



HillierHopkins

Hillier Hopkins LLP
Chartered Accountants
and Tax Advisers

Members and proprietary golf clubs survey 2017 report



“friendly expertise”

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Welcome

We are pleased to present the 2017 Hillier Hopkins members and proprietary golf clubs survey report. Thank you to those that responded to this year's survey. Our 2016 report was widely quoted throughout the golf press and we are pleased that clubs continue to consider this to be a valuable, informative and interesting document.

As in previous years, we have split the results by club type. The results from proprietary and members clubs have been analysed separately, enabling clubs to compare like for like. Despite only receiving a small number of responses from proprietary clubs it is however interesting to note the comparison between these and the members clubs. Clearly proprietary club are having to react quickly to changing trends in the market and are doing so.

The effects of the VAT windfalls for members clubs are also clear to see, with many embarking on course and clubhouse expenditure projects or planning these for 2018.

There is a danger that the effects of these windfalls have disguised an underlying trend of decline. A number of high profile casualties in proprietary clubs has resulted in members clubs recruiting new members. The clubs we speak to on a regular basis have also been reporting growing member numbers. We therefore expected to see this reflected in the survey, however, the survey show membership numbers in decline.

The survey does show an increase in members from the younger age brackets. This is in line with our anecdotal evidence that clubs are making significant progress in attracting younger players.

The proportion of members over the age of 50 however remains stubbornly high and it also appears that the majority of the new younger joiners are male. While clubs are reporting an increase in female membership, overall their proportion is falling.

Member subscription levels seem to be on the increase again after several relatively flat years. There certainly seems to be more confidence from clubs that any increase will have a lesser effect than previously. With inflation running at 3%, it is inevitable that some increases are necessary. It will be interesting to see the effect of any increases on the 2018 renewals. Whilst the survey shows a reduction in the percentage of clubs charging an entry fee, again anecdotal evidence would have suggested the opposite. This still appears to be a key business decision for most clubs now and in the future.

Perhaps one of the more interesting results of the survey is regarding member clubs green fee charges. After many years of static results, this year shows an increase of £2 per round. This is in sharp contrast to proprietary clubs where average income per round has dropped by a similar amount. At the same time, members clubs are reporting increased green fees and proprietary clubs a decline. It certainly appears that nomadic golfers are becoming more willing to spend a little more for each round and that members clubs have more tee times available for them.

It is encouraging to note that clubs continue to recognise that their most important asset is their course with now almost 96% of members clubs regarding this as their top priority for investment. This does however seem to be at the expense of marketing, but possibly having a top quality course is the best type of marketing in the first place.

Again an interesting part of the survey is the responses to the question on anticipated changes over the next 5/10 years. Like last year, it is a very long list, but it does reflect the variety of issues facing clubs now and those that clubs need to consider in their longer term plans.

Thank you for your time and effort in responding to our enquiries. We hope that the survey continues to be of interest and is useful to your club activities.

Robert Twydale
Principal

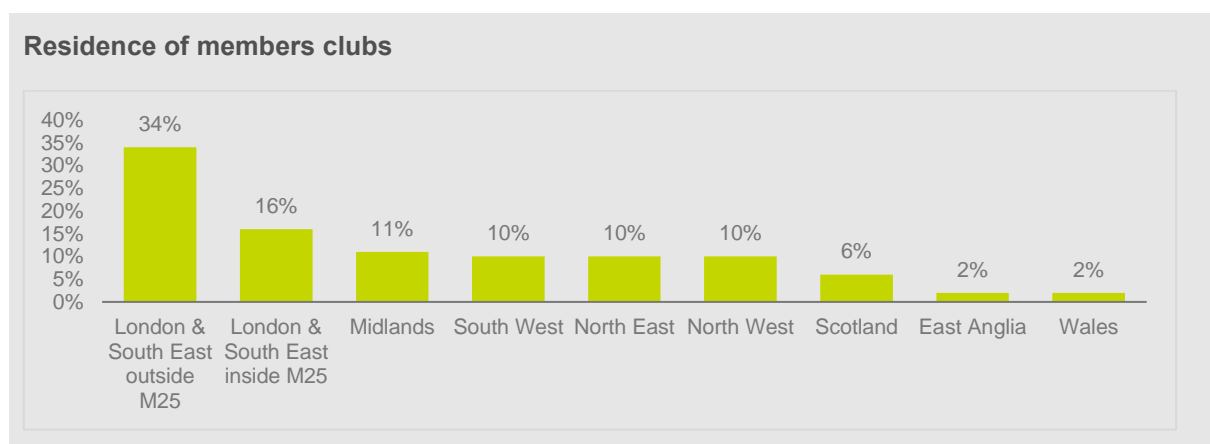
Members Clubs



Members clubs results 2017

83 clubs, typically with 18-hole courses

This year we bring you data from 83 members clubs from across nine regions of the UK, with 34% from London and the South East (outside of the M25). As in 2016, these were predominantly 18-hole clubs (89%), with 5% 9-hole, 4% 27-hole and 2% 36-hole clubs.



More honorary positions

As in 2016, the majority of survey respondents – including predominantly managers and secretaries – were paid members of their club, but a higher proportion (rising from 1% to 7%) of honorary positions are now evident.

Members clubs

Staffing

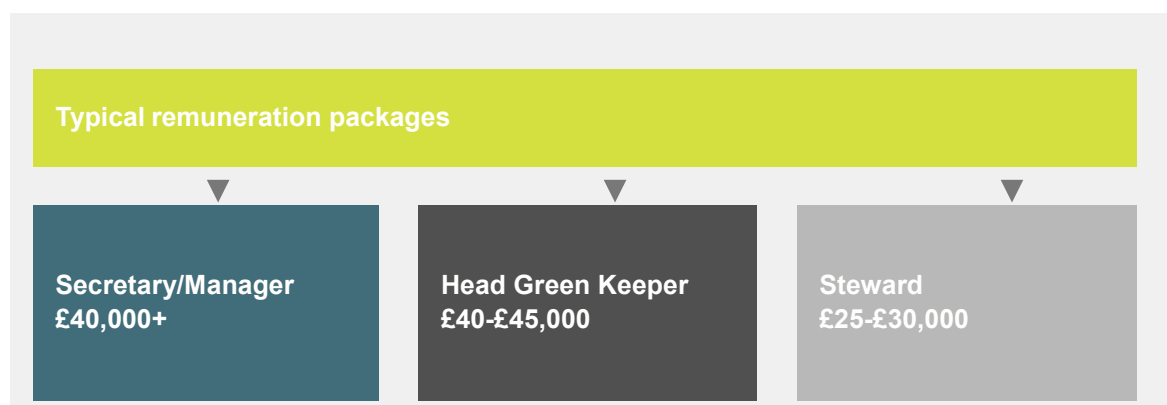
Staffing

Changing remuneration packages

Survey respondents again had a typical remuneration package in excess of £40,000, and with a slightly increased proportion (64%) compared to the previous four years (63% in 2016).

Most of the Head Green Keeper remuneration packages were between £40-£45,000 (26%). This is substantially higher than in 2016 (12%); it has been balanced by decreases in other remuneration packages (9% fewer being paid £35-£40,000 and 6% fewer being paid £45-£50,000).

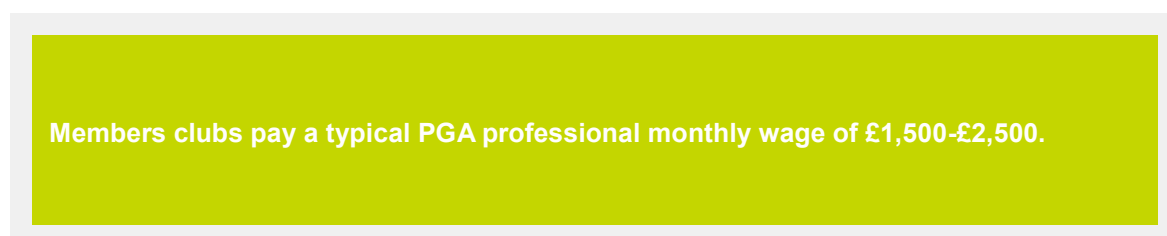
Steward remuneration is similar to 2016 and 2015, again typically between £25-£30,000 (66%).



PGA professionals at most members clubs

94% of members clubs have a PGA professional. Among those who pay a retainer, as in the last two years this is typically in the range from £1,500-£2,500 per month (63%).

The proportion of members clubs paying in excess of £2,000 to their PGA professional has fallen slightly this year (from 63% in 2016 to 58% in 2017) after having previously shown a series of increases.



Fewer clubs now pay commission to their professionals

The percentage of members clubs paying commission to their professional was slightly lower this year at 53% (56% in 2016), with actual commission rates in the same range of 5-10%.

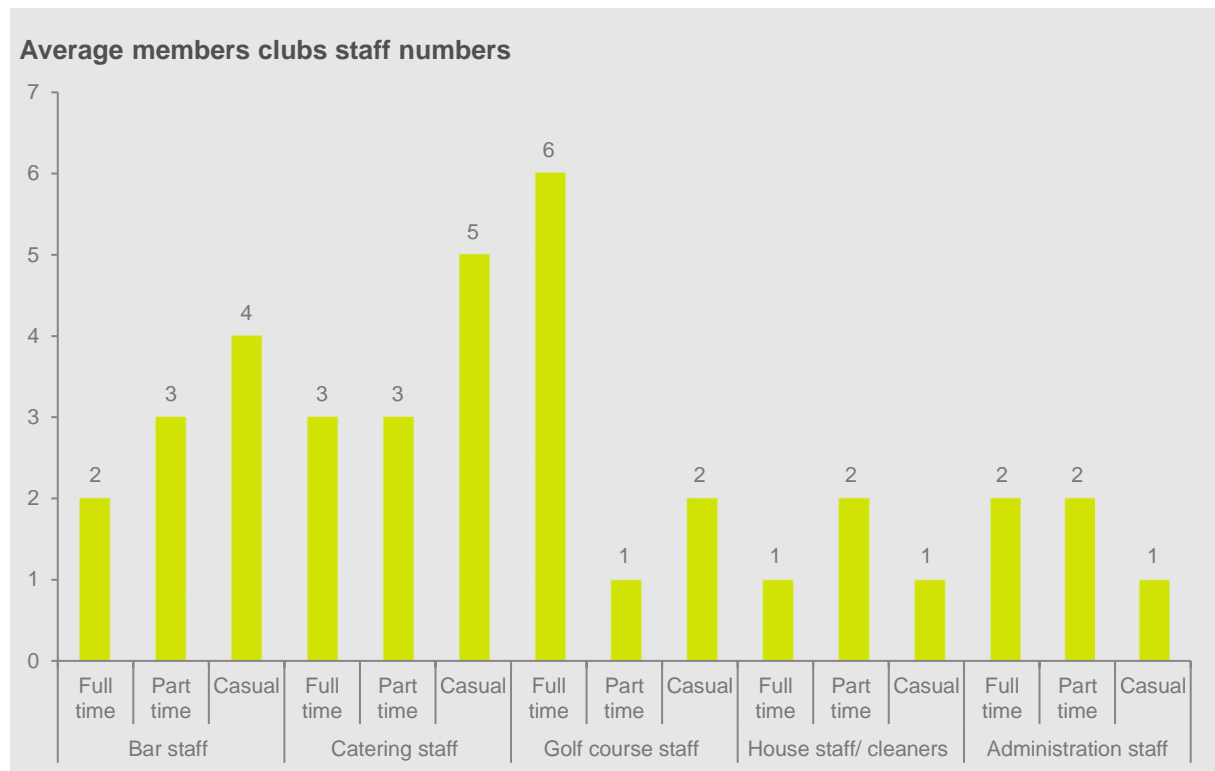
PGA duties which focus on tuition, green fees and the Pro-Shop

PGA professionals undertake a number of duties for their clubs, with a tri-part role of tuition provision, green fee collection and pro-shop management again emerging as typical duties. Most duties are broadly similar to those in 2016, with the largest difference being more responsibility for taking bookings, increasing from 59% in 2016 to 64% in 2017.



Increasing staff numbers at members clubs

Always highly variable and dependent on the size and needs of each club in question, staffing figures range from 3 to 49 across members clubs. There is a very slight increase in the average total staffing number compared to 2016, rising from 22 to 23, although still below the 28 recorded in 2015. Average numbers across each function is broken down as follows.



All figures are within 1 person of the numbers recorded in 2016.

