finance Officer	1	13 000	13 000
Duty Managers	3	18 000	54 000
Senior Sports Officer	1	14 000	14 000
Sports Officer	3	11 000	33 000
Trainee Sports Officer	2	9 000	18 000
Full-Time Receptionist	1	11 000	11 000
Part-Time Receptionist	2	5 000	10 000
Coaches	Current + 12h/week	18/h	28 000
Casual Staff	61h/week	5/h	14 640
Holiday Staff	Current Budget		12 000
TOTAL			239 640

Appendix VI

Predicted Cash Flow - assuming 85 % membership take up

Cash Flow at 85% membership take-up

Month	1	2	3	4	5	6	7	8	9	10	11	12
Opening Balance	0	-17699.3	-17568.7	-19941.6	-18409.7	-14360.3	-13600.7	-10614	-7627.37	-6809.47	-3822.8	-836.13
Income												
Joining Fees	10200	6800	3400	2550	2380	238	238	238	238	238	238	238
Peak Membership	0	7650	8287.5	8925	8925	8925	8925	8925	8925	8925	8925	8925
O/Peak Membership	0	4250	5843.75	6906.25	8393.75	8500	8500	8500	8500	8500	8500	8500
FMGA	1600	2000	2240	2400	2800	3040	3040	3040	3040	3040	3040	3040
Netball/Tennis	1600	2000	2240	2400	2800	3040	3040	3040	3040	3040	3040	3040
Sports Hall	210	250	285	210	335	360	360	360	360	360	360	360
Dance Studio	500	700	850	1100	1350	1440	1440	1440	1440	1440	1440	1440
Gymnasium	200	240	275	300	325	345	345	345	345	345	345	345
Pool	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000
Total Income	28310	37890	37421.25	38791.25	41308.75	39888	39888	39888	39888	39888	39888	39888
Expenditure												
Salaries	19970	19970	19970	19970	19970	19970	19970	19970	19970	19970	19970	19970
Office Exp	700	700	700	700	700	700	700	700	700	700	700	700
Utilities	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750
Maintenance	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Marketing/Advertising	1500	1250	1000	750	750	392	392	392	392	392	392	392
Fitness Equipment	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500
Proff Fees	250	250	250	250	250	250	250	250	250	250	250	250
Staff Training	580	580	580	580	580	580	580	580	580	580	580	580
Welcome Packs	7500	0	0	0	0	0	0	0	0	0	0	0
New Equipment	200	200	200	200	200	200	200	200	200	200	200	200
Subscriptions	60	60	60	60	60	60	60	60	60	60	60	60
Insurance	1666	1666	1666	1666	1666	1666	1666	1666	1666	1666	1666	1666
Loan Repayment	1333.33	833.33	3118.23	833.33	833.33	3060.41	833.33	833.33	3002.1	833.33	833.33	2944.8
Total Expenditure	46009.33	37759.33	39794.23	37259.33	37259.33	39128.41	36901.33	36901.33	39070.1	36901.33	36901.33	39012.8
Closing Balance	-17699.3	-17568.7	-19941.6	-18409.7	-14360.3	-13600.7	-10614	-7627.37	-6809.47	-3822.8	-836.13	39.07

