



HillierHopkins

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and Tax Advisers

Golf club survey 2015

Benchmarking report of UK proprietary & members clubs



“friendly expertise”

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Welcome to the 2015 Hillier

Hopkins LLP Golf Survey Report for Members Clubs and Proprietary Clubs. Thank you to those that responded to previous surveys. Many Clubs who participated this year viewed our 2014 report and, more importantly, used it – typically for benchmarking and board information. We are, once again, greatly encouraged to note that Clubs considered 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.

The results of this year's survey are in many ways similar to last year which on the face of it would suggest that a steady as she goes attitude is satisfactory but actually the results show a slow decline in performance. Costs have risen slightly and although most clubs have introduced stricter controls in recent years there are still clubs whose costs are significantly above average.

Overall the previous trend of declining member numbers which other surveys have indicated had levelled out is not reflected in this survey which still suggests a continuing decline. What is clear is that many new members are joining to play regular golf as much as if not more than to be a "member" of the club.

It appears that, except in a few instances, the other aspects of membership such as social interaction and becoming part of a community are less important to younger golfers. The number of offers and deals available is staggering and whilst some of these result in new full members for others it is just cheap golf.

Despite some commendable efforts the age profile at most clubs remains stubbornly high with the survey actually reporting an increase in the aged 50+ bracket.

On society income the survey again reflects a wide variation in numbers. There was a

general feeling that the declining trend had come to a halt but actual player numbers still seems to be falling

Member subscription levels have increased slightly though this is in the main an attempt to try and stay ahead of rising costs. With perhaps negative inflation at least for the next six months it will be interesting to see what clubs choose to do in 2016.

One of the trends seen in previous years has continued with fewer clubs reporting an entrance fee in this survey. In some instances this is still a barrier to membership and clubs are still appear to be reducing this or considering abolishing it altogether. Whilst for some CASC clubs this will be a necessity for others the question remains whether this is a positive or a negative factor.

Most clubs are now seeking to take advantage of their facilities and are making these more available to non members. Getting the balance right between outside income for the club and the members' needs is always a difficult balance.

Perhaps the most interesting part of the survey is the responses to the question on anticipated changes over the next 5/10 years. It is a very long list but sadly does reflect the large numbers of issues facing clubs over this time period and the ones which clubs need to now start considering in their longer term plans.

Our surveys have again received much recognition over the past year and we hope that this one will continue to provide information to Clubs, to assist in making strategic decisions, for benchmarking purposes, and as a source of information. We are very grateful to all the Clubs that have taken part in this survey which, without their participation, would not be possible.

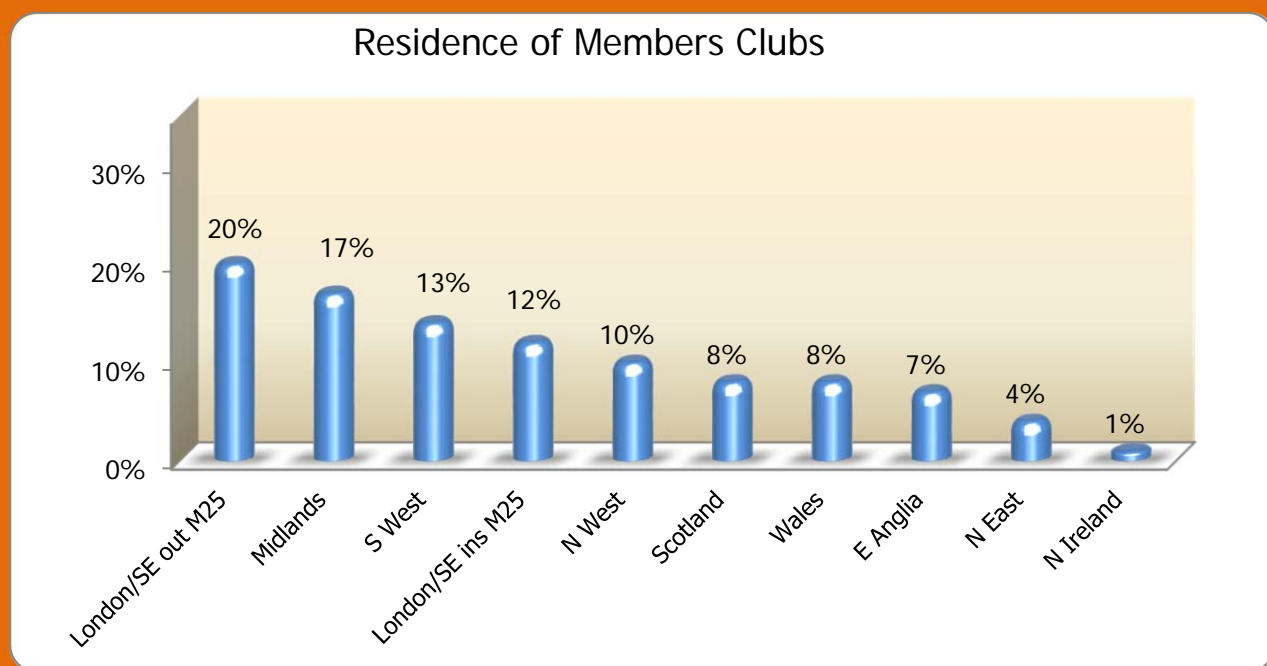
Thank you for your time and effort in responding to our enquiries. We hope that the survey continues to be of interest and use in your Club activities.

Robert Twydale

Members Clubs Results 2015

101 Clubs, Typically with 18-hole Courses

This year we bring you data from 101 Members Clubs from across ten regions of the UK, with 20% from London and the South East (outside of the M25). As in 2014, these were predominantly 18-hole Clubs (89%), with 5% 9-hole, 4% 27-hole and 2% 36-hole Clubs.



Few Honorary Positions

As in 2014, the vast majority of survey respondents – including predominantly managers and secretaries – were paid members of their Club, with very few (just 7%) honorary positions.

Staffing

Changing Remuneration Packages

Survey respondents had a typical remuneration package of in excess of £40,000 (51%) – very close to the previous two years.

The Head Green Keeper remuneration package was this year slightly lower – with half receiving between £30-40,000. In contrast, Steward remuneration is higher than in 2014 - now typically standing at £25-30,000 (previously £20-25,000).



PGA Professionals at Most Members Clubs

96% of Members Clubs indicate that they have a PGA professional. Among those who pay a retainer, this is typically from £1,500-£2,500 per month.

A rising percentage (around 61%) of Members Clubs pay in excess of £2,000 to their PGA professional.

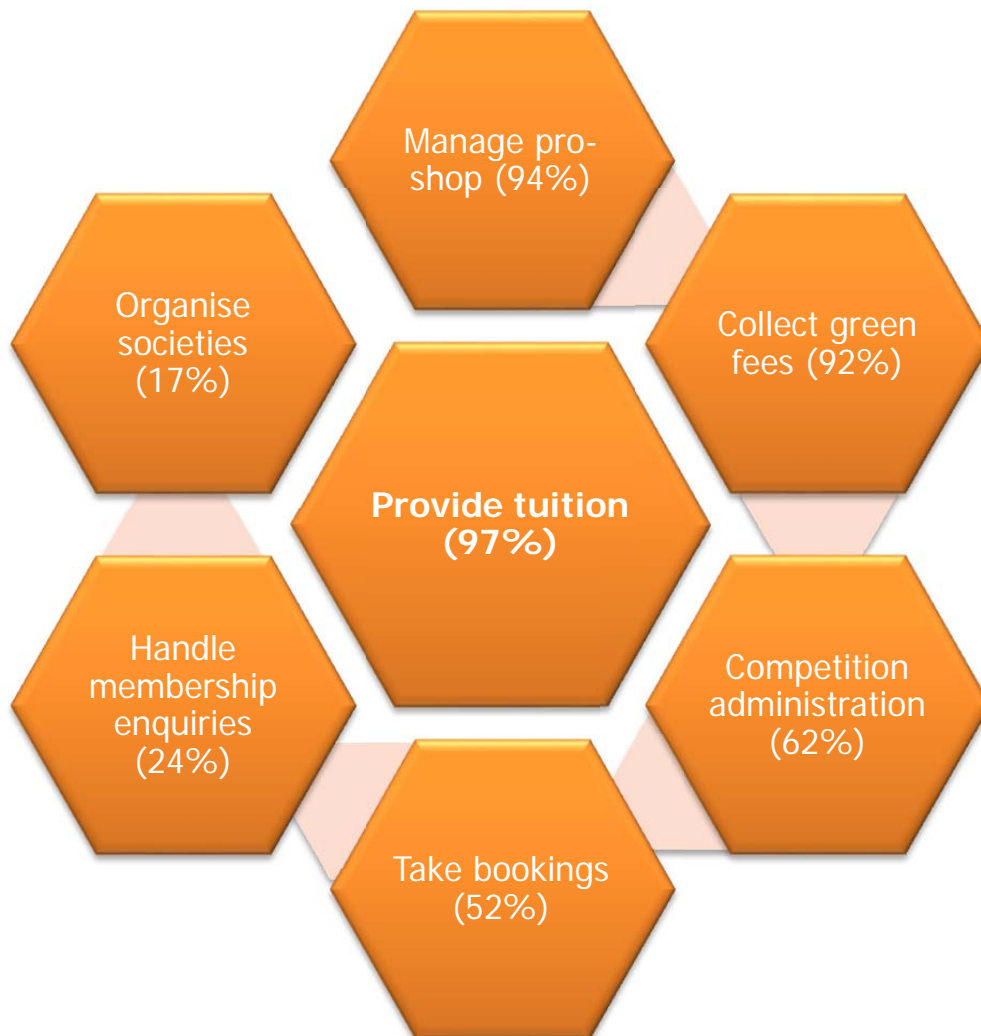
Members Clubs pay a typical PGA professional monthly wage of £1,500-£2,500.

More Clubs Now Pay Commission to their Professionals

In 2014 the percentage of Clubs paying commission to their Professional had fallen to 47%. In 2015 this has risen again to 56%, with an accompanying commission of around 8% on average (consistent with the 5-10% recorded in 2014).

PGA Duties Which Focus on Tuition, Green Fees, the Pro-Shop and Bookings

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.