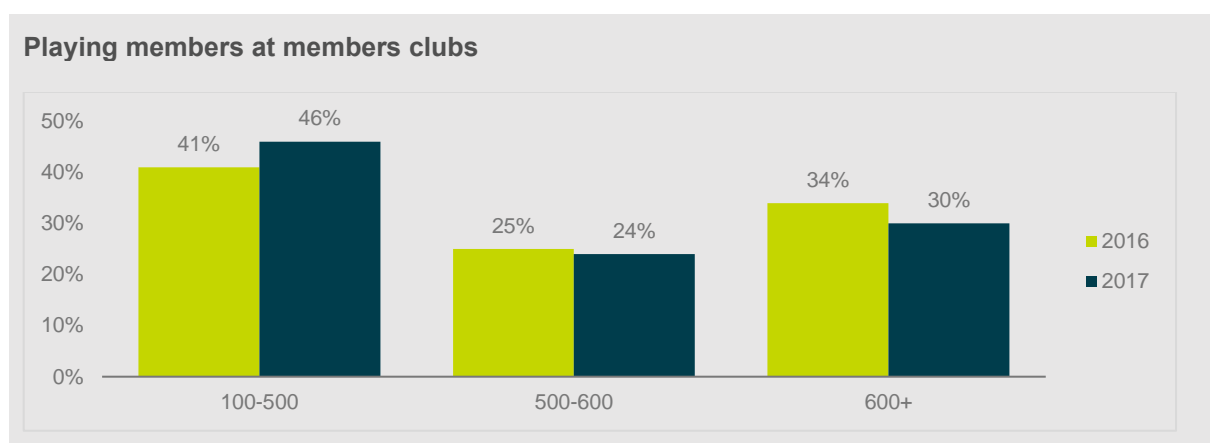
Members clubs

Members

Members

Falling member numbers

Members clubs again display a wide-ranging number of playing members, with a similar amount in both 2016 and 2017 (24%) having 500-600. However, this year there are more clubs with less than 500 members compared to 2016 and fewer clubs with over 600 members.



Limiting membership

A similar number of members clubs to 2016 would recommend a cap on their number of playing members, rising slightly from 75% to 76%. Once again, a limit of 500-700 playing members is most frequently suggested (by 57% of members clubs).

Flexible membership

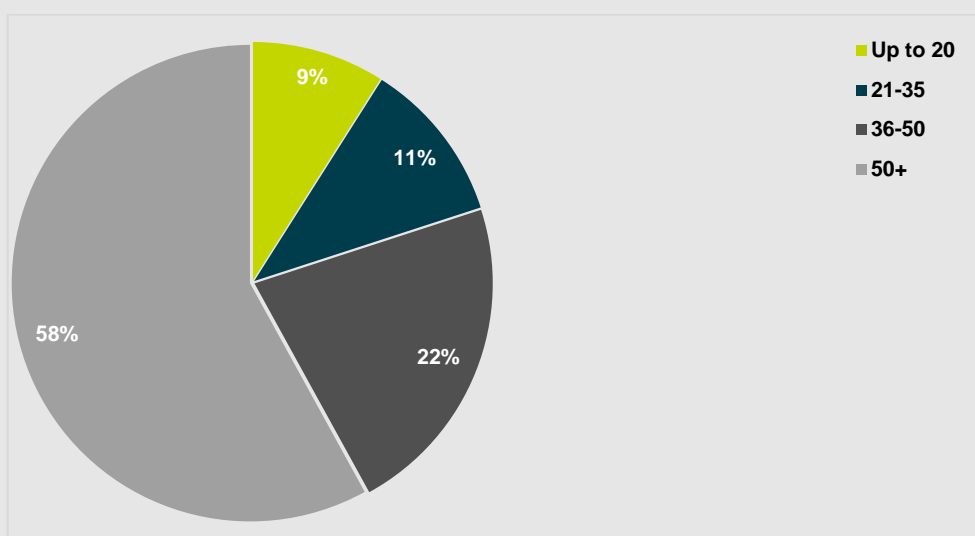
After a rise last year in the number of members clubs who offer flexible membership, this year the number has fallen by 9 percentage points back to the 2015 level of 30%. Deals included:

- Fees from £195 to £600
- Benefits such as reduced round costs, credits and points schemes
- 4-day memberships
- Easy payment plans.

A slight increase in the proportion of younger members

As in previous years the age distribution of members club members shows fewer younger members and more older members. However, this year the age profile shows a slight shift towards younger ages, with 3% more members in the 21-35 age range at the expense of 3% fewer members aged 50 plus.

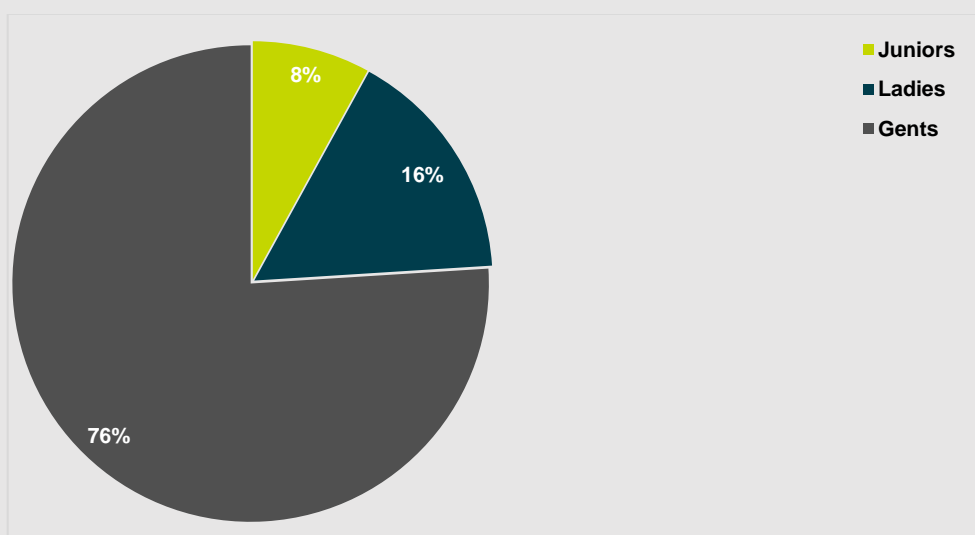
The age of members club members



An increasingly high gentlemen to lady member ratio

As shown in the following chart, and closely aligned to the findings of the last two years, the gender distribution of members club playing members shows fewer female and junior members, and more gentlemen members. This proportion of gentlemen members has continued to gradually rise, from 71% in 2015 to 73% in 2016, to 76% in 2017.

The profile of playing members at members clubs



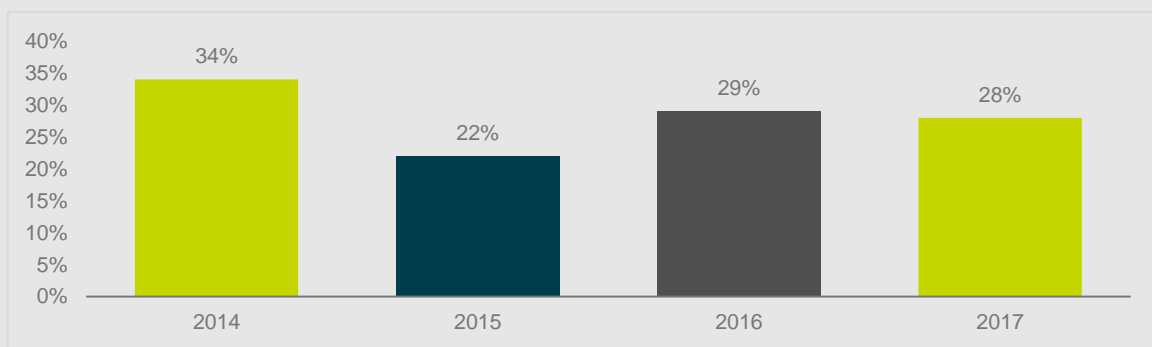
Members clubs continue to indicate that their Female membership is increasing

This figure has risen again, although by only 1 percentage point this year after a 3% rise last year, to now stand at 53%. There have been also been rises in the number of clubs restricting lady members (from 7% to 10%) and those offering reduced rates for lady members (from 11% to 12%).

Stable numbers of social members

28% of members clubs now have a social membership exceeding 100 – almost identical to 2016 but still less than in 2014.

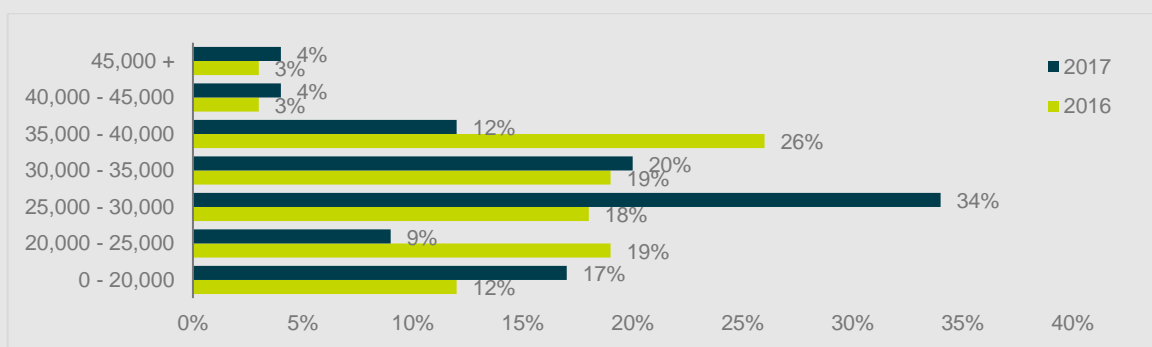
Members clubs with over 100 social members



Changing number of rounds played in members clubs

This year there has been a substantial increase in the number of members clubs reporting between 25-30,000 rounds played. Clubs now seem to be more realistic regarding this question

Number of rounds played per year at members clubs



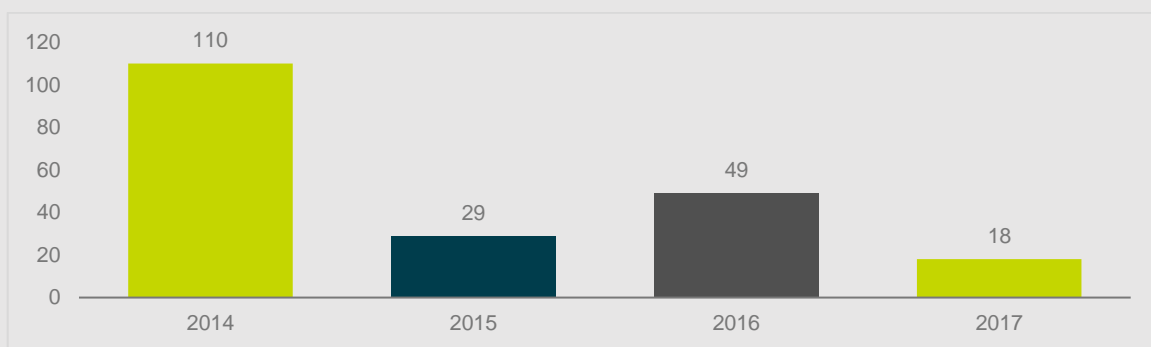
Society rounds

Rounds played by societies range from 5 to 14,000. The average number of rounds played is less than 1,900 annually – a decrease from the 2,200 reported in 2016. However, 52% of members clubs report an increase in the number of rounds, a healthy improvement on the numbers reported in all three previous years.

Shorter waiting lists

The proportion of members clubs with a waiting list has fallen and now stands at 17% compared to 20% reported in both 2016 and 2015. Among these clubs, the average number of people waiting to join has fallen to 18, the lowest level yet reported. In keeping with this finding, average waiting times have also fallen and now range from 1 month to 2 years.

Average number of people on members clubs waiting lists



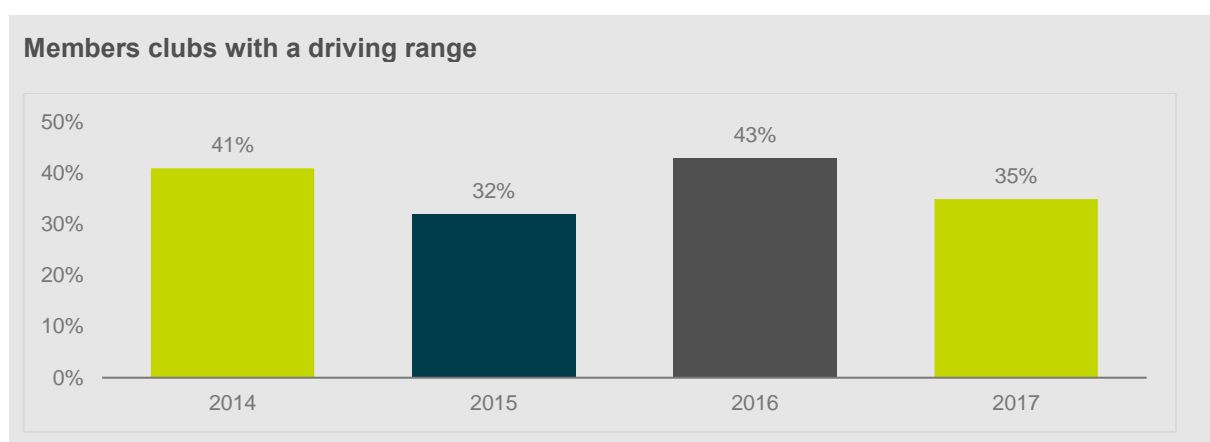
Members clubs

Facilities

Facilities

Most members clubs continue to have no driving range

Many members clubs still have no driving range, and the 35% in 2017 that do, has fallen to be close to the number reported in 2015. As in 2016, members club yearly driving range income continues to be typically up to £5,000 for just over 70% of clubs. There has been a recovery in those member clubs that earn over £10,000 from their driving range, rising from 8% in 2016 to 12% in 2017.