Off Peak	25
Peak	30
Joining Fee	40

Month	13	14	15	16	17	18	19	20	21	22	23	24
Opening Balance	39.07	-7383.42	-6547.16	-7737.05	-6383.29	-5029.53	-5532.32	-3808.03	-2083.74	-2528.22	-803.93	920.36
Income												
Joining Fees	238	238	238	238	238	238	238	238	238	238	238	238
Peak Membership	8925	8925	8925	8925	8925	8925	8925	8925	8925	8925	8925	8925
O/Peak Membership	8500	8500	8500	8500	8500	8500	8500	8500	8500	8500	8500	8500
FMGA	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040
Netball/Tennis	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040
Sports Hall	360	360	360	360	360	360	360	360	360	360	360	360
Dance Studio	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440
Gymnasium	345	345	345	345	345	345	345	345	345	345	345	345
Pool	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000
Total Income	39888	39888	39888	39888	39888	39888	39888	39888	39888	39888	39888	39888
Expenditure												
Salaries	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95
Office Exp	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5
Utilities	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25
Maintenance	5175	5175	5175	5175	5175	5175	5175	5175	5175	5175	5175	5175
Marketing/Advertising	1552.5	1293.75	1035	776.25	776.25	405.72	405.72	405.72	405.72	405.72	405.72	405.72
Fitness Equipment	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5
Proff Fees	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75
Staff Training	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3
Welcome Packs	7500	0	0	0	0	0	0	0	0	0	0	0
New Equipment	207	207	207	207	207	207	207	207	207	207	207	207
Subscriptions	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1
Insurance	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31
Loan Repayment	1333.33	833.33	3118.23	833.33	833.33	3060.41	833.33	833.33	3002.1	833.33	833.33	2944.8
Total Expenditure	47310.49	39051.74	41077.89	38534.24	38534.24	40390.79	38163.71	38163.71	40332.48	38163.71	38163.71	40275.18
Closing Balance	-7383.42	-6547.16	-7737.05	-6383.29	-5029.53	-5532.32	-3808.03	-2083.74	-2528.22	-803.93	920.36	533.18

Off Peak	25
Peak	30
Joining Fee	40

Appendix VII

Predicted Cash Flow - assuming 100% membership take-up

Cash Flow at 100% membership take-up

Month	1	2	3	4	5	6	7	8	9	10	11	12
Opening Balance	0	-15899.33	-12468.66	-11747.89	-6972.22	553.45	4430.04	10533.71	16637.38	20572.28	26675.95	32779.62
Income												
Joining Fees	12000	8000	4000	3000	2800	280	280	280	280	280	280	280
Peak Membership	0	9000	9750	10500	10500	10500	10500	10500	10500	10500	10500	10500
O/Peak Membership	0	5000	6875	8125	9875	10000	10000	10000	10000	10000	10000	10000
FMGA	1600	2000	2240	2400	2800	3040	3040	3040	3040	3040	3040	3040
Netball/Tennis	1600	2000	2240	2400	2800	3040	3040	3040	3040	3040	3040	3040
Sports Hall	210	250	285	210	335	360	360	360	360	360	360	360
Dance Studio	500	700	850	1100	1350	1440	1440	1440	1440	1440	1440	1440
Gymnasium	200	240	275	300	325	345	345	345	345	345	345	345
Pool	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000
Total Income	30110	41190	40515	42035	44785	43005	43005	43005	43005	43005	43005	43005
Expenditure												
Salaries	19970	19970	19970	19970	19970	19970	19970	19970	19970	19970	19970	19970
Office Exp	700	700	700	700	700	700	700	700	700	700	700	700
Utilities	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750	3750
Maintenance	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000	5000
Marketing/Advertising	1500	1250	1000	750	750	392	392	392	392	392	392	392
Fitness Equipment	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500
Prof Fees	250	250	250	250	250	250	250	250	250	250	250	250
Staff Training	580	580	580	580	580	580	580	580	580	580	580	580
Welcome Packs	7500	0	0	0	0	0	0	0	0	0	0	0
New Equipment	200	200	200	200	200	200	200	200	200	200	200	200
Subscriptions	60	60	60	60	60	60	60	60	60	60	60	60
Insurance	1666	1666	1666	1666	1666	1666	1666	1666	1666	1666	1666	1666
Loan Repayment	1333.33	833.33	3118.23	833.33	833.33	3060.41	833.33	833.33	3002.1	833.33	833.33	2944.8
Total Expenditure	46009.33	37759.33	39794.23	37259.33	37259.33	39128.41	36901.33	36901.33	39070.1	36901.33	36901.33	39012.8
Closing Balance	-15899.33	-12468.66	-11747.89	-6972.22	553.45	4430.04	10533.71	16637.38	20572.28	26675.95	32779.62	36771.82