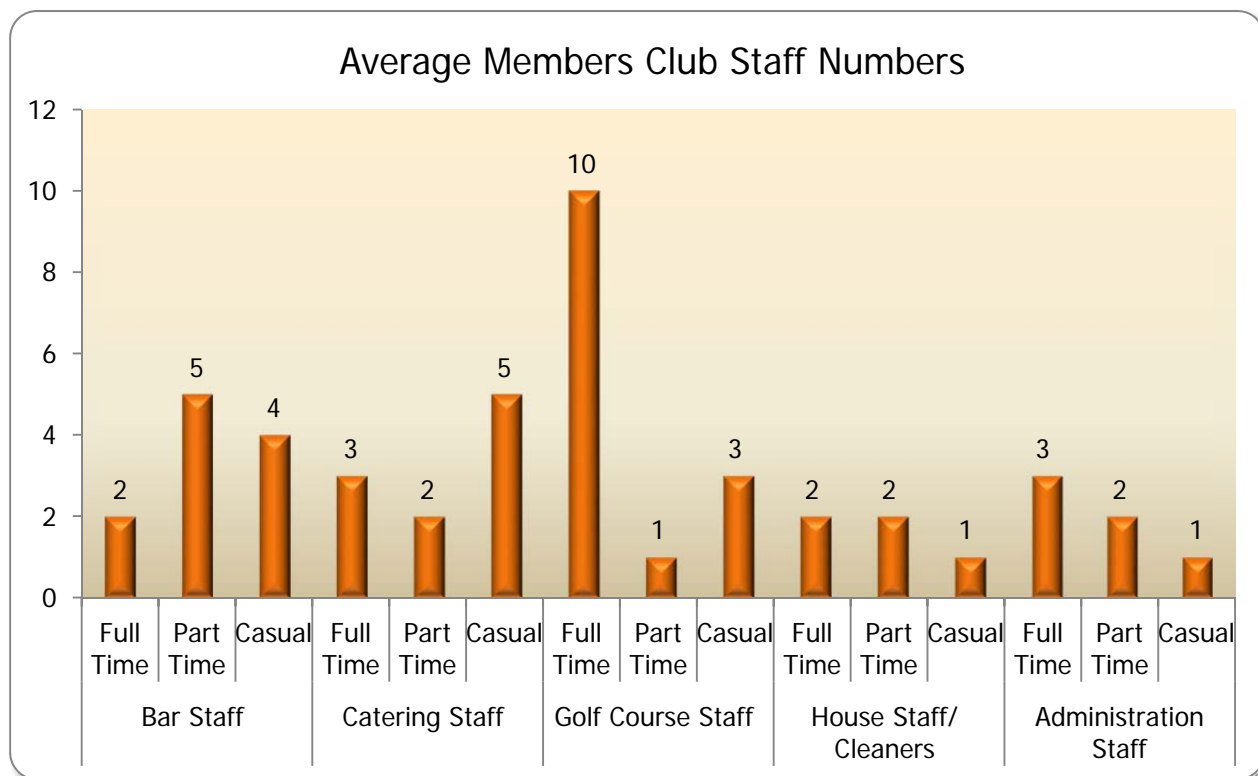


An Average of 28 Staff at Members Clubs

6

Always highly variable and dependent on the size and needs of each Club in question, staffing figures range from 6 to 462 across Members Clubs, with an average total staffing number of 28. Average numbers across functions are broken down as follows.

6



Reducing Member Numbers at Some Clubs

Members Clubs display a wide ranging number of playing members, with 41% having 100-500; 35% having 500-600; 12% having 600-700 and 12% having 700+. These figures suggest a slight decline in numbers, with Clubs with 500+ members falling from 64% in 2014 to 58% currently.

Limiting Membership

Most Members Clubs (71%) suggest a cap on their number of playing members. Suggestions for this limit vary significantly. However, a limit of

500-700 again features most frequently.

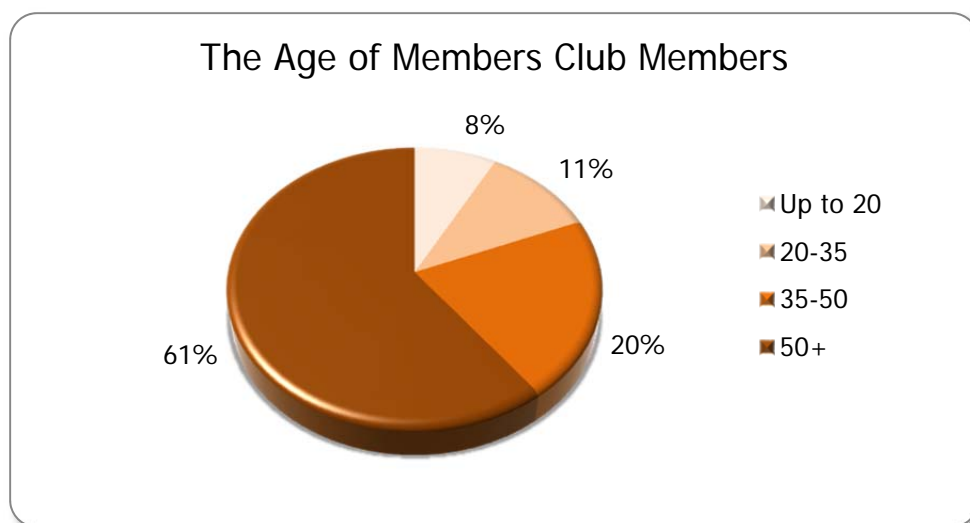
Flexible Membership

30% of Members Clubs offer flexible membership. Deals included:

- £349 pa for 300 credits (15 credits weekend; 10 credits weekday; 5 credits 9-holes)
Two additional blocks of £100 for 100 credits. Full membership entry into comps, handicap, vote at AGM etc.
- £495 - Credit based - minimum restrictions, have full rights and privileges.
Designed for those who want to be a proper member but only play occasionally
- £500 advanced fees
- 5 day
- Associate
- Credit golf, off-peak, overseas and loyalty
- Points based system with card swipe through till.

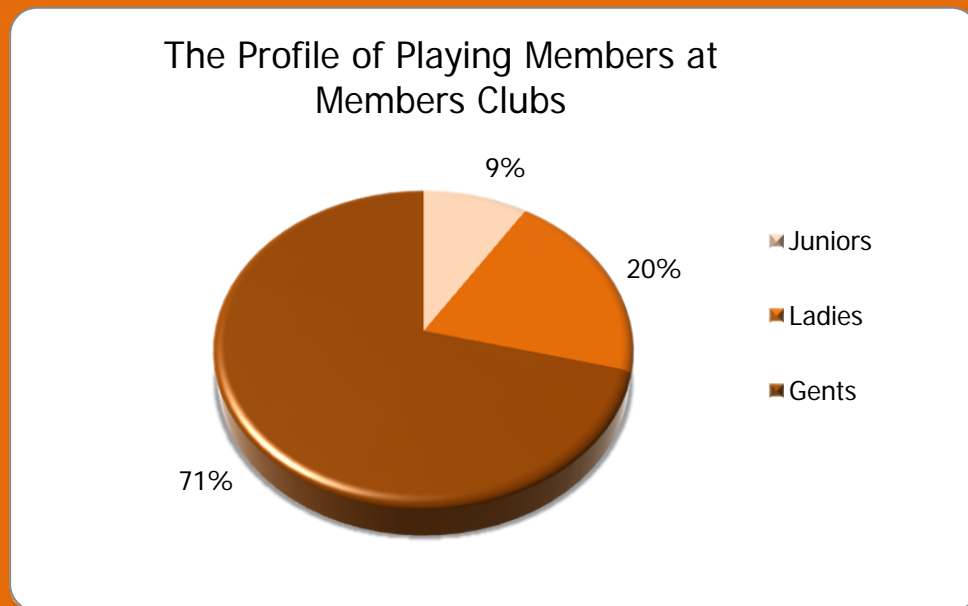
Member Ages Continue to be Distributed Towards the 50+ Age Group

As in 2014, and as shown in the following chart, the age distribution of Members Club members shows fewer younger members (in lighter shades) and more older members (shaded darker). The percentage of members aged 50 plus is continuing to rise (from 57% in 2014 to 61% currently).



A Continuously Higher Gentlemen to Lady Member Ratio

As shown in the following chart, and closely aligned to the findings of 2014, the gender distribution of Members Club playing members shows fewer female and junior members, and more gentlemen members. Over 70% of playing members are gents.



Just 49% of Members Clubs say that their Female Membership is increasing

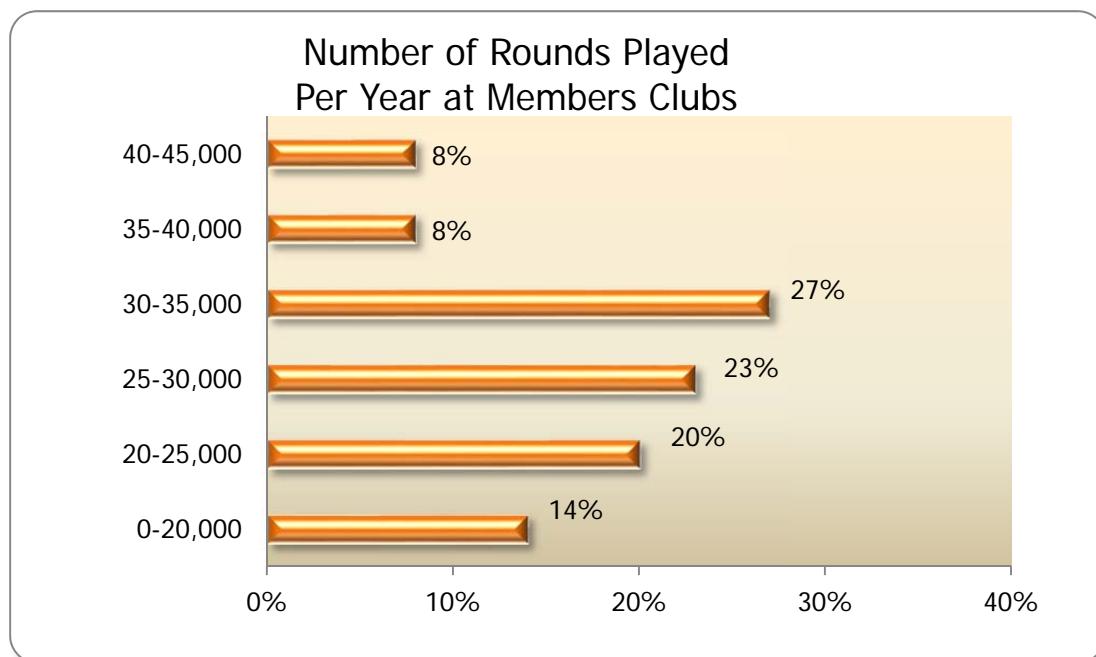
This figure is consistent with that of 2014. Just 6% of Clubs restrict Lady Member usage, typically in terms of day/time restrictions. A similar percentage to 2014 (10%) of Members Clubs offer reduced rates for Lady Members.