An increasing number of members clubs now have an academy area

In 2017 the percentage of members clubs with an academy area has risen significantly to 39%, compared to 30% in 2016.

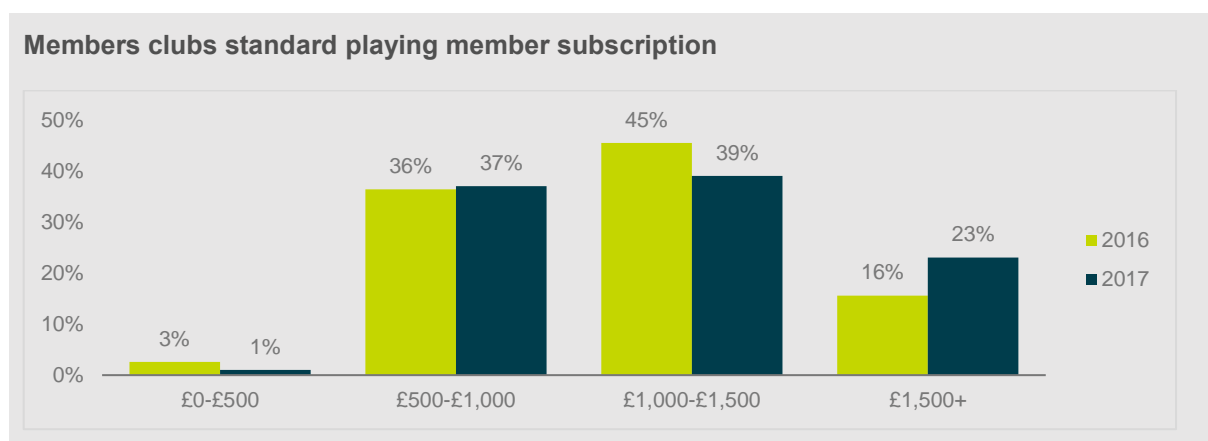
Members clubs

Fees & charges

Fees & charges

Standard playing member subscriptions

Membership fees for standard playing members again vary from less than £500 to £1,500+. However, this year there has once again been a notable increase in subscriptions, with most members clubs charging £1,000-£1,500 and more clubs charging over £1,500.



Social membership charges

The most typical social membership charge was once again £50-£150, although the percentage paying this amount (55%) has fallen since 2016 (58%).

Fewer clubs charging entrance fees, but with higher rates

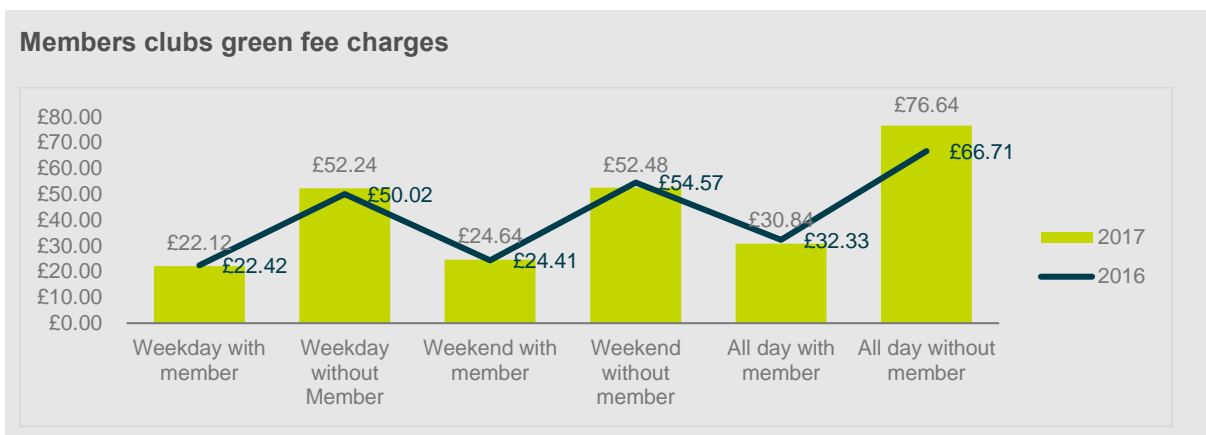
Entrance fees are now charged by a notably lower percentage of members clubs – 53% in 2017, compared to 65% in 2016. The fees range from £25 to £8,000 and the average of almost £1,700 in 2017 is a substantial increase compared to the £1,255 reported in 2016.

10% of members clubs who charge an entrance fee plan to increase this fee.

Compared to previous years, more members clubs currently without entrance fees now propose implementing one, rising from just 1% in 2016 to 7% in 2017. Once again, demand and membership levels are highlighted as key aspects which would impact upon this decision. However, this year increasing emphasis is also placed on market levels, location and age.

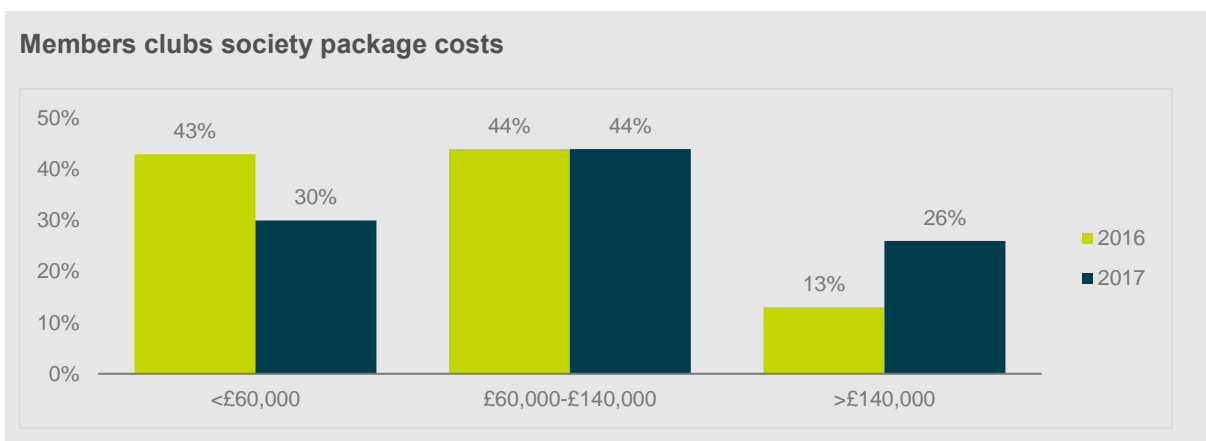
Green fee charges at members clubs

Average green fee charges are shown below, across weekdays, weekends and all-day use, both with and without members. These are similar to those of 2016, with the biggest change being an increase in fees for all-day use without a member.



Increasing green fee incomes at members clubs

This year there has been a significant increase in the number of members clubs at the higher income range of £140,000.



Society packages and their costs

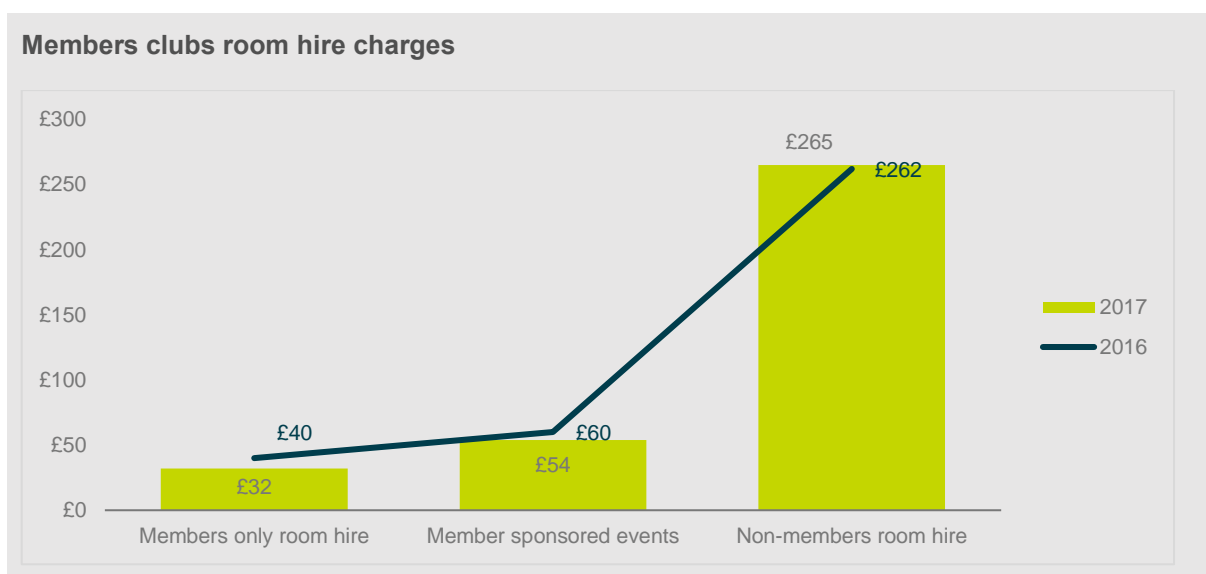
Many members clubs offer society packages, with average costs shown in the chart below. Whilst in previous years there had been steady increases across all rates, this year shows a mixture of changes.



The vast majority of members clubs offering society packages continue to feel that two aspects impact most significantly on society packages – the time of year/season (86% in 2017, slightly less than in 2016) and the catering package level (71%, identical to the previous year). The time of day also influences these packages, but at a slightly reduced level (27% in 2017 compared to 34% in 2016).

Average room & facility hire

Average approximate rates for room hire within members clubs are presented below. A large number of clubs indicated that this was free for members. Others indicated price per head facilities, hourly rates and variable charges dependent on numbers and catering. Non-members room hire rates have increased since 2016, but other hire charges have reduced since last year.



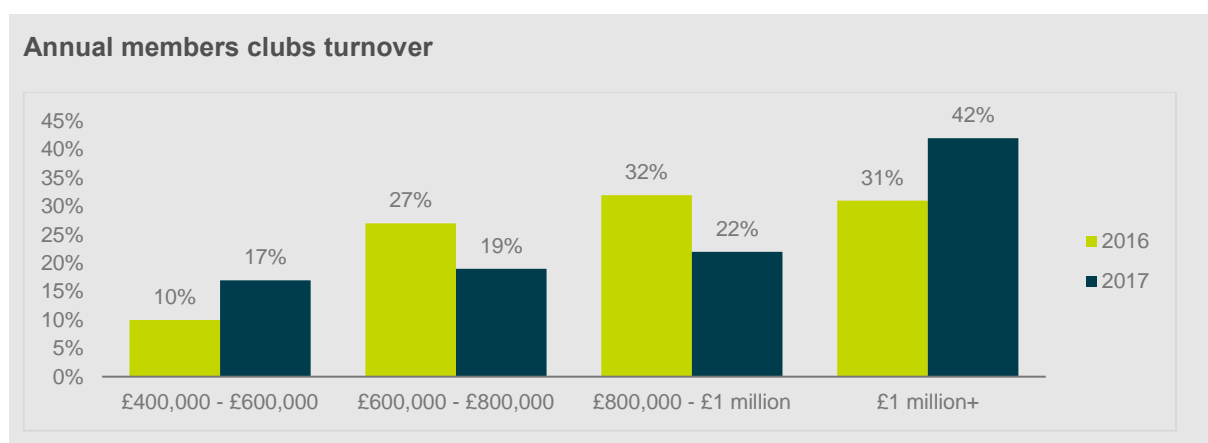
Members clubs

Financial information

Financial information

Most clubs with a turnover of £1million+

Members clubs report turnover levels ranging from £400,000 to £1million+, with most members clubs in the £1 million+ category of turnover. This year's range of turnover levels show more members clubs at the highest and lowest ends of the range with a corresponding decrease in those in between.

