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**VIABILITY OF AN INDOOR PADEL CLUB IN LONDON**

**AUTOR/A: Clara Carbó**

**NIA: 02192**

**CURS ACADÈMIC: 4rt GNMI**

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**DIRECTOR/S: Yulia Kasperskaya**

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# **VIABILITY OF AN INDOOR PADEL CLUB IN LONDON**

## **1. INTRODUCTION**

My project idea was spawned because of my personal interest in padel and because my relatives have some experience in running a sports club. I decided to make a viability analysis of an indoor padel club located in London. I will first analyze demand followed by competitors and potential for growth of the activity in London. Next I will detail a business model of a new padel club, specifying its activities and sources of value creation. Finally, making projections about revenues, costs and cash flows it will generate I will estimate the profitability of my project.

Referring to the Spanish ranking of sports, in 2011 padel ranked the 22<sup>nd</sup> due to the number of licenses, despite being one of the youngest sports on the list. While padel does not have the same volume of licenses of football or basketball, it has a very high growth rate which could suggest potential future profitability.

Other interesting facts include the growth padel brands are experiencing. For example, in the case of Royal Padel, the veteran padel brand keeps the growth rate registered in 2012, qualified as the best year of the twenty-two in which the company has been operating. During the first quarter of the year 2013, sales increased by 10% over the same period last year.

The main question is why is this sport not growing in other regions of the globe as it is doing in Spain and Argentina? In Spain there is a huge competition in the market and in a few years it is possible to reach market saturation, however in other countries there plenty of room for expansion.

## **2. BACKGROUND**

The topic of the project was chosen because I am a padel enthusiast, but also because I came across the interview with the head of the Olympic Padel Platform, Xavier Enríquez, which I found particularly interesting. It was about the sports that submitted a bid for the 2016 Olympic Games. These sports were baseball, golf, karate, roller skating, rugby 7, softball and squash. Padel was not in the list, despite being the second most played sport in Spain and the one with more licenses. The basic requirement is that the International Padel Federation becomes recognized by the International Olympic Committee. There are sports such as billiards, bowling, bocce or sumo, which are recognized sports but are not Olympic. Once it is recognized it must

meet certain requirements set by the Olympic Charter. The most difficult requirement to meet is being a sport practiced in at least 75 countries and in the 4 continents in the masculine category. That is the great current handicap padel has. There are only 24 padel federations and must further globalize if it wants to have a realistic application be possible.

By means of my viability project, I am demonstrating that investing in this sport in other countries could be viable and attractive from the point of view of profitability. I chose London as the city for the study due to the fact that it is a multicultural city that welcomes thousands of Spaniards, which at the beginning would be the ambassadors for the sport.

### **3. OBJECTIVE AND METHODOLOGY**

The main objective I pursued in my work is to learn how to conduct economic and financial viability analysis of the new business idea. For such purposes I built a ten-year economic and financial plan encompassing relevant revenues and operating expenses of a padel club in London. Notwithstanding, prior to financial analysis, my goal was to gather reliable information and determine the key features of my business model, the target population, optimal capacity of a padel club, marketing plan which will support my venture etc. As it was really difficult to obtain information about the incipient development of padel in the United Kingdom, I contacted the Padel England Association representatives and decided to travel to London to have a personal interview with them. The meeting was really useful to get primary information about other padel initiatives located in the surroundings of the British capital, their current demand, operating expenses, time needed to recover the investment, etc. I even had the possibility to visit the Padel Club London, which is the first, exclusive padel facility of the country that was founded one year ago. After analyzing the strengths and weaknesses of the Padel Club London, the new club has been designed.

Furthermore, the existing padel facilities were analyzed as well as the sports habits of London inhabitants. As padel is a sport which is played mostly by Spaniards and Argentineans, the number of citizens coming from these countries was the first data I examined.

Once I collected the the necessary data and have chosen the location of a hypothetical padel club in London, I performed the simulations in relation to the number of visitors holding club membership and non-members, the court usage, the number of courts and its prices. A progressive evolution of the number of members as well as the court usage has been taken into account.

Finally, I thoroughly analysed, one concrete scenario which I consider to be the best possible case calculating the key financial and economic indicators. In continuation, I present the results of my work.

#### **4. BUSINESS OPPORTUNITY IN LONDON**

The following part of the project has the aim to detail the positive aspects London has as a place to build padel facilities according to the presence of Spaniards and Argentineans, the sport lifestyle of the citizens and the profile of potential padel players.

##### **a) CHOOSING A POTENTIAL LOCATION FOR A PADEL CLUB**

Padel is a massive sport played mainly in two countries around the world: Spain and Argentina and close to 24,000 Spaniards and 2,500 Argentineans live in London. Exhibit 1 shows the neighbourhoods of the city where this segment of the population lives. This information allows infer where a padel club could be located in order to be successful. My ideas is that at the beginning, Spaniards and Argentineans would promote the sport around their circle of friends by word of mouth and in such a way British people would also become engaged.