Decreasing Numbers of Social Members

22% of Members Clubs now have a social membership exceeding 100. This indicates a decline in social membership, falling from 34% in 2014.

Total Annual Rounds Played in Members Clubs

A large variation in the number of rounds played annually at Members Clubs is clearly evident. These percentages are very close to those recorded in 2014.



Society Rounds

Rounds played by societies range from zero to 40,000. The typical number of rounds played is approximately **2,200** annually – very close to the figure recorded in 2014. An increasing percentage (rising from 44% in 2014 to 47% currently) of all Members Clubs report an increase in the number of rounds played.

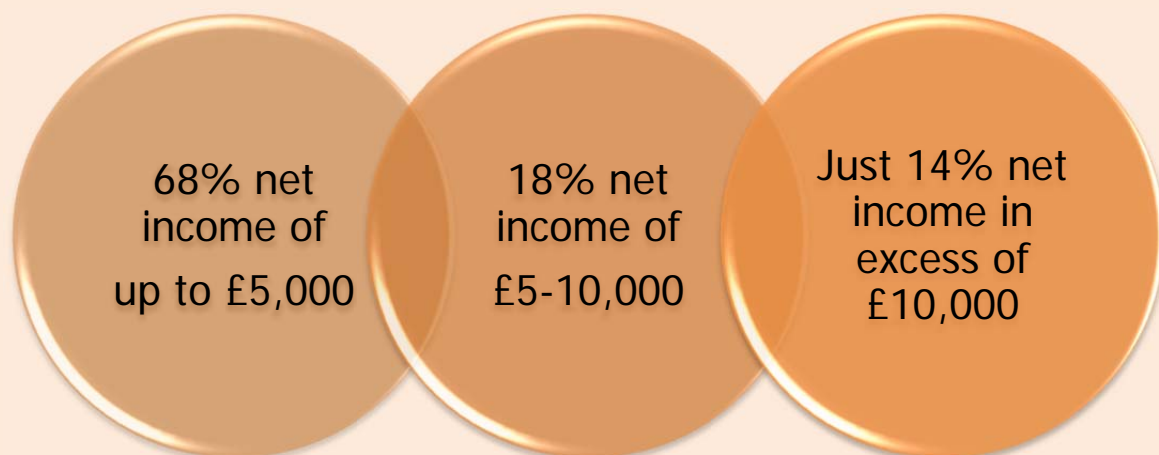
Slightly More Waiting Lists

Compared to 18% in 2014, 20% of Members Clubs now have a waiting list. Among these Clubs the average number of people waiting to join has decreased to just 29, dropping from 110 in 2014, with waiting times ranging from just one month to 9 years.

Facilities

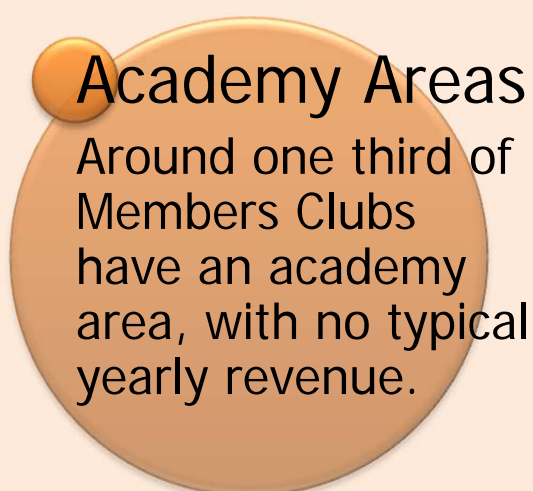
Most Members Clubs Have No Driving Range

Most Members Clubs still have no driving range, with the number that have decreasing from 41% in 2014 to 32% currently. Members Club yearly driving range income continues to be typically up to £5,000.



Fewer Members Clubs than Proprietary Clubs Have an Academy Area

However, the percentage with an academy area (36%) is consistent with that of the previous three years.



Fees & Charges

Standard Player Member Subscriptions

Membership fees for Standard Playing Members vary from less than £500, to £1,500+, with the most typical charge - as in 2014 - being £500-1,000.



Social Membership Charges

The most typical social membership charge was £50-£150 (34%), this percentage is notably lower than in 2014 (61%), with a higher percentage of social membership charges now priced at £25-£50.

More Clubs with Rising Entrance Fees

A falling number of Members Clubs now have an entrance fee (49% compared to 66% in 2014), ranging from just £10 to almost £5,000, but with a decreased average of £1,285 (falling from £1,600 in 2014).

The vast majority of these Clubs anticipate no change in this fee.

Few Clubs currently without entrance fees propose implementing one, highlighting demand as the key aspect which would impact upon this decision.



Average 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 very similar to those of 2014, across all categories.



Steady Green Fee Incomes at Members Clubs

Incomes from green fees are spread across the income spectrum, from zero to over £1,000,000. This year sees 49% of Members Clubs with green fee income of up to £60,000, compared to 44% in 2014. 12% of Members Clubs now have a green fee income of £140,000+; very close to the figure of 2013 and 2014.

Society Packages and their Costs

Many Members Clubs offer society packages, with average costs as follows. These show a very slight increase on 2014 for 9 and 27 hole packages, with a decrease for 18 and 36 holes. The figures suggest that the difference between Proprietary Club and Members Club society packages is diminishing.



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 and the catering package level.

Average Room & Facility Hire

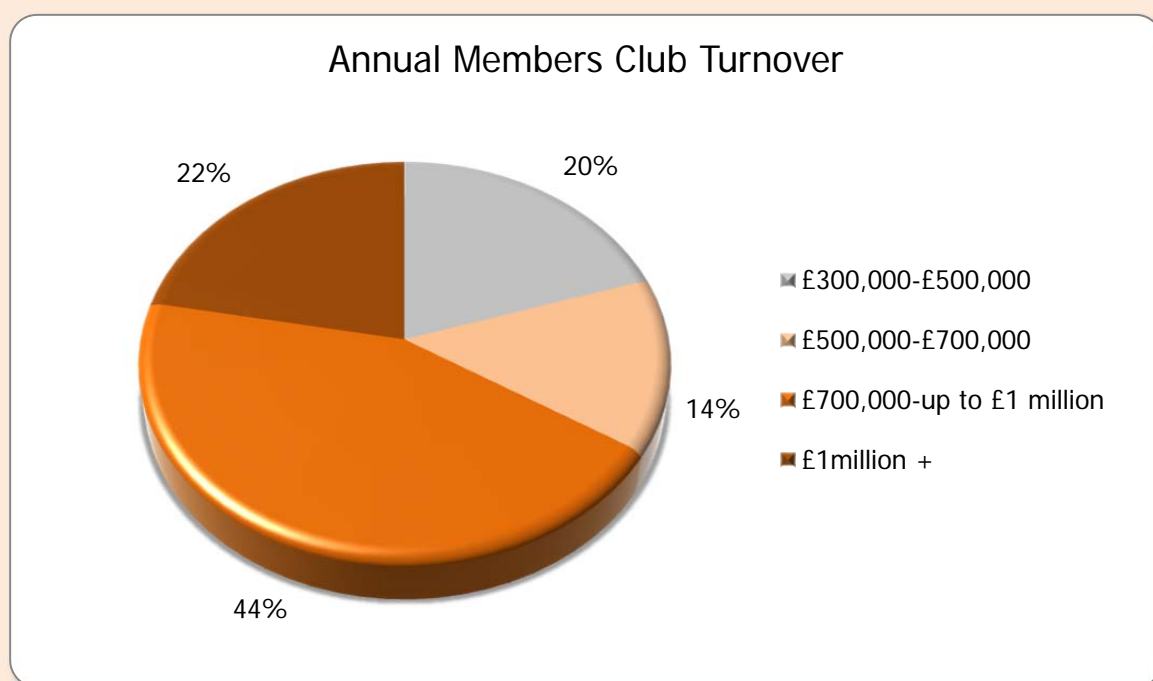
Average approximate rates for room hire within Members Clubs are presented below. A large number of Clubs indicated that this was free for members. Others indicated price per head facilities and variable charges dependent on numbers and catering.



Financial Information

A Rising Number of Clubs with a Turnover of £700,000-£1million

Members Clubs report turnover levels ranging from £300,000 to £1million+, with more Members Clubs again in the £700,000-£1 million category of turnover (rising from 34% in 2013 to 41% in 2014, to 44% currently).



Society Income at Members Clubs

Society income for Members Clubs continues to be most frequently £20-40,000 (currently 28%; almost identical to the figure recorded in 2014).

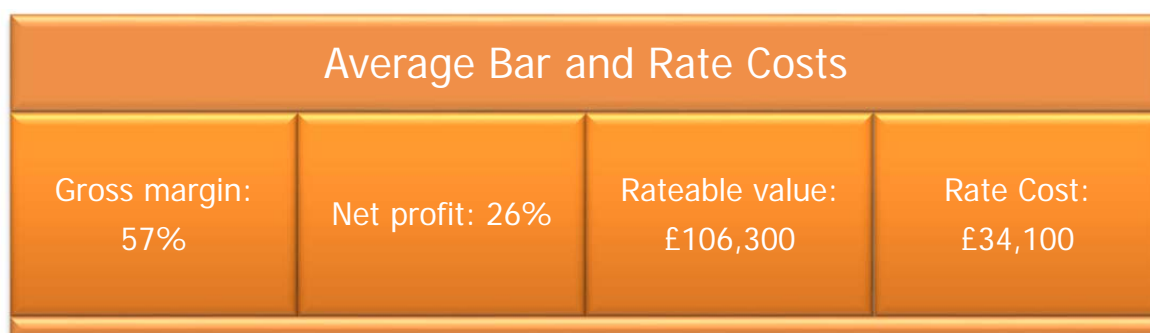
Increasing Surplus/Reducing Deficit

In Members Clubs, the average surplus figure was £50,000 – a healthy increase on that indicated in 2014 (£40,000). The average deficit has also decreased from £22,600 in 2014 to £16,330 currently.