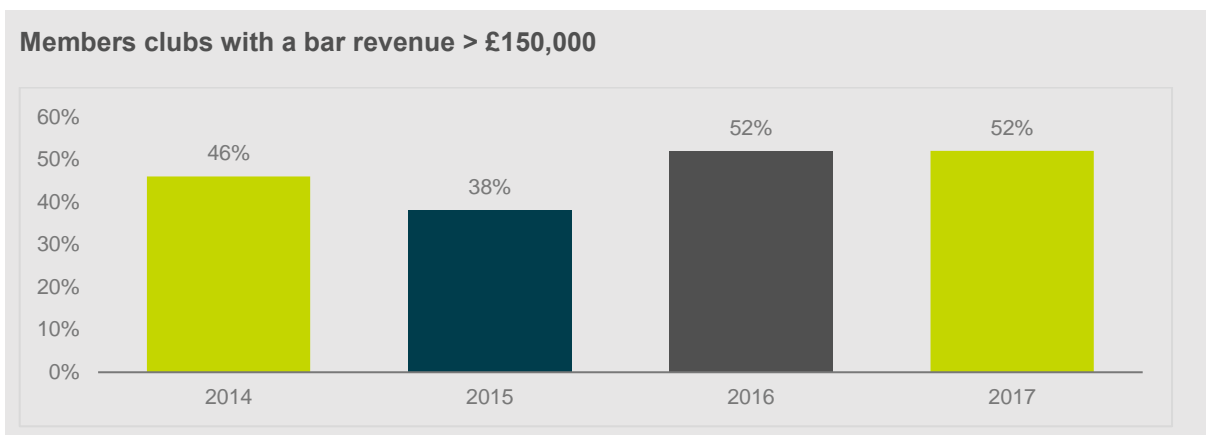


Society income at members clubs

Society income for members clubs continues to be most frequently in the range £20,000-£40,000. However, this year the percentage of members clubs with this amount of income has fallen from 37% to 27%. This is primarily due to income falling, as the percentage of members clubs with society income of less than £20,000 has increased from 17% in 2016 to 24% in 2017.

Bar revenue and activity

The importance of bar usage as an income stream should not be underestimated. Bar revenue has fluctuated over the last few years, but has now stabilised, with the percentage of members clubs taking in excess of £150,000 in 2017, identical to that shown in 2016.

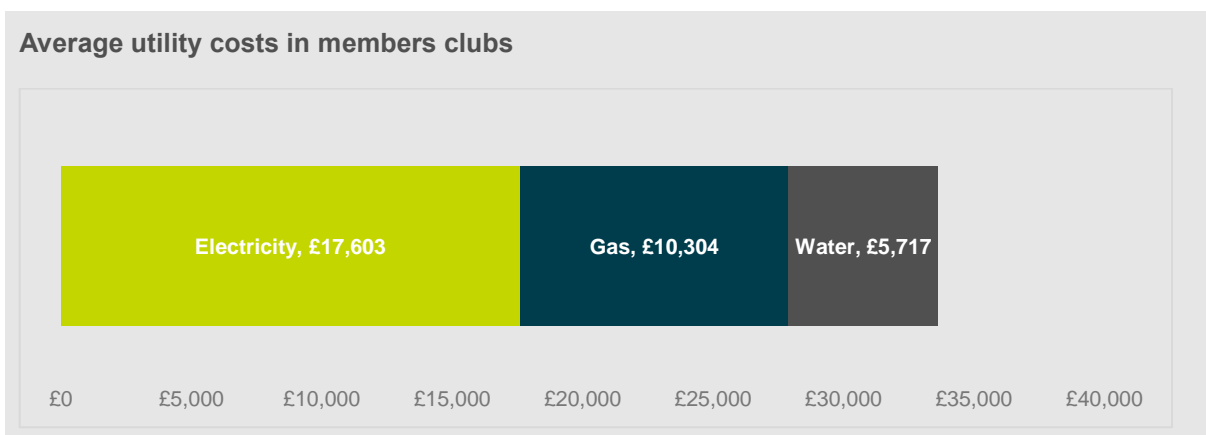


Average margins and rate costs this year were:

- Gross margin 38%
- Net profit 11%
- Rateable value £87,267
- Rate cost £37,294.

Utility costs

Average utility costs vary significantly across members clubs. However, averages are as follows – with all costs being very close to the amounts reported in both 2015 and 2016.



Average course maintenance and wage costs falling

Both maintenance costs and wages have fallen significantly this year, to stand at £88,992 and £173,811 respectively.



Average current and anticipated course special project costs

Spending has increased on the previous year’s special project course costs, rising from £43,000 in 2016 to £55,000 currently. This is expected to increase again next year to £85,000.



Average current and anticipated clubhouse special project costs

Spending on special project course costs is lower than the previous year and is expected to fall further next year.



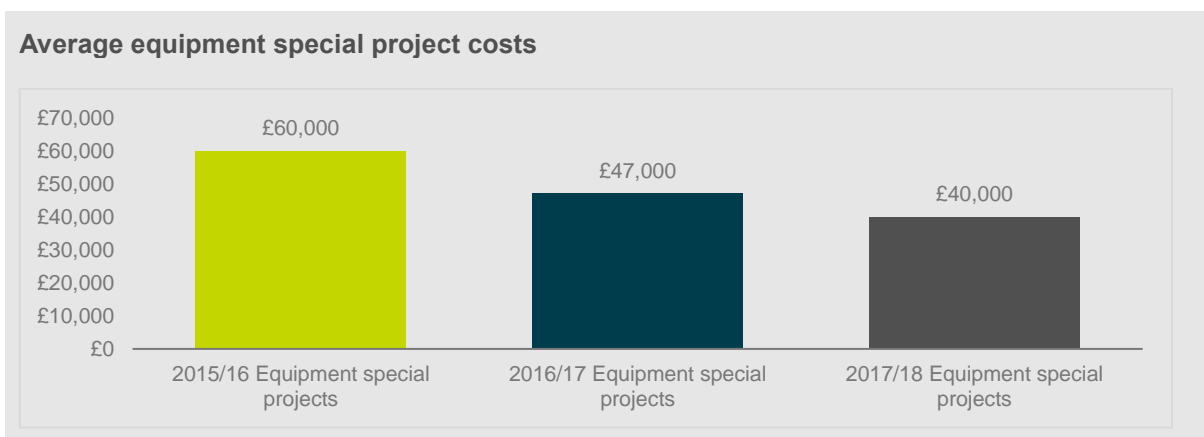
Average current and anticipated grounds special project costs

The amount spent on grounds special project costs in 2016/2017 was extremely low, but as very few members clubs reported on this, the figure should be treated with caution.



Average current and anticipated equipment special project costs

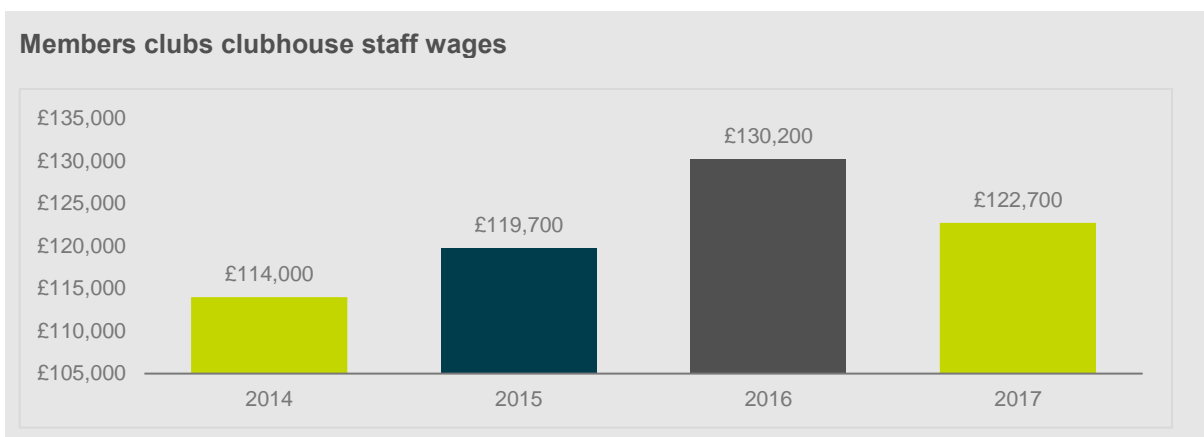
In overall terms, spend is lower than the previous year on special project equipment costs, falling from £60,000 in 2016 to £47,000 currently. This is expected to continue reducing in the following year.



Clubhouse maintenance costs and staffing

Clubhouse maintenance costs continued their rising trend, from an average of £60,100 in 2015 to £69,100 in 2016 and £74,100 this year.

However, clubhouse staff wages among members clubs reversed the previous rising trend, with an average yearly figure in 2017 of £122,700.



Members clubs using franchise catering

52% of members clubs use a franchise for their catering needs, slightly less than the number reported in previous years (55% in 2016).

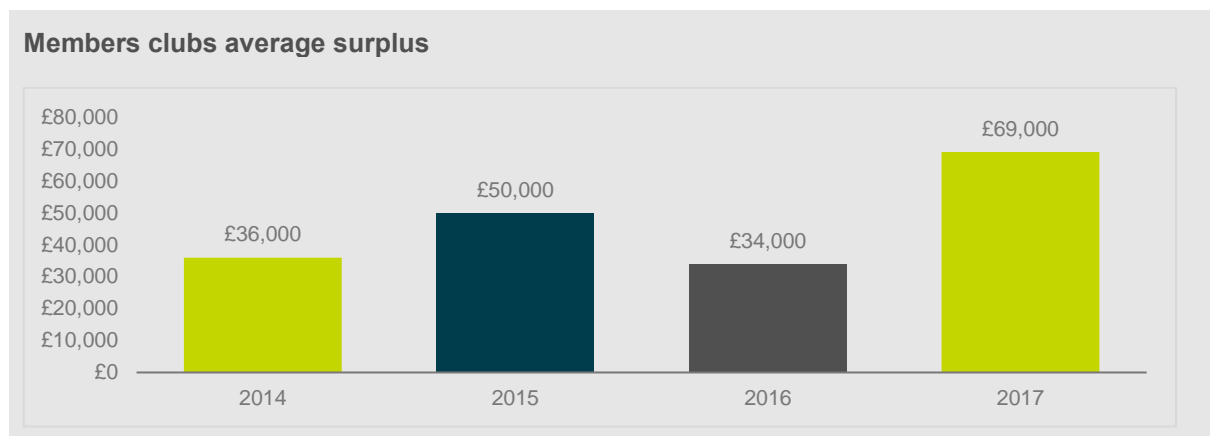
Among those members clubs who cater without the services of a franchise, revenue levels for own catering range from less than £50,000 to £250,000 plus. For more clubs than ever – 64% in 2017 compared to 54% in 2016 - this income now exceeds £150,000.

Profit margins range from 0% to 69%.

Club surpluses and deficits

Among members clubs, the highest surplus figure was £290,000, with a highest deficit of £40,000 – less than the £72,000 recorded in 2016.

The average surplus of £69,000 was the highest yet reported and more than double the £34,000 recorded in 2016.



VAT disallowance

VAT disallowance figures among members clubs again most often fall into the 0-30% category, but for fewer clubs this year (35% in 2017 compared to 47% in 2016). A further 25% sit in the 30-45% category, with 11% at 45-60%, 11% again at 60-75% and 18% over 75%.

Annual general insurance

As in previous years, members clubs are typically paying between £5,000-£10,000 for annual general insurance (53%).

6% pay up to £5,000 and 37% pay £10-15,000. 4% of members clubs pay in excess of £15,000, an increase on the 2% reported in 2016.

Members clubs

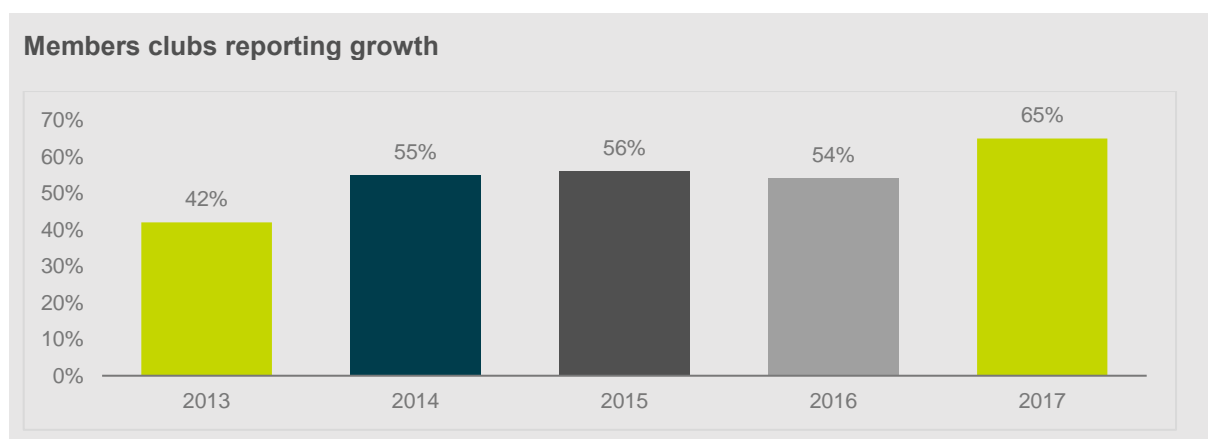
Business development

Business development

More members clubs reporting growth

After a number of years of growth plateauing, there has been an increase this year with 65% of members clubs now reporting that they are growing.