As Exhibit 1 shows, the best areas to set up the padel club would be Westminster, Kensington & Chelsea, Lambeth, Tower Hamlets, Southwark, Wandsworth, Hammersmith and Fulham and Hackney because these areas are the ones where the most of Spaniards and Argentineans are living.

##### **b) ADULT SPORT PARTICIPATION**

Sport England is a non-profit organization, accountable to Parliament through the Department for Culture, Media and Sport with the objective of supporting projects that help people have a sporting habit for life. They conduct the Active People Survey that measures how many people participate in sport activities, which profile they have, which are the sports and how this varies among the country.

This survey has been used to analyze the target areas of London, to see the sporting nature of its inhabitants. The research shows that the number of people that use to practice some kind of sport at least once a week during more than thirty minutes per session was 36.6% in 2012. The target areas- Westminster, Kensington & Chelsea, Lambeth, Tower Hamlets, Southwark, Wandsworth, Hammersmith and Fulham and Hackney- have an average of 39.9% and sport participation has increased since 2005. (See Exhibits 2 and 3 for the results of the Active People Survey).

Regarding gender and demographics of sport participants, we can see that in most of the target areas, sport is practiced primarily by men but also by women. In Hackney, Hammersmith and Fulham, Kensington and Chelsea and Tower Hamlets sport is played by people between 24 and 36 years old whereas in the other areas the sportiest people are younger. Westminster and Kensington and Chelsea are the places where people in their forties and fifties keep practicing

sport on a regular basis. (See Exhibit 4 for the sports participation by gender and demographic break down).

### c) **POTENTIAL PADEL USERS**

Sport England also performs a market research and defines market segments which have been developed using socio-economic and demographic data. It allows finding out what people's sporting habits are in a particular area and for this project it has been very useful to see who are the potential padel users and where do they live. In Spain and Argentina this sport is played by a wide range of people with different profiles. However, looking at the segments classification of Sport England, there are some clear profiles that match with padel users. These are the following:

#### **For men:**

**Competitive male urbanite:** Mainly aged 18-25, single, graduate professional. Men who are recent graduate and who have a “work-hard and play-hard attitude”. Almost 70% of them take part in sport at least once a week and around a quarter do no sport (in the past month). They are likely to be a member of a club to play sport (38% of this segment are club members compared to 23% of all adults). Of this segment, 28% receive instruction and 9% volunteer in sporting activity. The main motivations for this group playing sport are enjoyment, keeping fit, socializing and improving performance.

**Sport team leaders:** Mainly aged 18-25, single, vocational student. Almost 60% do sport at least once a week compared with 40% of adults. They are also likely to be members of a club (29% of this segment are club members compared to 23% of all adults). They are also likely to take part in competition and 64% of this segment would like to do more sport, compared to 52% of all adults. The main motivations for them are similar to the *Competitive male urbanite*.

**Settling down males:** Mainly aged 26-45, married or single, may have children, professional. The 33% of this group is likely to be a member of a club to play sport and they are also likely to take part in competition (27% have done so in the past 12 months). 66% of this segment would like to do more sport and their main barriers are work commitments. The main motivations for this group playing sport are enjoyment, keeping fit, socializing, improving performance and to take children.

**Comfortable Mid-Life Males:** Mainly aged 46-55, mid-life professional, sporty males with older children and more time for themselves. 59% of this segment says they would do more sport if they were less busy and health, injury or disabilities were also barriers to play more

sport. 30% of the group are members of a club to participate in sport and 17% of this segment have received instruction in the past 12 months.

**For women:**

**Fitness Class Friends:** Mainly aged 18-25, Young image-conscious females keeping fit and trim. Women of the segment are active and take part in sport on a regular basis: 23% of this segment does three 30- minute sessions of moderate intensity sport per week. The main motivations for them are enjoyment, keeping fit, socializing and losing weight.

**Career Focused Females:** Mainly aged 26-45, single professional women, enjoying life in the fast lane. This group like organized sport activities and receive instructions of a coach. 19% of this segment does three 30- minute sessions of moderate intensity sport per week and their main motivations are keeping fit and enjoyment. For this segment their major barrier are work commitments.

**Stay at Home Mums:** Mainly aged 36-45, mums with a comfortable, but busy, lifestyle. The main motivations for this segment are keeping fit, enjoyment, taking the children and losing weight. 72% of this segment would like to do more sport and the barrier for accomplishing this goal is family responsibilities.

In the areas of the city where the major number of Spanish and Argentine live, there is also considerable presence of the padel potential users. Especially in Kensington and Chelsea, Wandsworth, Hammersmith and Fulham and Westminster where a 60% of their inhabitants have some of the profiles above detailed. For that reason, these areas will be the perfect ones to place the club. (See Exhibit 5 for the padel target segment).

**d) ANALYSIS OF COMPETITORS**

Padel started growing in popularity in UK due to the efforts of the Padel England Association which is a non-profit organization dedicated to the development and promotion of this new sport. Some of its functions are managing, sponsorship and training of the elite Team Padel England. Moreover they help investors to develop, fund, advertise their padel initiatives as well as find the right builders, manufacturers and equipment. As the sport is not recognized by Sport England yet, Padel England Association is the only organization that partially funds facilities related to the sport.