Declining Levels of Bar Revenue and Activity

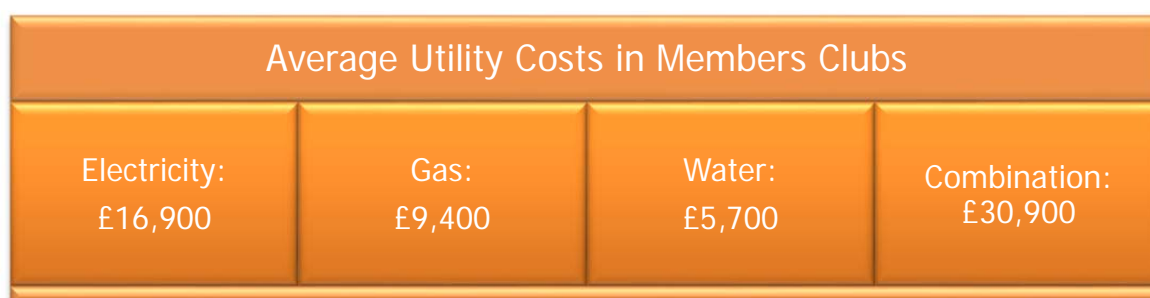
The importance of bar usage as an income stream should not be underestimated. Bar revenue was in decline in 2013, but in revival in 2014. This year returns to a decline, with 62% of Members clubs now taking less than £150,000, with the percentage taking in excess of £150,000 falling from 46% to 38%.

The following diagram illustrates average gross margin and net profit, rateable value and rate costs.



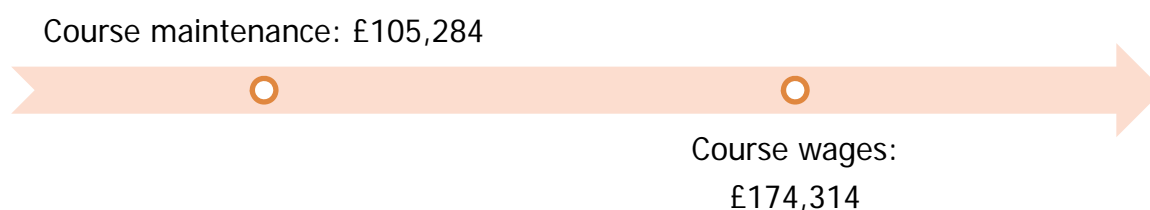
Utility Costs

Average utility costs vary significantly across Clubs. However, averages are as follows – with all utilities showing decreases since 2014.



Average Course Maintenance and Wage Costs

Maintenance costs have decreased in 2015, falling from £119,400 in 2014 to £105,284 currently. However, wages have remained fairly consistent with last year.



Average Current and Anticipated Course Special Project Costs

In overall terms spend is slightly down on previous years on special project course costs, falling from £56,000 in 2014 to £45,000 currently. However, this is expected to rise in the following year.

Course special projects 2014/15:
£45,000



Average Current and Anticipated Clubhouse Special Project Costs

In overall terms spend is slightly down on previous years on special project course costs, falling from £65,000 in 2014 to £63,000 currently. This is also expected to decrease in the following year to just £31,000.

Clubhouse special projects
2014/15: £63,000



Average Current and Anticipated Grounds Special Project Costs

Results from this year show that Clubs spent twice as much on grounds special project costs than in 2014, – a figure which is expected to rise again in the following year.

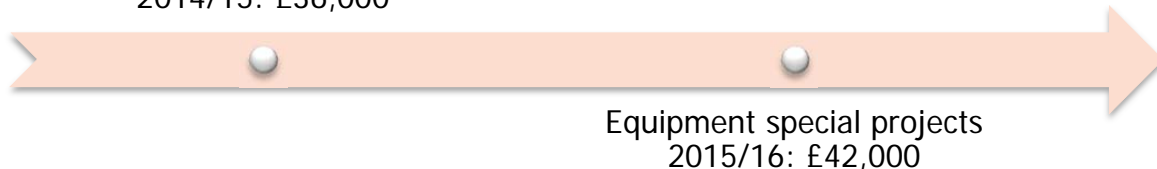
Grounds special projects
2014/15: £42,000



Average Current and Anticipated Equipment Special Project Costs

In overall terms spend is down on previous years on special project equipment costs, dropping from £41,000 in 2014 to £36,000 currently. This is expected to increase in the following year.

Equipment special projects
2014/15: £36,000



Clubhouse Maintenance Costs and Staffing

Clubhouse maintenance costs were an average of £60,100 – lower than the £95,000 recorded in 2014.

Clubhouse staff wages among Members Clubs came in at an average yearly figure of just over £119,700 – higher than the £114,000 recorded in 2014.

Members Clubs Using Franchise Catering

54% of Members Clubs – almost identical to the figures recorded in the last two years - use a franchise for their catering needs. This remains a percentage far higher than that of Proprietary Clubs (33%).

Among those Clubs who cater *without* the services of a franchise, revenue levels for own catering range from £50,000 to £250,000 plus. For 59% of Clubs with their own catering, this income typically exceeds the £150,000 mark – a slight increase in comparison to the 55% recorded in 2014.

Profit margins range from 0% to 45%, with 15% emerging as a typical percentage.

Club Surpluses and Deficits

Among Members Clubs, the highest surplus figure was **£292,000**, with a highest deficit of **£37,000** – less than the £40,000 recorded in 2014.

The average surplus was around the **£50,000** mark – higher than the £36,000 recorded in 2014.



VAT Disallowance

VAT disallowance figures among Members Clubs most often fall into the 0-30% category (51%). A further 27% sit in the 30-45% category, with 18% at 45-60% and 4% at 60-75%.

Annual General Insurance

As in previous years, Members Clubs are typically paying between £5,000-£10,000 for annual general insurance (55%).

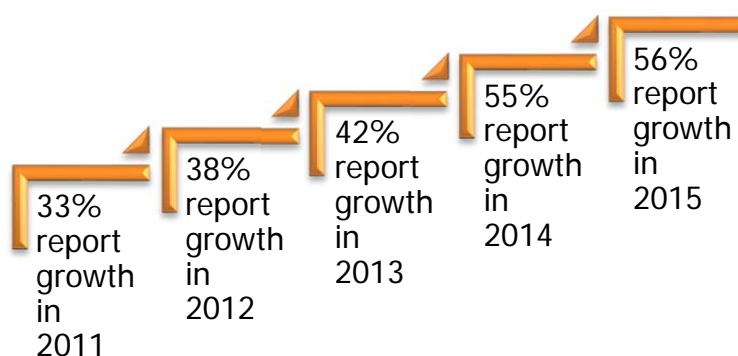
5% pay up to £5,000 and 38% pay £10-15,000. A decreasing proportion of just 2% (previously 10%) of Members Clubs pay in excess of £15,000.

Business Development

More Members Clubs Continuing to Report Growth

The percentage of Members Clubs reporting growth has steadily risen year on year since 2011, climbing from 33% to 56% currently. Though note that this growth would appear to be plateauing.

This year there has also been a further very slight decline in the percentage of Clubs that are reducing, falling from 6% in 2014 to 5% currently.



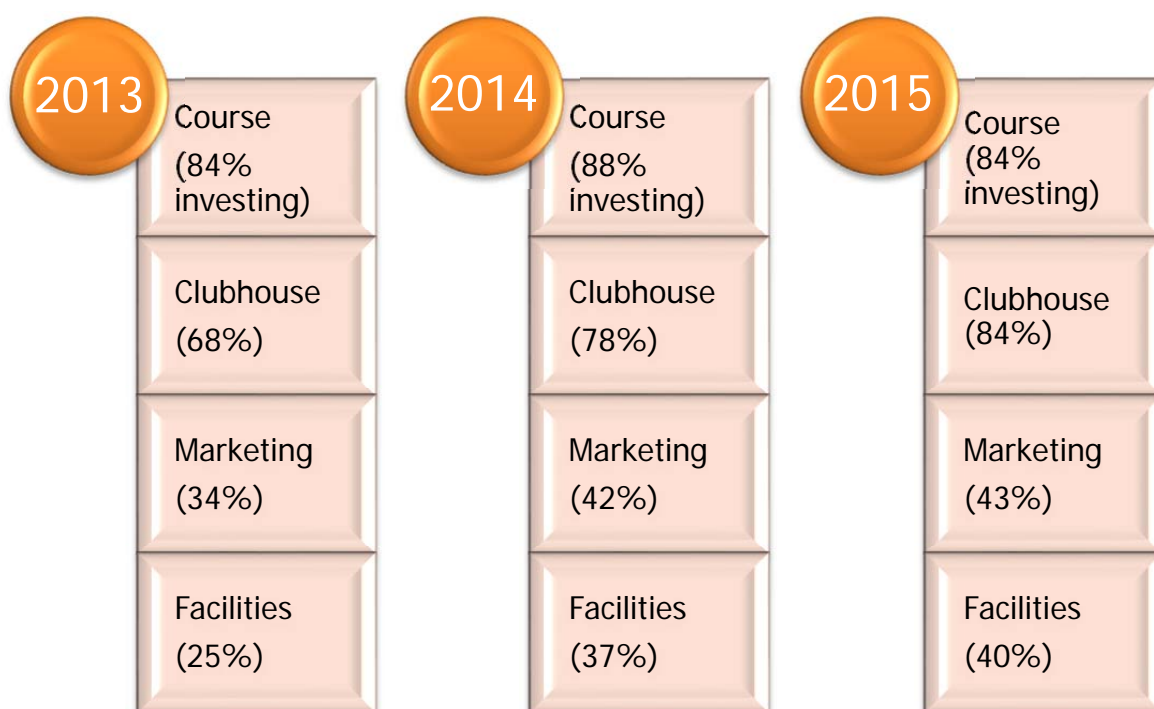
More than Half of Members Clubs Continuing to Invest in Marketing

In 2015 this appears to stand at around the 56% mark*. Member referrals, networking, advertising, events and special offers are all frequently highlighted as types of marketing undertaken. Each of these marketing methods is selected because of its perceived effectiveness. However, there is a definite emphasis on member referrals as the most successful method of marketing.

*Note that some Clubs left this question unanswered so we have assumed they do not market themselves when in fact they may well do.

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 clubs now investing in their clubhouse and facilities.