Fewer clubs are reporting that they are standing still, which means that despite the increase in the number of clubs growing, there is also a slight increase (from 5% in 2016 to 8% in 2017) in the number of clubs reporting that they are reducing.



Fewer members clubs investing in marketing

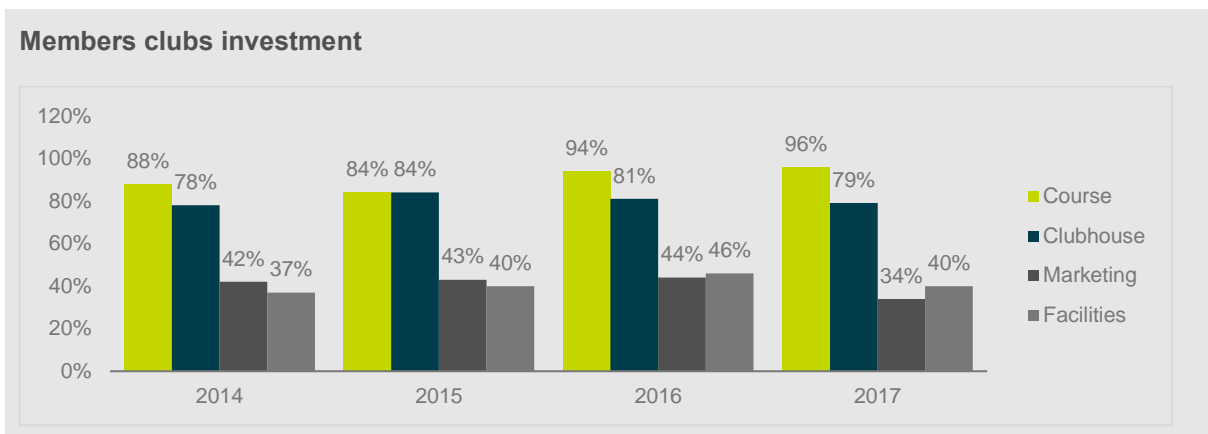
This year there has been another fall in the level of investment in marketing, reducing from 44% in 2016 to 34% in 2017.

Member referrals remains the most **utilised** method of marketing activity, reported by 87% of members clubs (followed by advertising at 52% and networking at 42%). This year, special offers have overtaken networking and are now utilised more – by 44% of members clubs.

Member referrals are also perceived to be the most **successful** method of marketing, highlighted as such by 71% of members clubs. There was a very large gap between this and the next most effective activities reported, which (all at 4%) were events, special offers and social media.

A continuing focus on the golf course as the major source of investment

Investment in courses, clubhouses, marketing and facilities has remained steady since 2014 – though with more members clubs than ever now investing in their course.



Members clubs

**Miscellaneous
additional
information**

Miscellaneous additional information

Dress codes

The percentage of members clubs that have a dress code has remained unchanged this year at 91%. Codes frequently included 'smart casual', and discouragement of denim, jeans, shorts, tracksuits and trainers.

SKY subscriptions

67% of members clubs indicated that they had a SKY subscription, a significant increase from the 57% reported in 2016. The average monthly cost has fallen from £503 in 2016 to £468 in 2017.

Anticipated changes affecting golf clubs in 5-10 years

The following changes were suggested/anticipated by members clubs:

Within 5 years:



Within 10 years:



The impact of the Living Wage

An increasing number of members clubs suggested that the introduction of the living wage would impact upon them – 61% in 2017, compared to 53% in 2016. Members clubs indicated that this would apply to an average of nine staff, compared to 6 staff in 2016.

Operating 2 for 1 schemes

8% of members clubs indicated the use of a 2 for 1 scheme, a figure virtually identical to that recorded in 2014, 2015 and 2016. These clubs suggested that this generated an average of £1,300 additional income.

Community Amateur Sports Clubs (CASC)

Just 7% of members clubs indicated that they were Community Amateur Sports Clubs, a substantial fall from the peak of 26% reported in 2015. These clubs had become a Community Amateur Sports Club between 2005 and 2009. Changes introduced to meet the new rules for this included:

- Trading subsidiary (x3)
- New membership category (x3).

Of those members clubs not already Community Amateur Sports Clubs, only one indicated that they were considering becoming one. 50% of the clubs that were not considering becoming one indicated that the reason for this was due to the new rules.

Greens maintenance

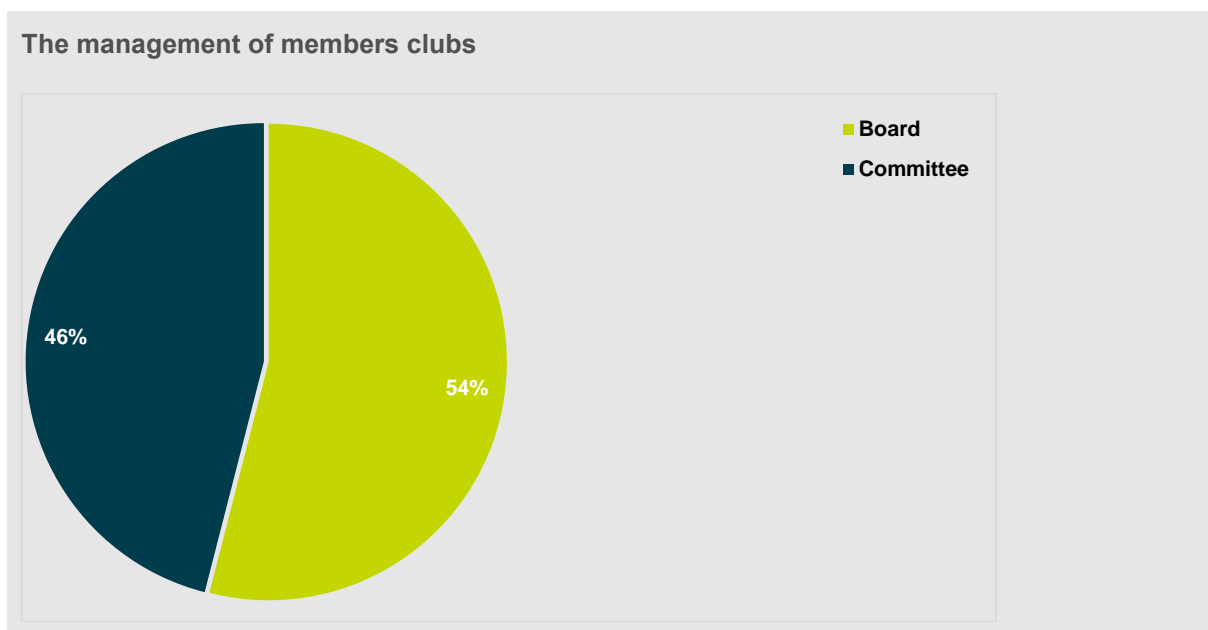
This year, for the first time, we asked the question of whether clubs carry out intensive maintenance on their greens (i.e. scarification, deep tining, etc.) and what time of year is this done. The most popular months for this work are August (61% of members clubs), March (25%) and April (22%).

Rules and regulations

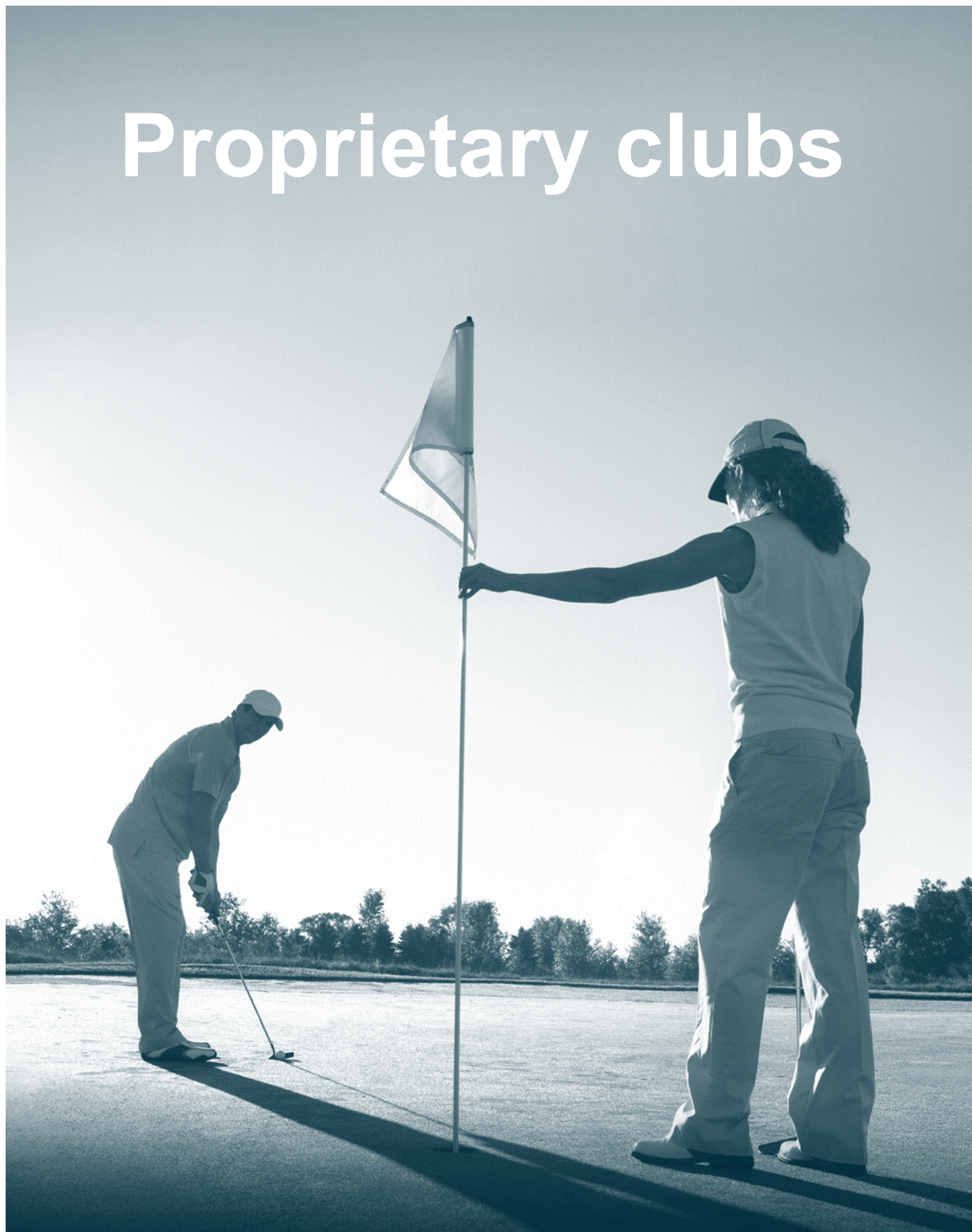
An additional new question for 2017 was “Is your golf club actively willing to change its rules & regulations to modernise the club?” 89% of members clubs confirmed that they are prepared to change their rules and regulations. For the 11% who were not willing to change, the most popular reason given was that change is unnecessary.

Club management

A third new question for 2017 was “Is your club run by a committee or a board of directors?” The majority of members clubs are run by a Board:



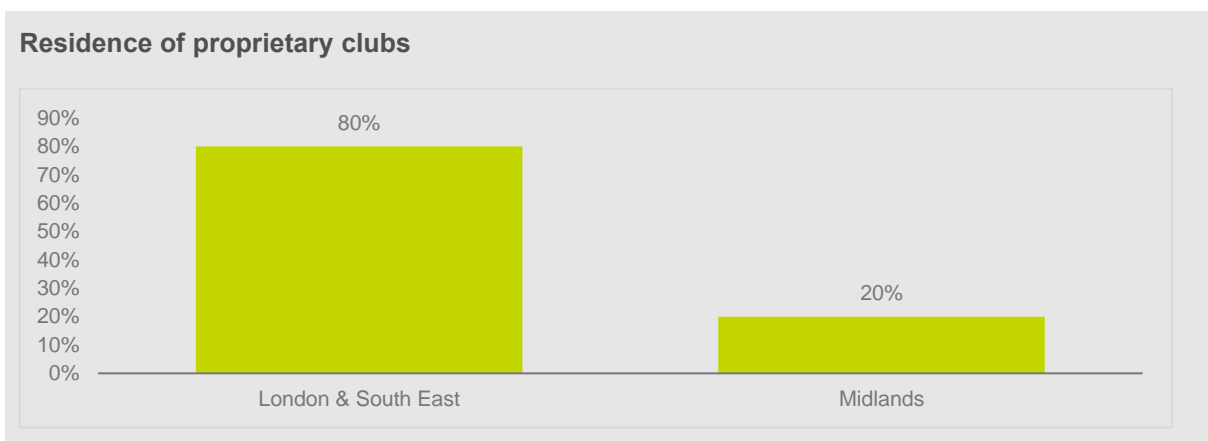
Proprietary clubs



Proprietary clubs results 2017

5 clubs, all with 18-hole courses

This year we bring you data from 5 proprietary clubs from across London and the South East (both inside and outside of the M25) (80%) and the Midlands (20%).