Off Peak	25
Peak	30
Joining Fee	40

Cash Flow at 100% membership take-up

Month	13	14	15	16	17	18	19	20	21	22	23	24
Opening Balance	36771.82	32518.83	36265.84	37727.95	41474.96	45221.97	46741.9	50488.91	54235.92	55814.16	59561.17	63308.18
Income												
Joining Fees	280	280	280	280	280	280	280	280	280	280	280	280
Peak Membership	10500	10500	10500	10500	10500	10500	10500	10500	10500	10500	10500	10500
O/Peak Membership	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000	10000
FMGA	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040
Netball/Tennis	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040	3040
Sports Hall	360	360	360	360	360	360	360	360	360	360	360	360
Dance Studio	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440	1440
Gymnasium	345	345	345	345	345	345	345	345	345	345	345	345
Pool	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000	14000
Total Income	43005	43005	43005	43005	43005	43005	43005	43005	43005	43005	43005	43005
Expenditure												
Salaries	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95	20668.95
Office Exp	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5	724.5
Utilities	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25	3881.25
Maintenance	5175	5175	5175	5175	5175	5175	5175	5175	5175	5175	5175	5175
Marketing/Advertising	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500
Fitness Equipment	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5	3622.5
Proff Fees	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75	258.75
Staff Training	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3	600.3
Welcome Packs	7500	0	0	0	0	0	0	0	0	0	0	0
New Equipment	207	207	207	207	207	207	207	207	207	207	207	207
Subscriptions	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1	62.1
Insurance	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31	1724.31
Loan Repayment	1333.33	833.33	3118.23	833.33	833.33	3060.41	833.33	833.33	3002.1	833.33	833.33	2944.8
Total Expenditure	47257.99	39257.99	41542.89	39257.99	39257.99	41485.07	39257.99	39257.99	41426.76	39257.99	39257.99	41369.46
Closing Balance	32518.83	36265.84	37727.95	41474.96	45221.97	46741.9	50488.91	54235.92	55814.16	59561.17	63308.18	64943.72

Off Peak	25
Peak	30
Joining Fee	40

Appendix VIII

Predicted Profit and Loss for the first two years of MCS operation – assuming 85% membership take-up

Profit & Loss over 2 years at 85% membership take-up

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total Year 1
Sales	28310	37890	37421.25	38791.25	41308.75	39888	39888	39888	39888	39888	39888	39888	462937.25
Cost of Sales	12333.33	4333.33	6618.23	4333.33	4333.33	6560.41	4333.33	4333.33	6502.1	4333.33	4333.33	6444.8	68792.18
Gross Profit	15976.67	33556.67	30803.02	34457.92	36975.42	33327.59	35554.67	35554.67	33385.9	35554.67	35554.67	33443.2	394145.07
Operating Costs	33676	33426	33176	32926	32926	32568	32568	32568	32568	32568	32568	32568	394106
Operating Profit	-17699.3	130.67	-2372.98	1531.92	4049.42	759.59	2986.67	2986.67	817.9	2986.67	2986.67	875.2	39.07

Month	13	14	15	16	17	18	19	20	21	22	23	24	Total Year 2
Sales	39888	39888	39888	39888	39888	39888	39888	39888	39888	39888	39888	39888	478656
Cost of Sales	12455.83	4455.83	6740.73	4455.83	4455.83	6682.91	4455.83	4455.83	6624.6	4455.83	4455.83	6567.3	70262.18
Gross Profit	27432.17	35432.17	33147.27	35432.17	35432.17	33205.09	35432.17	35432.17	33263.4	35432.17	35432.17	33320.7	408393.82
Operating Costs	34854.66	34595.91	34337.16	34078.41	34078.41	33707.88	33707.88	33707.88	33707.88	33707.88	33707.88	33707.88	407899.71
Operating Profit	-7422.49	836.26	-1189.89	1353.76	1353.76	-502.79	1724.29	1724.29	-444.48	1724.29	1724.29	-387.18	533.18

Appendix IX

Predicted Profit and Loss for the first two years of MCS operation – assuming 100% membership take-up