Miscellaneous Additional Information

Dress Codes

97% of Members Clubs indicated usage of a dress code. Codes frequently included 'smart casual', and discouragement of denim, jeans, shorts, tracksuits and trainers.

SKY Subscriptions

55% of Members Clubs indicated that they had a SKY subscription, with an average monthly cost of £440.

Anticipated Changes Affecting Golf Clubs in 5-10 Years

The following changes were suggested/anticipated by Members Clubs:

5 Years:

- Adapting to change
- Ageing members
- Available time of participants
- Business acumen
- CASC rule changing
- Club closures/de-registration
- Control of staffing and fixed overheads
- Course maintenance with changing climate
- Customer service orientation
- Desperation offers
- England Golf realise the future is not juniors or women!!
- Extremes of weather
- Family orientation
- Financial planning
- Flexible membership
- Golf affordability
- Greater innovation
- Increase in casual green fees
- Increase in H&S and Environment legislation
- Increase in membership in selected clubs at the expense of some smaller clubs
- Increased competition - pressure on leisure time
- Increased diversity of activities available
- Increased female participation – matching tradition with modernity
- Increased reliance on external revenues, i.e. green fees, societies and private functions
- Increased technology
- Increasing numbers playing golf
- Lack of free media coverage
- Legislation implications VAT/CASC/Pensions, etc.
- Less reliance on the subscriptions of full members
- Membership recruitment/retention

- More competition from other sports
- More members requiring tailored membership packages
- More nomadic golfers
- Over-capacity of clubs
- Pensions
- Pressure on income
- Pressure on managers to perform may lead to less job security in the industry
- Providing greater diversity in style of membership to meet lifestyle demands of members
- Quicker formats
- Reduced number of members volunteering - more paid professionals
- Relaxation on the course/in the Clubhouse
- Rising operational costs
- Slow play
- Smaller memberships/decreasing participation
- Tightening of budgets, especially on wages expenditure
- VAT

10 years:

- Adapting to being more flexible in their approach to everything, especially membership/societies, etc.
- Changes in playing formats
- Combining use of course with members and visitors
- Continual changes in social norms, dress codes and attitudes of the consumer - dress codes and traditions will continue to be pushed and challenged
- Diversification into provision of other facilities
- Ever growing importance of non-golf income streams
- Extremes of weather
- Falling membership numbers
- Family facilities
- Flexible membership and monthly plans
- Increased business focus
- Increased call for quality in everything the club does on or off the course
- Increasing maintenance costs
- Increasing numbers playing golf
- Keeping golf affordable
- Less competition in the market place!
- Maintaining expenses with introduction of pension scheme and minimum wage
- Management structures
- More 9 hole competitions
- More community sports club orientated
- More pay and play and more society golf
- Reduction in sustainable clubs
- Share machinery and administration including accounting
- Social side of golf to become as important as the competitive side
- Speed of golf
- Subs increases
- Technological advances on scoring, handicap tracking and course viewing
- Thinking outside the box!!!
- Use of chemicals on fine turf.

The Impact of the Living Wage

Almost half (48%) of Members Clubs suggested that the introduction of the living wage *would* impact upon them, indicating that this would apply to an average of seven staff.

Operating 2 for 1 Schemes

10% of Members Clubs indicated the use of a 2 for 1 Scheme, suggesting that this generated around £5-15,000 of additional income. This 10% figure is virtually identical to that recorded in 2014.

Community Amateur Sports Clubs (CASC)

26% of Members Clubs indicated that they were community amateur sports clubs – these clubs had become a Community Amateur Sport Clubs between 2002 and 2015. The most common date for clubs to have registered as a CASC was in 2008/9. Two-thirds of those who were community amateur sports clubs had changed their operations to meet the new rules. Changes included:

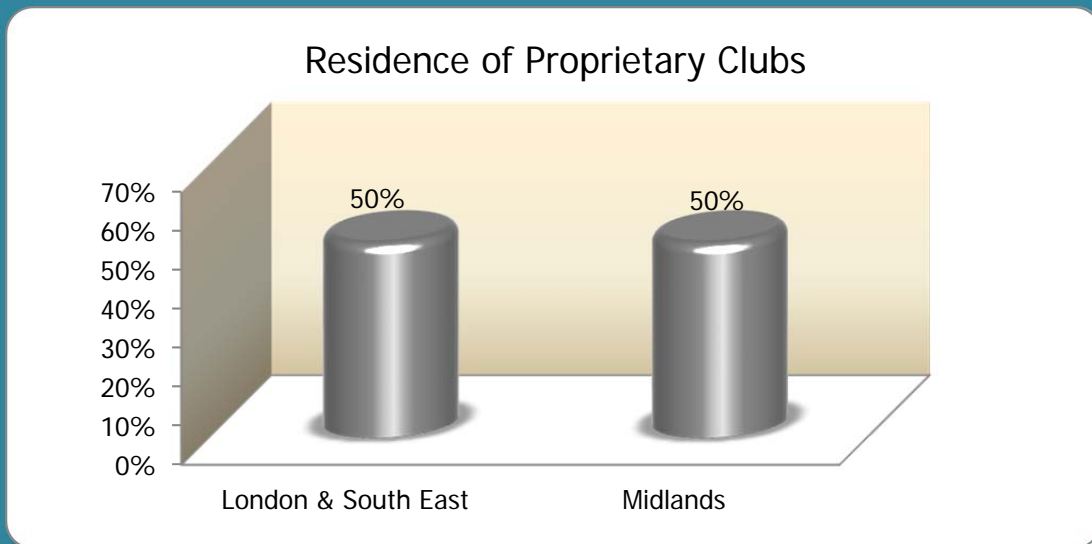
- Trading subsidiary (x 3)
- New membership category
- Altering Articles of Association
- Other modifications of existing membership category.

Just 10% of Clubs not already community amateur sports clubs were considering becoming one. For around half of these Clubs this was due to the new rules.

Proprietary Clubs Results 2015

8 Clubs, Typically with 18-hole Courses

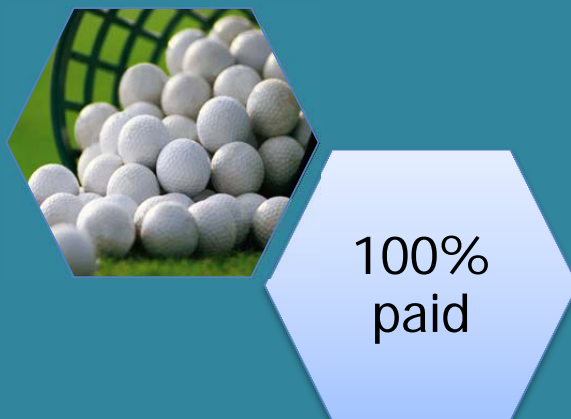
This year we bring you data from 8 Proprietary Clubs from across London and the South East (all inside of the M25) (50%) and the Midlands (50%).



These represent predominantly 18-hole Clubs, with 27-hole Clubs also represented.

Mainly Paid Positions

All survey respondents – including predominantly proprietors and managers - were paid members of their Club.

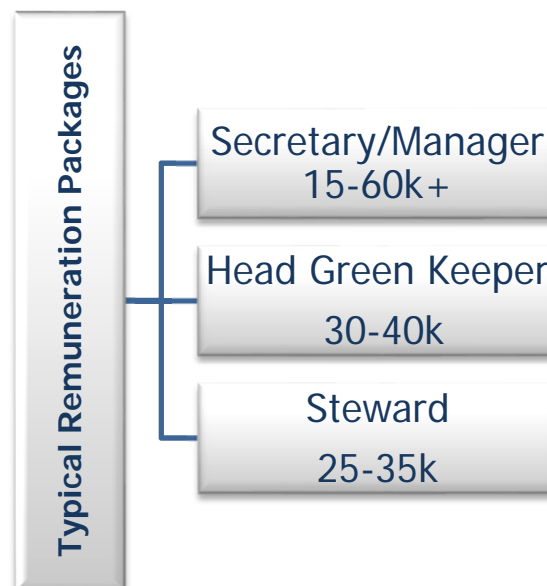


Staffing

A Typical Remuneration Package of £30,000+ for Managers; Generally Higher than in Members Clubs

These survey respondents had varying remuneration packages – with 50% over £45,000 – generally higher than in Members Clubs.

As in 2014, the Head Green Keeper remuneration package was most frequently priced at £30-£40,000 (57%), 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. 4 of the 8 pay their professional a retainer, with 3 offering free premises.

Proprietary Clubs typically offer their PGA professional free premises and/or a retainer.

More Clubs Now Pay Commission to their Professional

A quarter of Proprietary Clubs now pay commission to their professional.



PGA Duties Which Focus on Tuition, Green Fees & the Pro-Shop

Where PGA professionals are present, they continue to undertake a number of duties for Proprietary Clubs, focusing on tuition provision, and supplemented by competition administration, taking bookings, green fee collection, and pro-shop management as typical duties.