These are all 18-hole clubs.

Mainly paid positions

80% of survey respondents – including proprietors and managers - were paid members of their club.

Proprietary clubs

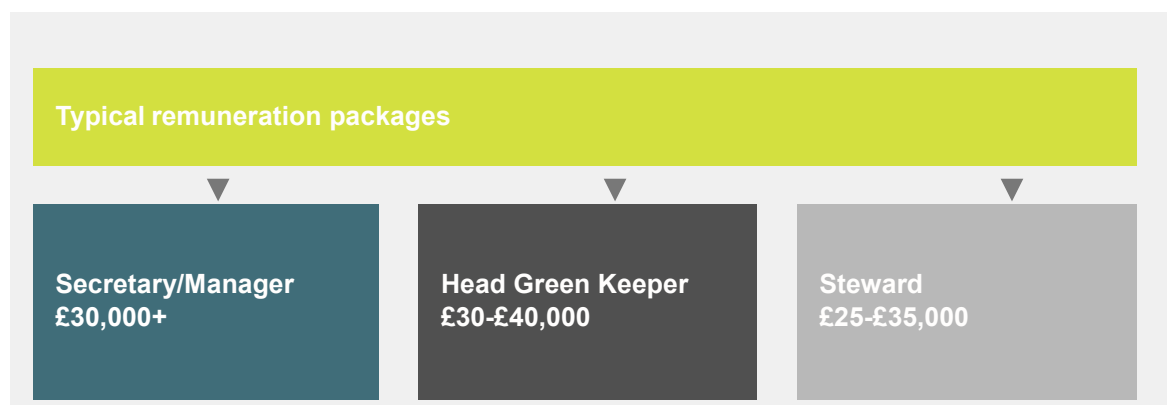
Staffing

Staffing

A typical remuneration package of £30,000+ for Managers; generally lower than in members clubs

These survey respondents had varying remuneration packages, and although 50% were over £45,000, the other 50% were in the £30-£35,000 bracket.

As in 2015, 2016 and 2017, the Head Green Keeper remuneration package was most frequently priced at £30-£40,000 (80%), whilst Steward remuneration was consistently within the £25,000 to £35,000 range.



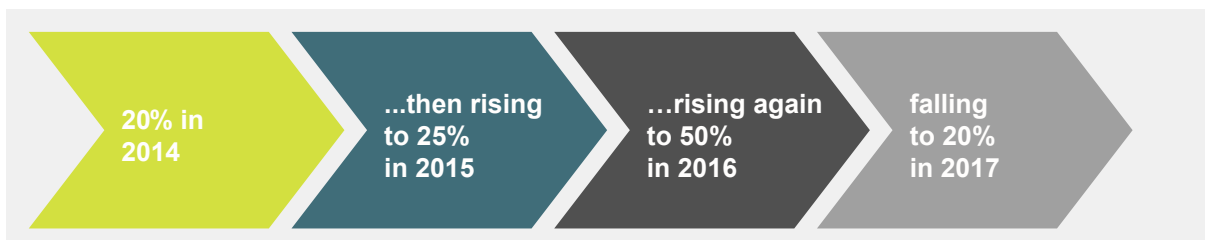
PGA Professionals

All proprietary clubs indicated that they had a PGA professional, in line with most members clubs. This year 20% indicated that they pay their professional a retainer; all the other clubs offer free premises.

Proprietary clubs typically offer their PGA professional free premises but most do not offer a retainer.

Fewer clubs pay commission to their professional

This year the proportion of proprietary clubs paying commission to their professional has fallen to 20%.



PGA duties which focus on tuition

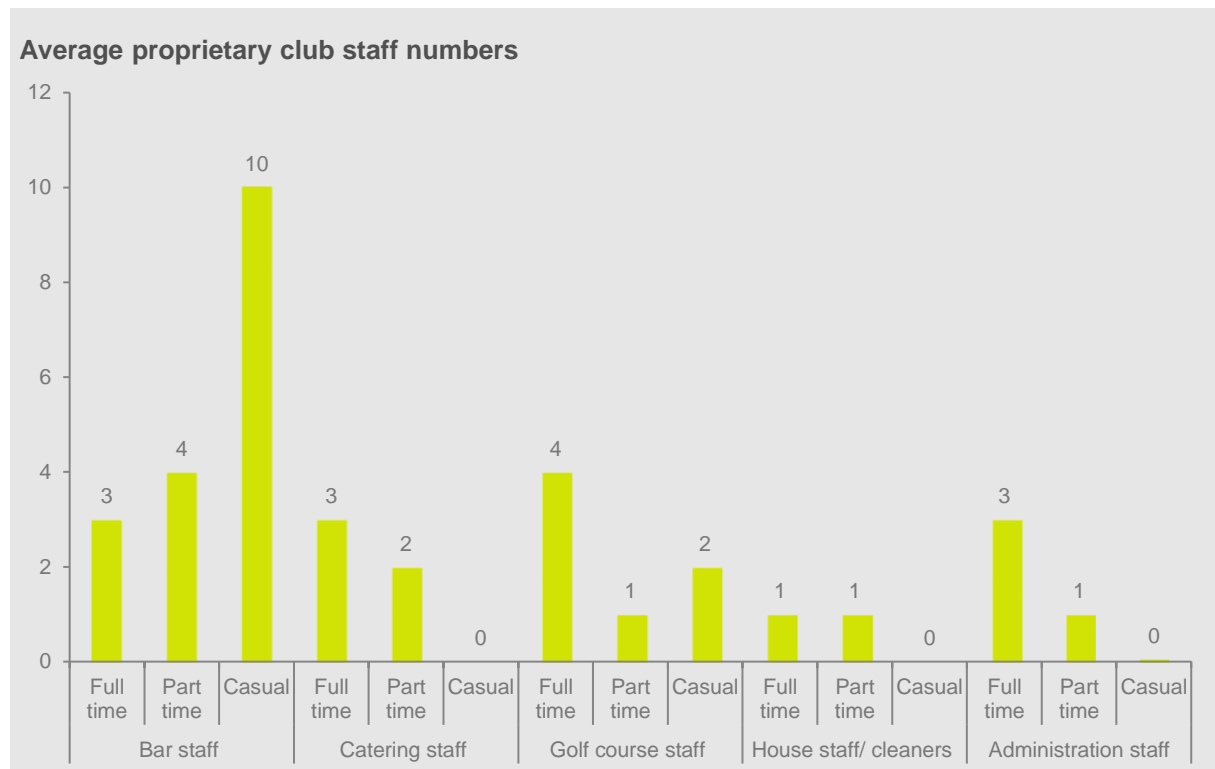
Where PGA professionals are present, they continue to undertake a number of duties for proprietary clubs, focusing on tuition provision (the most frequent), and supplemented by pro-shop management, taking bookings, green fee collection, handling membership enquiries and competition administration as typical duties.



An average of 21 staff at proprietary clubs

Always highly variable and dependent on the size and needs of each club in question, staffing figures range from 12 to 37 across proprietary clubs, with an average total staffing number of 21 – a reduction from 29 in 2016 and a return to the typical levels between 2013 and 2015.

Average numbers across staff roles are broken down as follows.



Proprietary clubs

Members

Members

Proprietary clubs typically with 100-500 playing members

As in 2016, between 300 and 400 members proves typical for (60% of) proprietary clubs. A further 20% have 400-500 members and the remaining 20% have less than 300 members.

Limiting membership

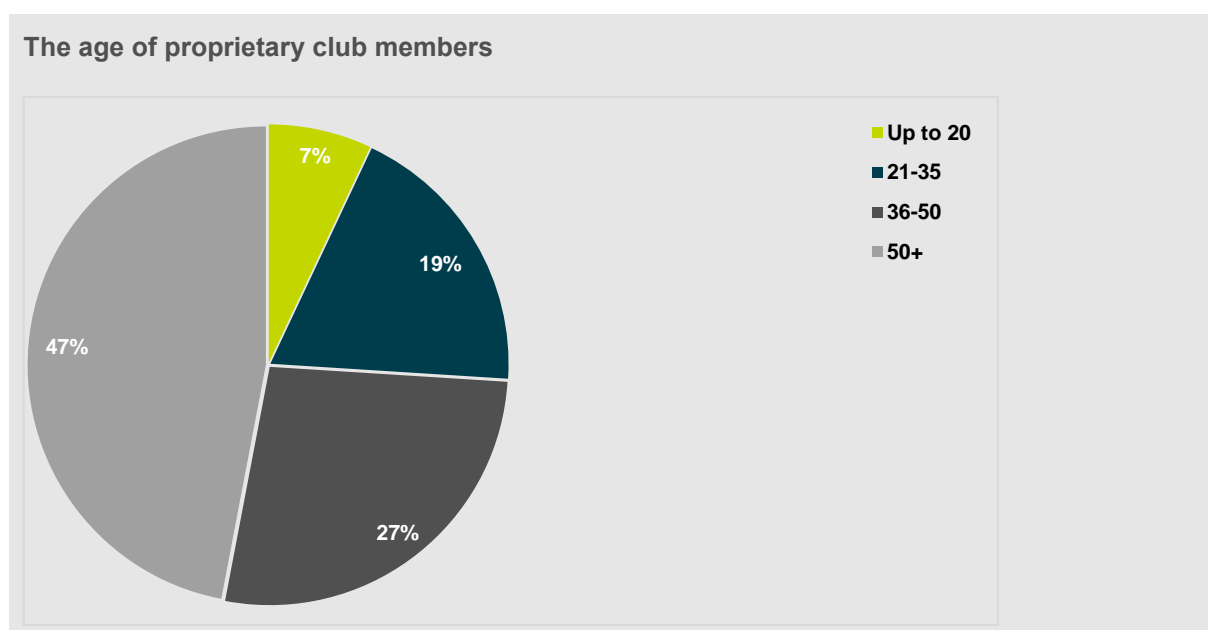
All of the proprietary clubs who provided this information suggested a cap on their number of playing members. Suggestions for this limit vary between 300 and 600.

Flexible membership

60% of proprietary clubs indicated that they offered flexible membership – including half price green fees, points systems and variable days.

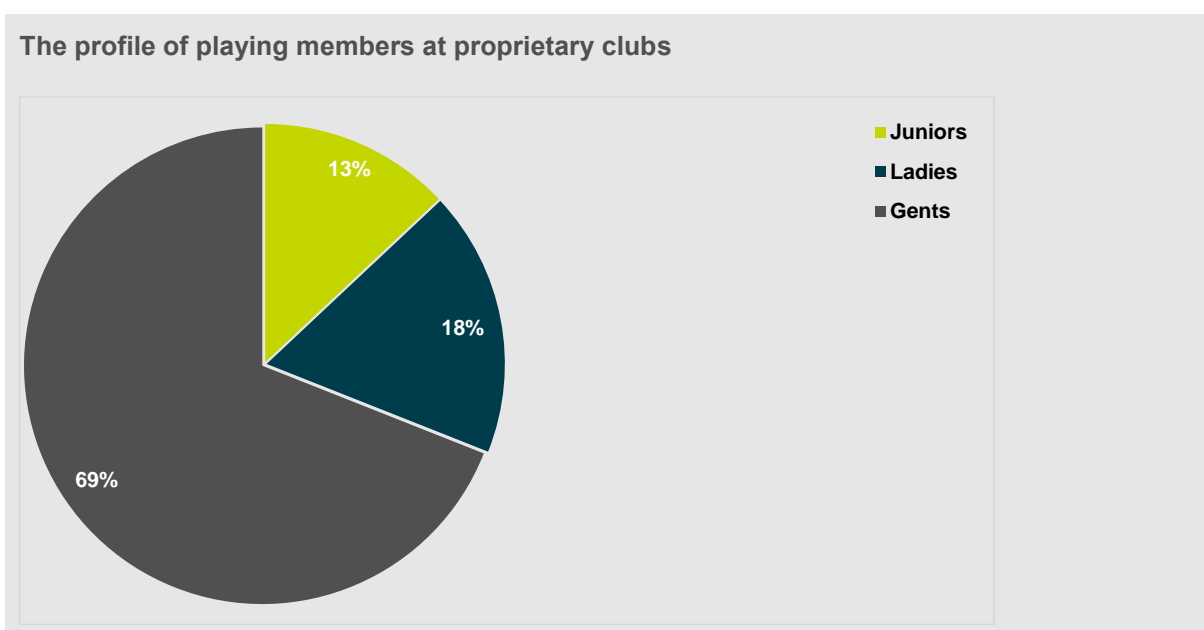
Member ages distributed towards the 50+ age group

As shown in the following chart, and paralleling the findings of previous years, the age distribution of proprietary club members shows lower numbers of younger members and a greater number of older members. However, there has been a small increase in the number of younger members this year, with the proportion of those aged under 36 rising from 21% in 2016 to 26% in 2017.