Profit & Loss over 2 years at 100% membership take-up

Month	1	2	3	4	5	6	7	8	9	10	11	12	Total Year 1
Sales	30110	41190	40515	42035	44785	43005	43005	43005	43005	43005	43005	43005	499670
Cost of Sales	12333.33	4333.33	6618.23	4333.33	4333.33	6560.41	4333.33	4333.33	6502.1	4333.33	4333.33	6444.8	68792.18
Gross Profit	17776.67	36856.67	33896.77	37701.67	40451.67	36444.59	38671.67	38671.67	36502.9	38671.67	38671.67	36560.2	430877.82
Operating Costs	33676	33426	33176	32926	32926	32568	32568	32568	32568	32568	32568	32568	394106
Operating Profit	-15899.3	3430.67	720.77	4775.67	7525.67	3876.59	6103.67	6103.67	3934.9	6103.67	6103.67	3992.2	36771.82

Month	13	14	15	16	17	18	19	20	21	22	23	24	Total Year 2
Sales	43005	43005	43005	43005	43005	43005	43005	43005	43005	43005	43005	43005	516060
Cost of Sales	12455.83	4455.83	6740.73	4455.83	4455.83	6682.91	4455.83	4455.83	6624.6	4455.83	4455.83	6567.3	70262.18
Gross Profit	30549.17	38549.17	36264.27	38549.17	38549.17	36322.09	38549.17	38549.17	36380.4	38549.17	38549.17	36437.7	445797.82
Operating Costs	34802.16	34802.16	34802.16	34802.16	34802.16	34802.16	34802.16	34802.16	34802.16	34802.16	34802.16	34802.2	417625.92
Operating Profit	-4252.99	3747.01	1462.11	3747.01	3747.01	1519.93	3747.01	3747.01	1578.24	3747.01	3747.01	1635.54	64943.72

Appendix X

**Predicted Profit and Loss summary for the first five years of MCS operation – assuming
85% membership take-up**

Profit & Loss over 5 years at 85% membership take-up

Year	1	2	3	4	5	Total
Sales	462937.3	478656	495409	512748.3	530694.5	2480445
Cost of Sales	68792.18	70262.18	72721.36	75266.6	77900.93	364943.3
Gross Profit	394145.1	408393.8	422687.6	437481.7	452793.5	2115502
Operating Costs	394106	407899.7	422176.2	436952.4	452245.7	2113380
Operating Profit	39.07	494.11	511.4039	529.303	547.8286	2121.715

Appendix XI

**Predicted Profit and Loss summary for the first five years of MCS operation – assuming
100% membership take-up**

Profit & Loss over 5 years at 100% membership take-up

Year	1	2	3	4	5	Total
Sales	499670	516060	534122.1	552816.4	572164.9	2674833
Cost of Sales	68792.18	70262.18	72721.36	75266.6	77900.93	364943.3
Gross Profit	430877.8	445797.8	461400.7	477549.8	494264	2309890
Operating Costs	394106	417625.9	432242.8	447371.3	463029.3	2154375
Operating Profit	36771.82	28171.9	29157.92	30178.44	31234.69	155514.8

Appendix XII

Assumptions for Financial Forecasting

Assumptions for Financial Forecasting

- Maximum total membership is 750 off which 400 are off peak and 350 are peak.
- Membership will cost £30 peak and £25 off peak with a joining fee of £30.
- A drop out rate of 10% after initial sell-out of memberships. Drop-outs are replaced by new joiners.
- Month 1 is the start of pre-sales and that memberships are sold as follows:

Month 1	300 – joining fee only
Month 2	200 (300 peak and 200 off peak)
Month 3	100 (325 peak and 275 off peak)
Month 4	75 (350 peak and 325 off peak)
Month 5	70 (350 peak and 395 off peak)
Month 6	All memberships sold and early drop-outs are replaced.
- Office expenditure increases by 50%.
- Utilities double current McSplash.
- Annual maintenance as follows:

Pool	£25 000
Gym	£ 5 000
FMGA	£ 2 500
Netball/Tennis	£ 2 500
Dance Studio	£ 2 000
Sports Hall	£ 5 000
Gymnasium	£ 5 000
Car Park	£ 2 000
- Insurance double current McSplash.
- Pool income drops by 25%.