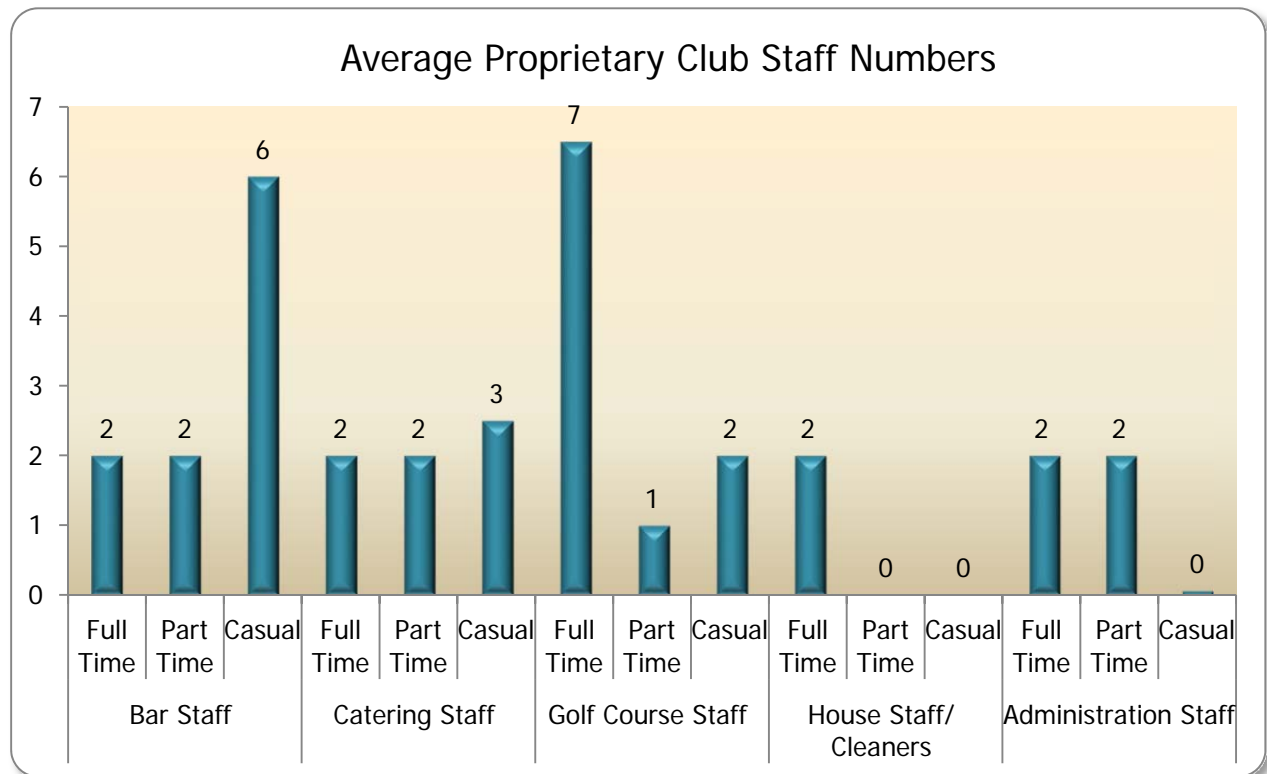


An Average of 20 Staff at Proprietary Clubs

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Always highly variable and dependent on the size and needs of each Club in question, staffing figures range from 8 to 33 across Proprietary Clubs, with an average total staffing number of 21 – almost identical to that of 2013 and 2014.

Average numbers across staff roles are broken down as follows.



Members

Proprietary Clubs Typically with 100-500 Playing Members

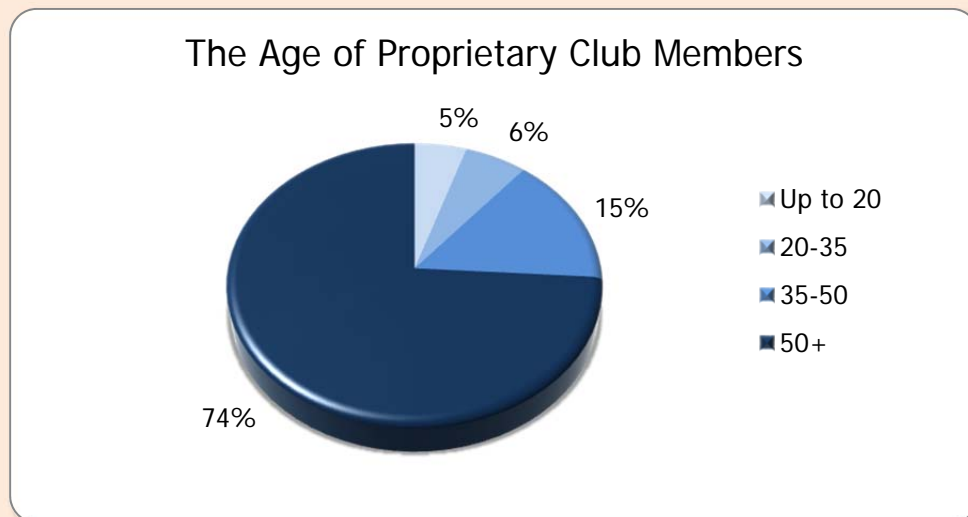
Between 100 and 500 members proves typical for (71% of) Proprietary Clubs. A further 29% have 700+ members.

Limiting Membership

All Proprietary Clubs who provided this information suggested a cap on their number of playing members. Suggestions for this limit vary between **300** and **700+**.

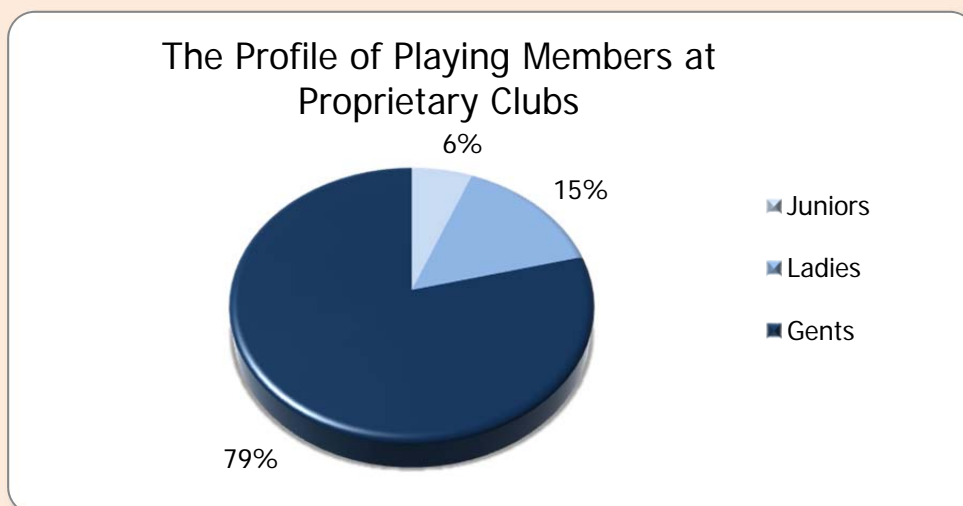
Member Ages Increasingly Distributed Towards the 50+ Age Group

As shown in the following chart, and paralleling the findings of both 2013 and 2014, the age distribution of Proprietary Club members shows lower numbers of younger members (in lighter shades), and a greater number of older members – aged 50+ (shaded darker). In 2015, almost three-quarters of Proprietary Club members are aged 50 plus.



A Continuing Notably Higher 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. Almost 80% are gents, with fewer junior and lady members. These are figures very close to those recorded in 2014.



Flexible Memberships

50% of Proprietary Clubs who supplied the information indicated that they offered flexible membership – including half subs/half green fees, differing categories depending on the amount of access to the course, 9 hole and trial memberships.

Two-thirds of Proprietary Clubs Now Indicate that their Female Membership is Decreasing ²⁸

In direct contrast to both 2013 and 2014, 67% of Proprietary Clubs now say that their female membership is *decreasing*. This is despite no restrictions in female usage of the club.

No Discounted Rates for Lady Members

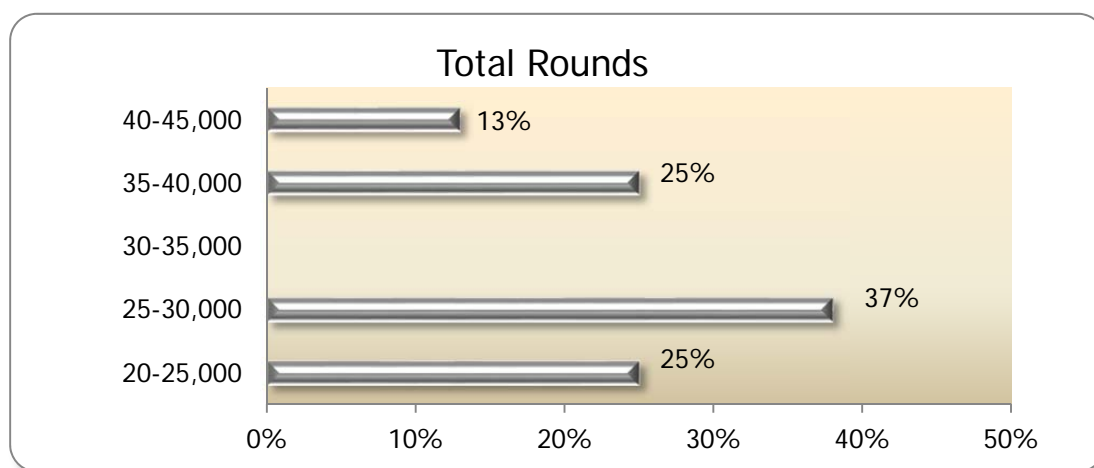
Again, none of the Proprietary Clubs surveyed offered reduced rates for lady members.

Falling Numbers of Social Members at Proprietary Clubs

In 2011, just 20% of Clubs had a social membership which exceeded 25, despite the fact that Proprietary Clubs undoubtedly benefit from increasing social membership levels, with an anticipated positive impact on revenue. In 2012 this rose to 40% with a membership of 25+, before rising again to 67% in 2014. In 2015 this stands at 50%.

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

Rounds played by societies range from 2,000 to 6,000, with an average of around 3,675 rounds.

Just 16% of Clubs Have a Current Waiting List

In 2013 11% of Proprietary Clubs indicated that they have a waiting list. In 2014 this figure had shrunk to none. In 2015 it has risen to 16%, with a waiting list of 30 and an average wait of around two years.

Facilities

63% of Proprietary Clubs have a Driving Range

Consistent with research from previous years, 63% of Proprietary Clubs have a driving range. Driving range incomes of between zero and £25,000+ were evident.

Half of Proprietary Clubs Have an Academy Area

This is a figure which has dropped from 70% in 2014.

Academy Areas

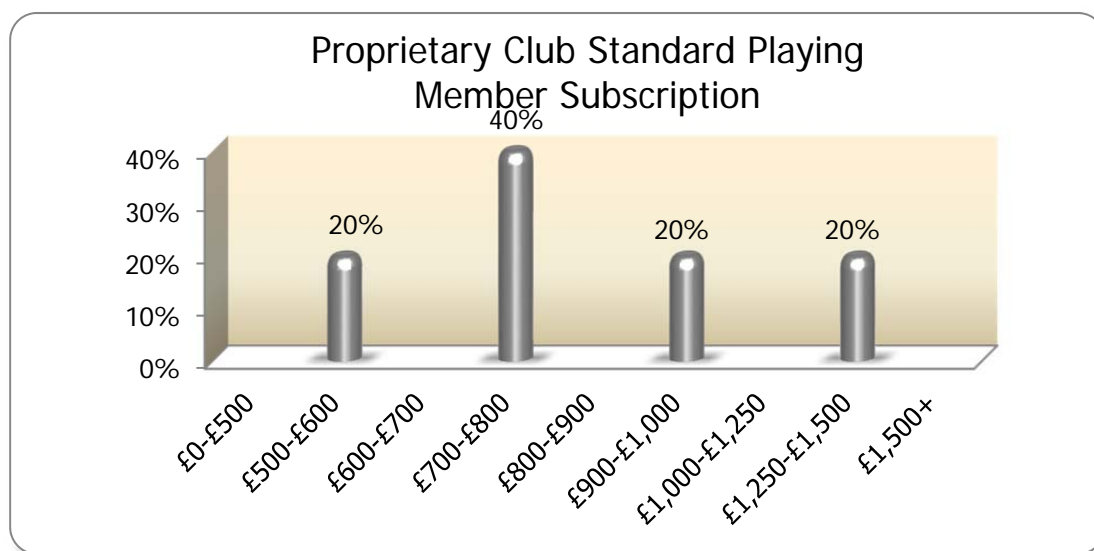
Half of all Proprietary Clubs now have an academy area, with unspecified yearly revenue.