A high but reducing gentlemen to lady member ratio

As shown in the following chart, and again aligned to the findings of the past two years, the gender distribution of proprietary club members shows lower numbers of lady members and junior members, and more gentlemen members. However, this year the balance has changed slightly, with the proportion of gentlemen members falling from 77% in 2016 to 69% in 2017. The majority of this change has been due to the number of junior members, which has increased from 7% in 2016 to 13% in 2017.



Proprietary clubs continue to indicate that their Female membership is decreasing

60% of proprietary clubs say that their female membership is decreasing – the same proportion as reported in 2016. This is despite no restrictions in any of the clubs for female usage of the club.

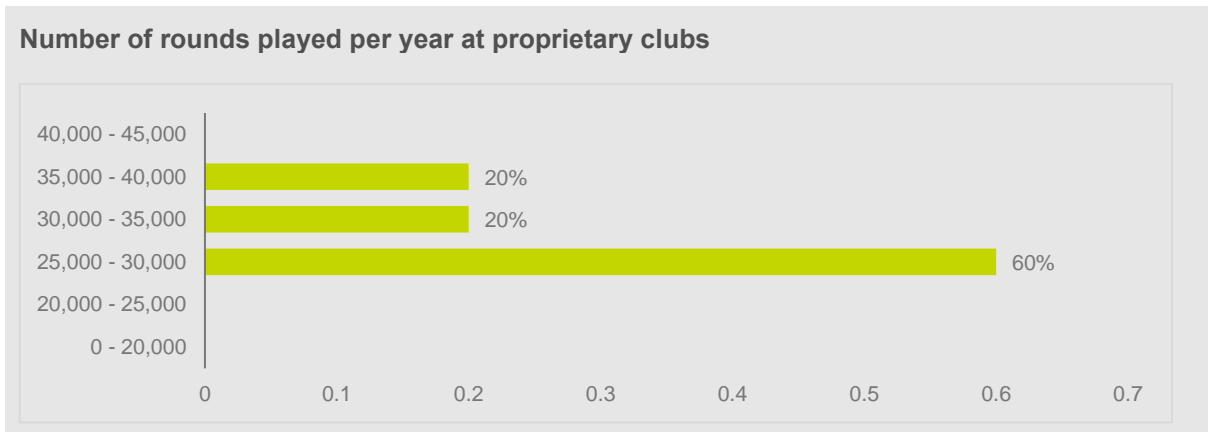
As in previous years, none of the proprietary clubs surveyed offered reduced rates for lady members.

Stable but small numbers of social members at proprietary clubs

The proportion of proprietary clubs with a social membership exceeding 25 people remains at 60% this year.

A large variation in rounds played at proprietary clubs

As in previous years, a large variation in the number of rounds played annually at proprietary clubs is clearly evident – however, this is again most frequently around the 25-30,000 mark.



Society rounds

The number of rounds played by societies has increased significantly this year, ranging from 1,500 to 5,000, with an average of 3,210, compared to 1,445 in 2016.

No proprietary clubs have a current waiting list

After two years with an increasing proportion of proprietary clubs having waiting lists, in 2017 no clubs had a waiting list.

Proprietary clubs

Facilities

Facilities

All proprietary clubs have a driving range

As in 2016, in 2017 all the proprietary clubs have a driving range. Driving range incomes are similar to previous years, ranging from between zero to £25,000+.

Over half of proprietary clubs have an academy area

This year 60% of proprietary clubs have an academy area – a reduction from the 75% reported in 2016.

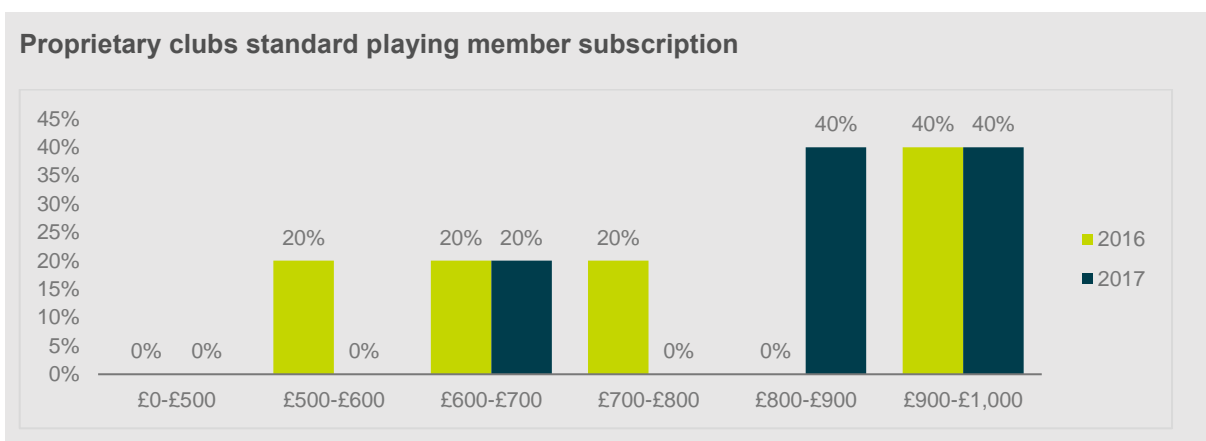
Proprietary clubs

Fees & charges

Fees & charges

Subscriptions

As in previous years, membership fees for standard playing members vary significantly. However, this year there are more clubs at the higher end of the range.



Social membership charges

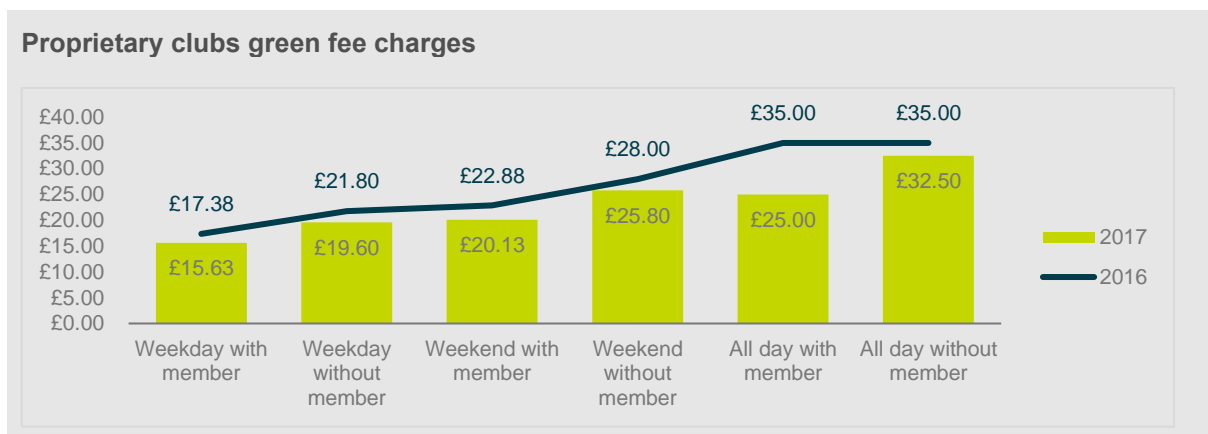
Charges for social membership have reduced in 2017. This year 80% of proprietary clubs had fees of less than £25, compared to 50% in 2016.

Same number of proprietary clubs now have entrance fees

In a repeat of the results for 2015 and 2016, just one proprietary club indicated an entrance fee, which is £40, whilst no Proprietary Clubs currently without an entrance fee propose to implement one.

Reduced green fee charges in 2017

Average green fee charges are shown below, across weekdays, weekends and all-day use, both with and without members. In all categories the fees are lower in 2017 than in 2016.

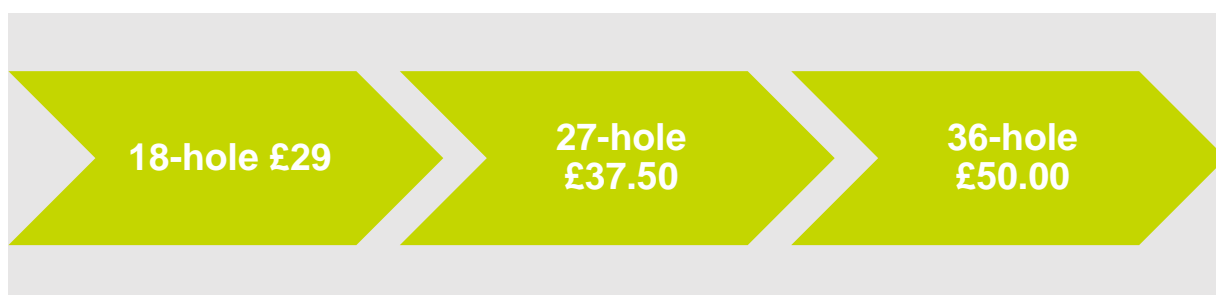


Wider range of green fee incomes

The income generated by green fees ranged from £60,000 - £180,000+. This is a wider spread than in both 2016 and 2015.

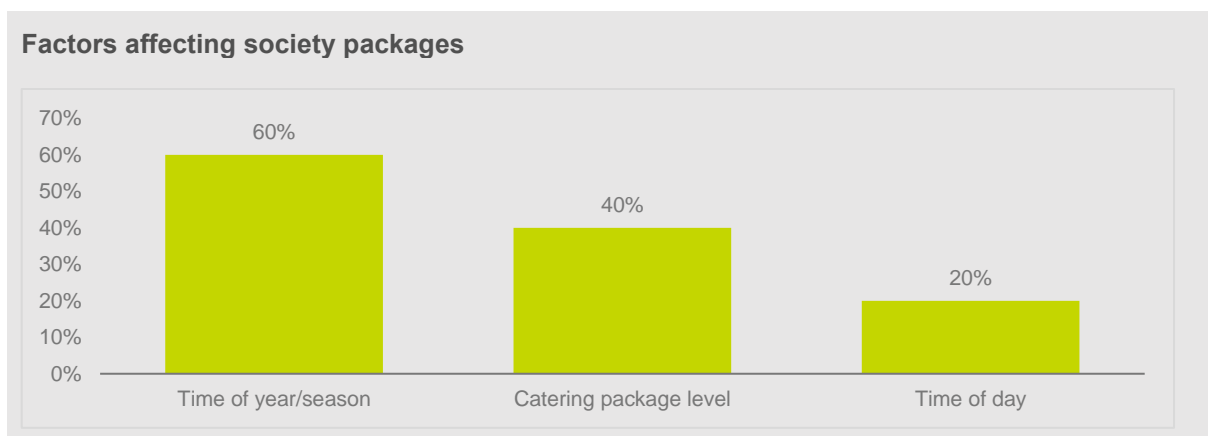
Society packages

Many proprietary clubs offer society packages, with average rounded costs as follows.



The 18 and 36-hole package costs are higher than in 2016, but 27-hole package costs are lower.

As in previous years, proprietary clubs offering society packages feel that three aspects impact most significantly on these, with time of year/season again highlighted as the most important:



Average room & facility hire

Due to the low number of proprietary clubs providing these figures, it is not practical to present or compare them with 2016 figures.

Proprietary clubs

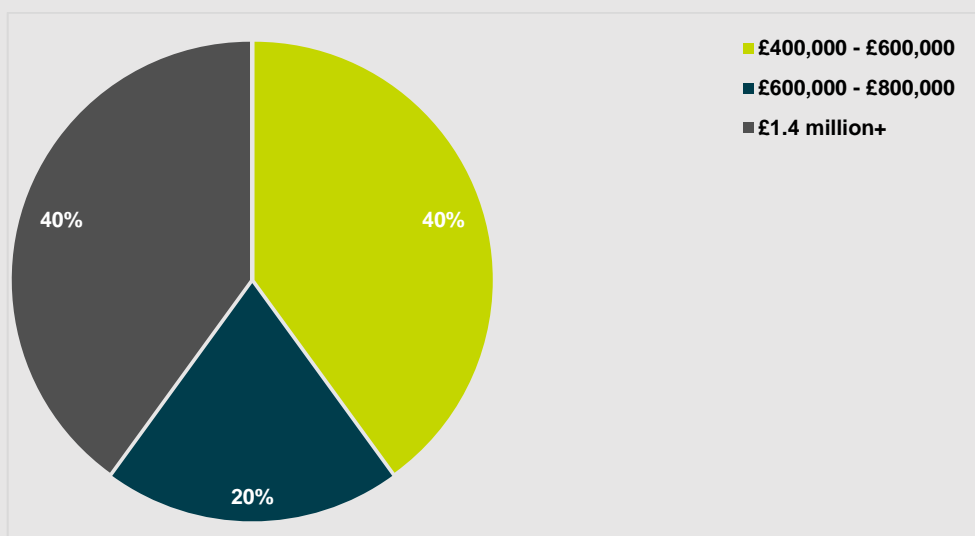
Financial information

Financial information

Typical club turnover of £400,000 - £1,400,000+

Proprietary clubs reported turnover ranges from £400,000 to over £1.4 million. There are more proprietary clubs at the higher end of this range than in previous years.

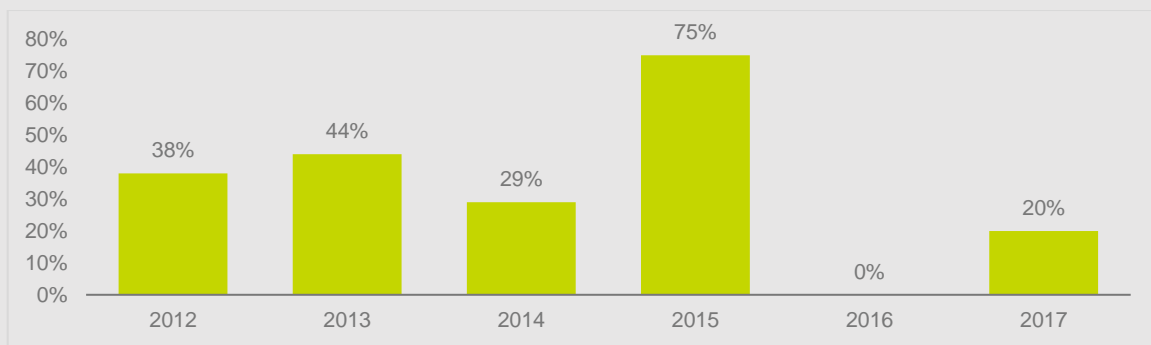
Annual proprietary clubs turnover



Society income

Society income for proprietary clubs had been increasing and by 2015 was in excess of £60,000 for around 75% of clubs. In 2016, none of the proprietary clubs had a society income above £60,000, but this year 20% of the clubs have managed to achieve this.

Society income above £60,000



Bar revenue and activity

Average margins and other costs this year were:

- Gross margin 44%
- Net profit 48%
- Rateable value £66,500
- Rate cost £15,000
- Club maintenance cost £18,750
- Wages level £137,500.

These should be regarded as indicative of only those proprietary clubs who chose to disclose figures – with a majority choosing not to do so.

Utility costs

Due to the low number of proprietary clubs providing these figures, it is not practical to present or compare them with 2016 figures.

Average course maintenance and wage costs

Proprietary clubs average course maintenance costs in 2017 are the same as in 2016. However, average course wage costs have fallen this year.

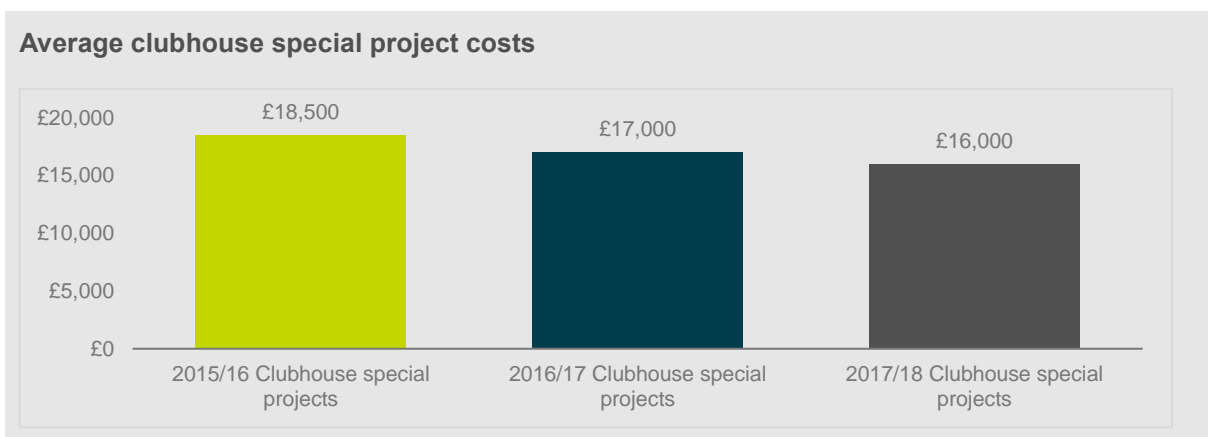


The following graphs present average current and estimated costs for course, clubhouse, grounds and equipment special projects. Due to the small number of proprietary clubs providing this information it is not possible to comment on trends.

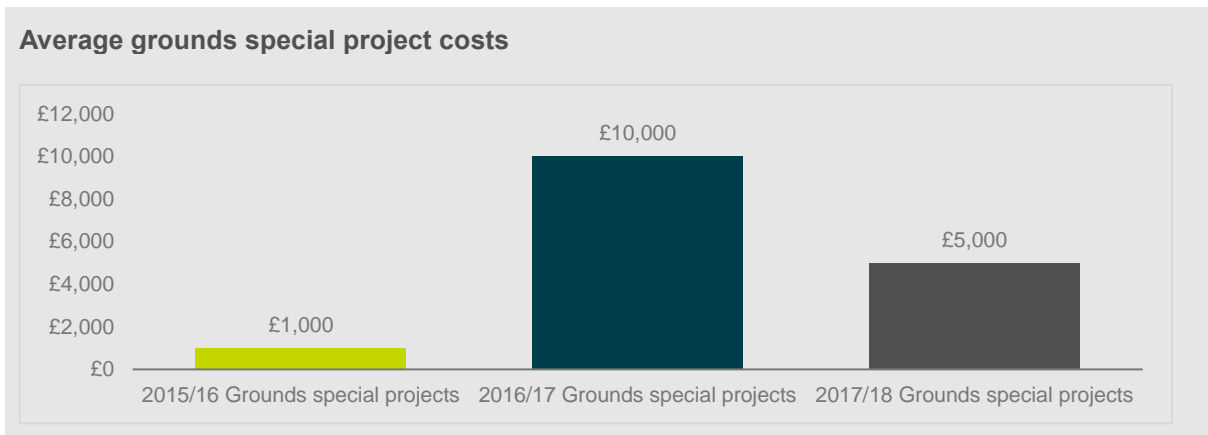
Average current and anticipated course special project costs



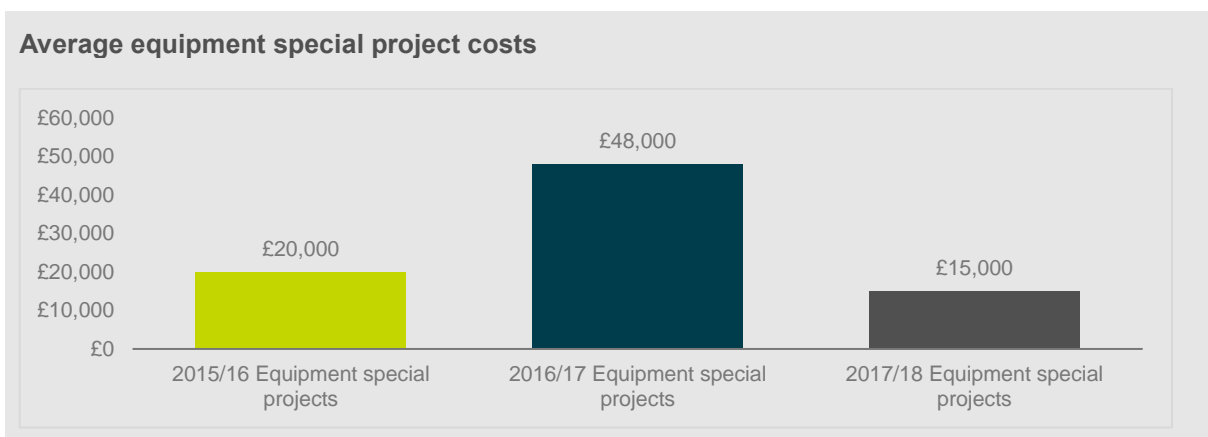
Average current and anticipated clubhouse special project costs



Average current and anticipated grounds special project costs



Average current and anticipated equipment special project costs



Proprietary clubs using franchise catering

50% of proprietary clubs who provided this information use a franchise for their catering. Among those clubs who cater without the services of a franchise, gross profit margins range from 62% to 70% and net profit comes in at an average of around 48%.

Club surpluses and deficits

It is difficult to draw any conclusions from the minimal data collected in this area.

VAT disallowance

40% of proprietary clubs reported a VAT disallowance figure of 0-30%.

Annual general insurance

60% of proprietary clubs pay between £5,000-£10,000 for their annual general insurance.

Proprietary clubs

Business development

Business development

Most proprietary clubs reporting growth

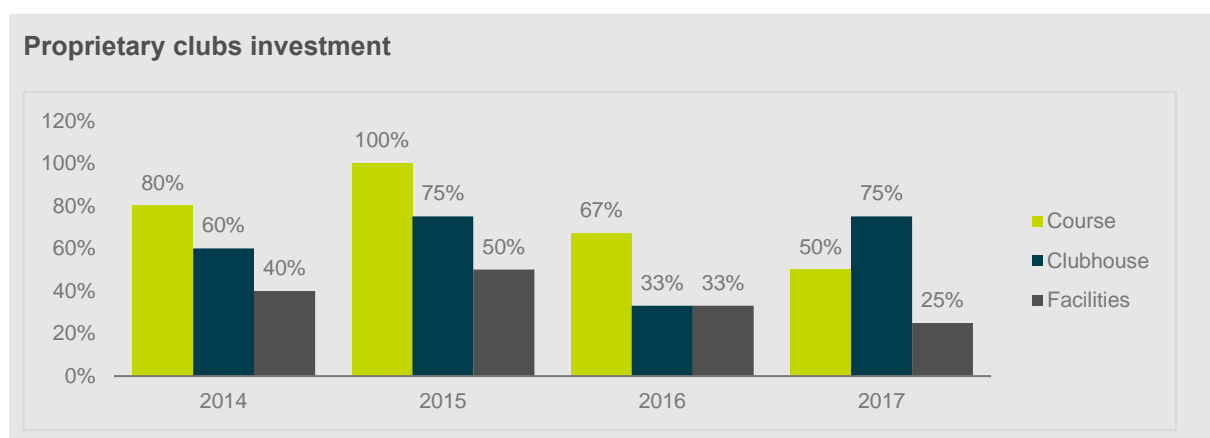
The percentage of proprietary clubs reporting growth in 2017 was 60% - consistent with the range of 50-67% reported over the last six years.

Proprietary clubs continue investing in marketing

A majority of proprietary clubs continue to market their offer, typically using advertising, corporate brochures, special offers and member referrals as the most frequent types of marketing undertaken. Others indicate usage of networking, email campaigns, word of mouth and free lessons.

Proprietary clubs reduce investment

Investment in courses, clubhouses and facilities has continued since 2014, but this year investment in courses and facilities had reduced. Clubhouse investment has recovered to the levels of 2015.



Proprietary clubs

**Miscellaneous
additional
information**

Miscellaneous additional information

Dress codes

60% of proprietary clubs indicated usage of a dress code, an increase from the 50% reported in 2016.

SKY subscriptions

20% of proprietary clubs indicated that they had a SKY subscription.

Anticipated changes affecting golf clubs in 5-10 years

The following changes were suggested/anticipated by proprietary clubs:

Within 5 years:

- Becoming more customer friendly, etc.
- Embrace change
- Encourage casual golfers
- Get with the times
- I think a lot of golf clubs will close
- Less rules
- Mobile phones allowed
- No dress code
- Relaxing dress rules, etc.

Within 10 years:

- Change in hcp system = more youngsters
- I think even more golf clubs will close
- Many going bust
- More courses leaving the market
- More internet control.

The impact of the Living Wage

75% of proprietary clubs suggested that the introduction of the living wage would impact upon them, identical to 2016.

Operating 2 for 1 schemes

75% of proprietary clubs indicated the use of a 2 for 1 scheme.

Community Amateur Sports Clubs (CASC)

No proprietary clubs indicated that they were Community Amateur Sports Clubs - with none considering becoming one.

Greens maintenance

The most popular month for proprietary clubs to perform greens maintenance work is September.

Rules and regulations

All proprietary clubs agreed that they are prepared to change their rules and regulations to modernise the club.

Club management

All proprietary clubs who responded in 2017 indicated that they are run by a Board of Directors.

Key messages

Key messages

Whilst there is some encouraging results and some improvement in membership numbers the longer term trends are still not positive. Most clubs anticipate a further downturn in the next few years and beyond and therefore keeping both the members and visitors satisfied seems to be the most important point.

Try not to spend all of the VAT windfalls straightaway as you may well need the funds in the future.

Encouragingly Clubs are spending funds on their key asset, the course, and this has to continue. There will be increased regulation regarding the usage of fertilisers and pesticides so you need to consider the impact of this on the course going forwards.

Be prepared to embrace change and react to it quickly.



We hope you find the above report interesting. Our golf club specialist, Robert Twydle, would be delighted to visit your club individually if you would like a thorough review.

Robert Twydle

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