Fees & Charges

Subscriptions

As in 2014, membership fees for Standard Playing Members vary significantly - from a minimum of £500, to £1,500. Note in 2015, the minimum subscription category is priced at £500-£600.



Among those Proprietary Clubs reporting Social Membership, typically – as in previous years – they charge £0 to £25.

Fewer Clubs Now Have Entrance Fees

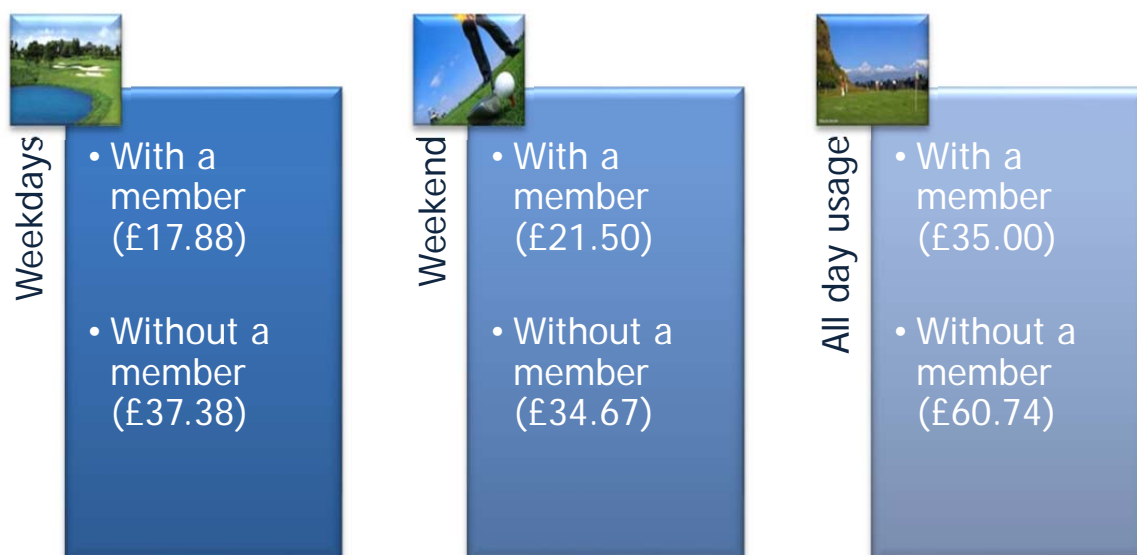
Just one Proprietary Club indicated an entrance fee of £40.

No Proprietary Clubs currently without an entrance fee propose to implement one.



Higher Average All Day Usage Charges in 2015

Average green fee charges are shown below, across weekdays, weekends and all day use, both with and without members. All day usage charges are higher than in 2014; however, both weekday and weekend with member charges are lower.

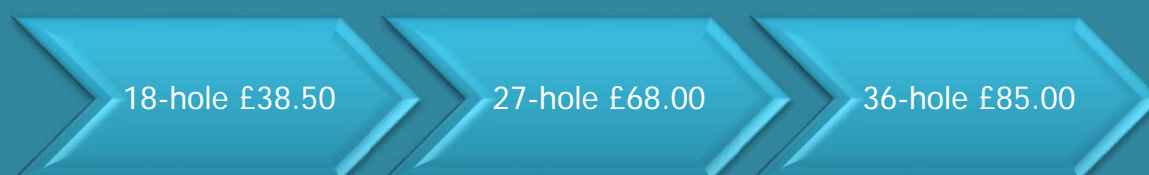


Limited Information on Green Fee Incomes

In 2015, green fee incomes were provided by three Proprietary Clubs. Among these clubs, two indicated fees of £120,000 to £140,000. One indicated fees of £160,000+.

More Expensive Society Packages

Many Proprietary Clubs offer society packages, with average rounded costs as follows.



Note that society package costs are notably higher than in 2014.

As in each of the last three years, Proprietary Clubs offering society packages feel that two aspects impact most significantly on these, with an emphasis on timing:

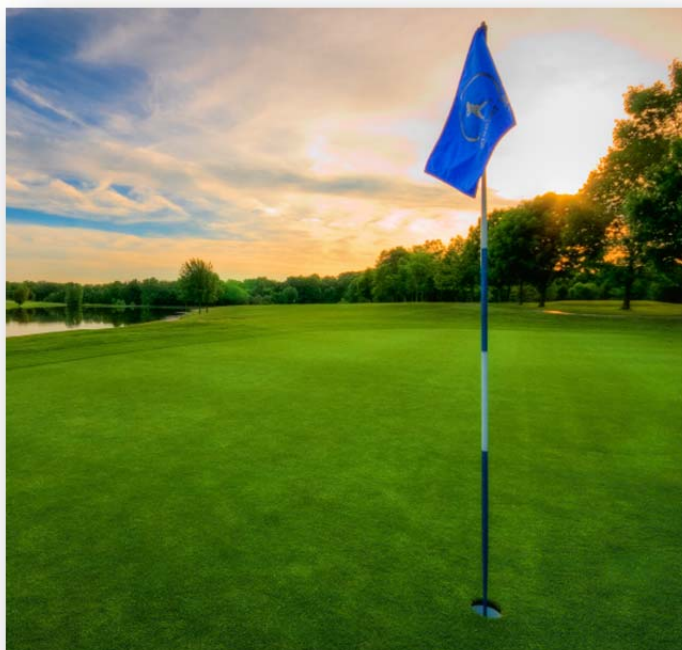
Time of year/season

Catering package level

Room and Facility Hire

Of those Proprietary Clubs providing room hire figures for Members and for Member-sponsored events, many indicated that this was **free of charge**.

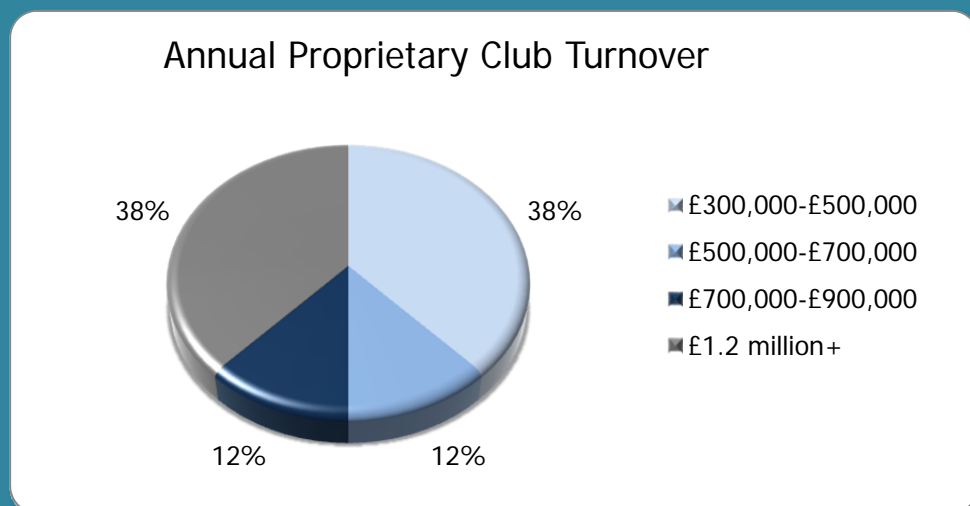
Non-member room hire ranged from £50 to £250.



Financial Information

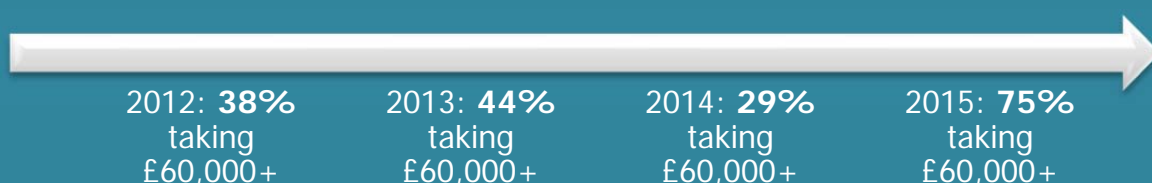
Typical Club Turnover of £300,000 - £1,000,000+

Consistent with the results of previous years, Proprietary Clubs reported turnover ranges from £300,000 to £1.2 million+. These figures suggest that turnover for some Proprietary Clubs is increasing.



Society Income Increasing for Some Clubs

Society income for Proprietary Clubs is now in excess of £60,000 for around 75% of Clubs.



Increasing Bar Revenue and Activity

The importance of bar usage as an income stream should not be underestimated. The 2015 figures suggest that over two-thirds of Proprietary Clubs are taking in excess of £150,000 in this area of business, though this information was provided by just three clubs.

The following diagram illustrates average bar and rate costs. These should be regarded as indicative of only those Clubs who chose to disclose figures – with a majority choosing not to do so.

Average Bar and Rate Costs for Proprietary Clubs					
Gross margin: £68,500	Net margin: £42,300	Rateable value: £59,250	Rate Cost: £29,000	Club maint.: £24,000	Wages level: £140,000

Utility Costs

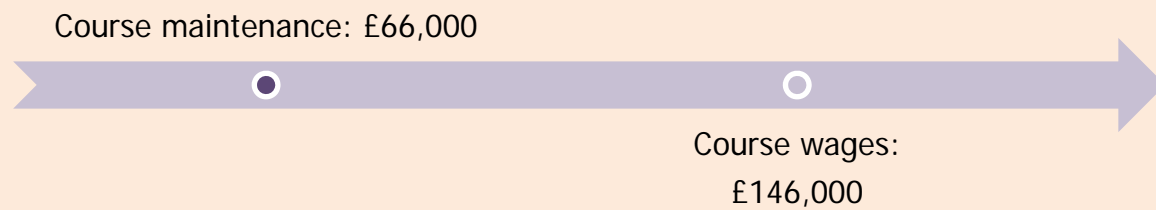
Average utility costs vary significantly across Clubs. However, averages are as follows. These show increases in electricity and gas, and a decrease in water costs since 2014.

Average Utility Costs for Proprietary Clubs		
Electricity: £15,250	Gas: £25,000	Water: £2,725

Again, these 2015 figures should be regarded as indicative only, due to the low number of Clubs choosing not to disclose.

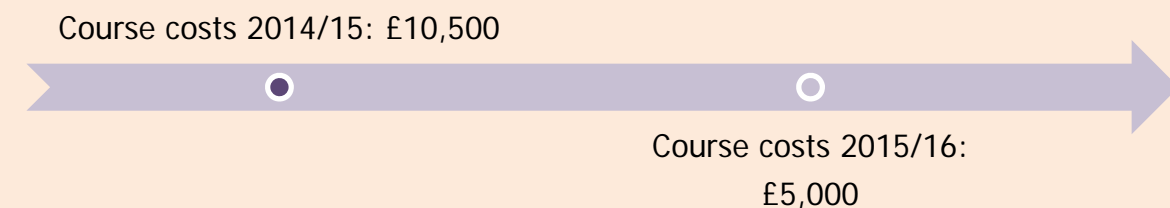
Average Course Maintenance and Wage Costs

Typically in the region of £66,000 for maintenance (£63,000 in 2014) and over £146,000 (£122,000 in 2014) for wages.

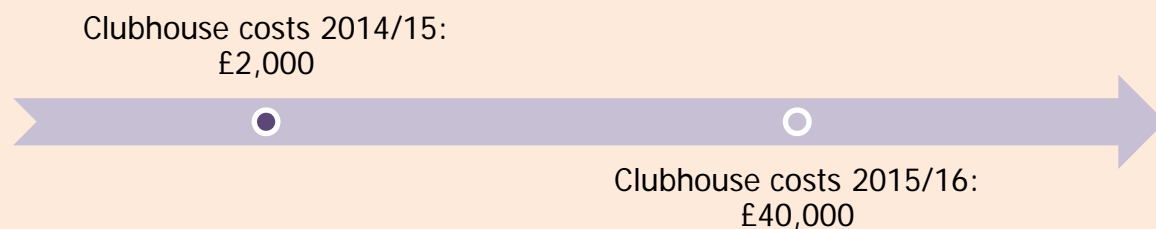


The following graphics present average current and estimated costs for course, clubhouse, grounds and equipment special projects. Due to the small number of Proprietary Cubs providing this information it is not possible to comment on trends.

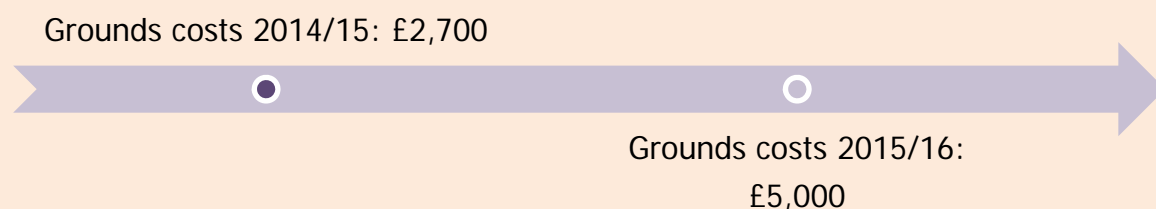
Average Current and Anticipated Course Special Project Costs



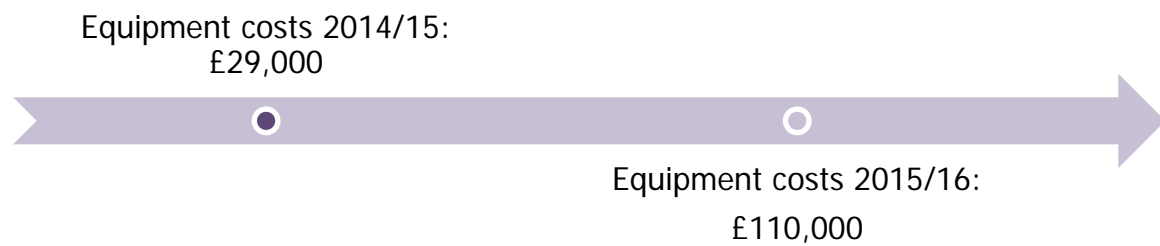
Average Current and Anticipated Clubhouse Special Project Costs



Average Current and Anticipated Grounds Special Project Costs



Average Current and Anticipated Equipment Special Project Costs



Franchise Catering Used by 33% of Proprietary Clubs

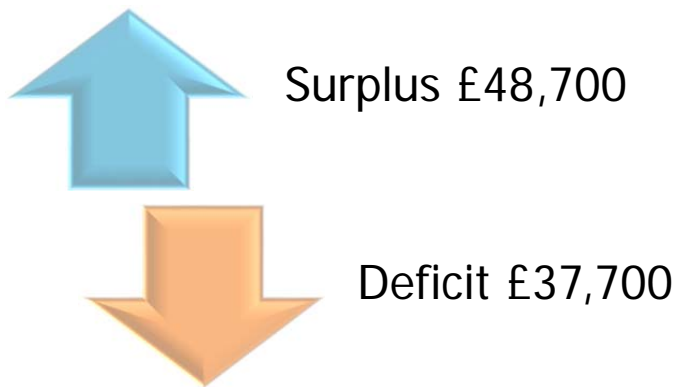
1 in every 3 Proprietary Clubs who provided this information uses a franchise for its catering needs – reversing the downward trend previously evident.

Among those Clubs who cater *without* the services of a franchise, gross profit margins range from 50% to 65%, with an average of around 58% - higher than the 45% in 2014. Net profit comes in at an average of around 40%.



Annual Surpluses & Deficits

In Proprietary Clubs, the average surplus figure was up to **£48,700**, with an average deficit of **£37,700**. It is difficult to draw any conclusions from the minimal data collected in this area.



VAT Disallowance

Just 1 Proprietary Club reported a VAT disallowance figure of 0-30%.

Steady Rates of Annual General Insurance

Proprietary Clubs are either paying up to £10,000 for annual general insurance (50%), or in excess of £10,000 (50%).



Business Development

60% of Proprietary Clubs Reporting Growth, Slightly Down on 2014

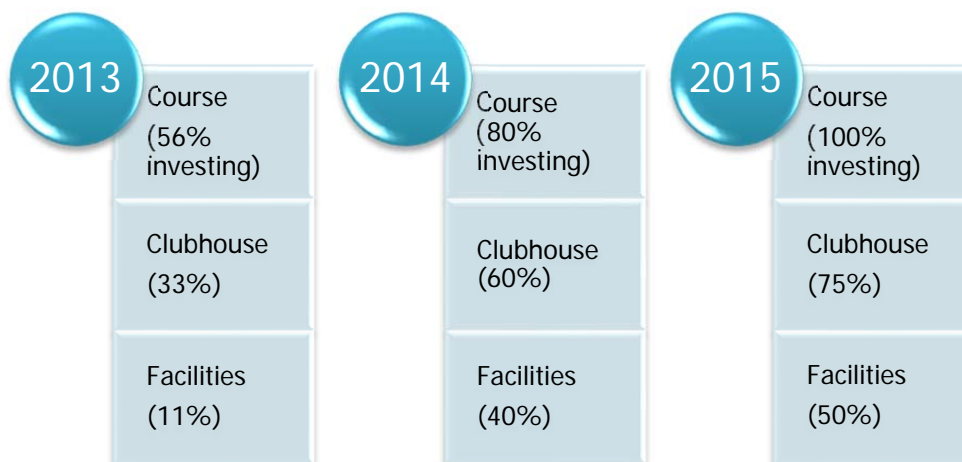
The percentage of Proprietary Clubs reporting growth has ranged from 54-67% over the last four years. Consistent with this, in 2015 this figure stands at 60%. None currently feel that they are reducing.

The Vast Majority of Proprietary Clubs Continue to Invest in Marketing

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

More Proprietary Clubs Investing

Compared to 2013 and 2014, more Clubs are now intending to invest in their Course and Clubhouse.



Miscellaneous Additional Information

Dress Codes

All Proprietary Clubs who provided this information indicated usage of a dress code. Codes included discouragement of denim and jeans, shirts tucked in, and collared shirts and golf shoes.

SKY Subscriptions

No Proprietary Clubs indicated that they had a SKY subscription.

Anticipated Changes Affecting Golf Clubs in 5-10 Years

Few Proprietary Clubs provided this information. Of those that did the following changes were suggested/anticipated:

5 Years - Introduction of flexible memberships, improved digital communications, exhaustion of financial reserves leading to bankruptcy.

10 years – major resurgence of society golf; re-use of a basic, simple handicap system encouraging golf directed at county level/by volunteers.

The Impact of the Living Wage

Just three Proprietary Clubs provided information on this – with 2 of the 3 suggesting that the introduction of the living wage *would* impact upon them, but not indicating how many staff this would apply to.

Operating 2 for 1 Schemes

Just one Proprietary Club indicated the use of a 2 for 1 Scheme, suggesting that this generated around £4,000 of additional income.

Community Amateur Sports Clubs (CASC)

No Proprietary Clubs indicated that they were community amateur sports clubs - with none considering becoming one.

Key Messages

Future Trends and Recommendations

Overall the list of anticipated changes affecting golf clubs over the next 5/10 years is a clear indication of the pressures that the golf industry as a whole is under. As before we have seen some continuing progress but after what have been two reasonable years there is no time for complacency.

Some of the key issues continue to be

Continued focus on your main asset i.e. your course. If you can maintain or improve this then this will in turn attract and maintain membership.

Do not get fooled by the apparent benefits of providing special offers they often do not provide any lasting benefit

Try to at least match the competition not in terms of price but in terms of quality

Every person visiting the club be they member, guest, green fee payer or just visitor should be treated the same and provided with great service.

Use any VAT refunds wisely and invest for the future.

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 of your existing arrangements and recommendations for improvement, where necessary.

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