By the time of the study, there are seven clubs offering padel in England and additionally one project is in process currently. Among these clubs, Padel Club London and the project under construction are the only ones located in London. These two clubs offer padel exclusively whereas in the rest of the clubs padel courts have been included in addition to their current

activities- tennis, fitness, spinning, swimming pool, etc. For that reason, Padel Club London and the padel project which will be built close to Wembley Arena would be my main competitors.

Passing one year starting from its foundation, Padel Club London has 1000 people on its data base and 500 regular padel players. Compulsory club membership is not required, but prices are very different between members and non-members. To become member of the club £150 must be paid and every time a member plays, lower prices are charged. Non-members willing to play during one hour must pay 10€/each which means £40/hour. The profile of players are Spanish men in their thirties and some few English men as well. The club is located in Canary Wharf, which is one of the two main financial centres along with the traditional City of London. Some of the companies located there are HSBC, Citigroup, MWB Group, Barclays, China Construction Bank, JP Morgan Chase, Master Card, Credit Suisse, Bank of America, Morgan Stanley, Moody’s Analytics, etc. Despite having these potential customers close to the club, Padel Club London does not take advantage of this because of the reduced marketing expenses they have. Possibly, employees of this business centre do not even know about this club, because it is located inside an industrial building without any visible identification as a sports club.

Padel club London is located next to the local indoor sports club named *Play ON* offering netball, cricket and football and a bar too. The problem is that the target of this club does not match with the profile of padel users, because it is oriented to men on their fifty, fans of watching sports on TV and drinking pints. Padel Club London does not have a bar, only a few vending machines, so their members use the *Play ON* to have a drink after the game. The information about competitors is summarized in Figure 1.

Figure 1: Analysis of competitors

CLUB	LOCATION	# COURTS	INDOOR/ OUTDOOR	MEMBERS OF THE PEA	DATABASE	REGULAR PADEL PLAYERS	£ PRICE
Harbour Club,	Chelsea	1	In-door	YES	100	30/day	Private Member Club: 2000£ + 300£/month 1 day 25£*
Rye Tennis and Squash Club	Rye	3	Out-door	NO	50	20/day	1 day 10£
Huddersfield Lawn Tennis & Squash Club	Huddersfield	2	Out-door	YES	150	50/day	20-30 £/h
David Lloyd Chigwell	Chigwell	3	In-door	YES	300	100/ week	Member 100£/month 1 day 25£*
David Lloyd-Bushey	Bushey	3	In-door	YES	400	200/ week	Member 100£/month 1 day 25£*
Padel Club London	London: Zone 2	4	In-door	YES	1000	500/ week	Member 150£/year 40 £/h
Bushey	Bushey	3	Out-door	NO	50	20/day	35£/h
PROJECT: Wembley	London: Zone 4	4	Out-door	YES	XX	XX	9h-16h- 10 £/h 16-23h -20£/h -40% unemployed people, children, elderly people

\*You must be invited by a member of the club



## **5. VIABILITY ANALYSIS OF A PADEL CLUB**

The following section describes in detail the project's costs and revenues that a paddle club would have for deliberating its financial and economic viability. The viability plan of a three-court, four-court and five-court facilities has been analyzed to select the most profitable option.

### **a) START UP COSTS**

The projections of initial investment assume the club will be built inside of an industrial building which would be rented for a minimum of 20-30 years long. 950m<sup>2</sup> will be needed for a three-court facility, 1160 m<sup>2</sup> will be needed to contain four padel courts and 1378 m<sup>2</sup> in the scenario of having a five-court club. Moreover, the club will have a small office, a reception, a small sports shop, two changing rooms and a bar. The number of square meters will affect the annual expenses related to the building rental price because it depends of the square meters of the building. The viability study has assumed that rental prices will be 10£\*square meters\*12 months similar to the rental price Padel Club London is paying annually, as it was explained by the Padel England Association representatives.

The costs of building the padel courts, the bar and the two changing rooms amounts to £250,000 and the remainder of the initial investment would come from air conditioning and heating installation, equipment and furniture for the bar and the office, a complete website with booking system included, taxation and business advice from professionals and cash in the bank.

One of the advantages of setting up a business in the United Kingdom is the low cost of constitution compared to Spain, where 3000€ are needed to found a limited liability company. In the case of the United Kingdom there is no minimum capital required to set up your own business and bureaucratic and administrative procedures tend to be more agile. A part of this significant advantage, taxation in this country is more attractive as well being 21%, whereas in Spain companies are charged a tax of 25 or even 30%.

At the beginning of the project, the idea was to fund the company with 100% of equity capital. However, given the low cost of the interest rates and the easier access to credit in the UK, I decided to change the financial structure. A £150,000 bank loan will represent the 40% of the capital structure to avoid incurring in excessive equity capital and reduce taxation at the same time. 5% interest rate will be applied and it is assumed to be an American loan system which is characterized by the fact that all capital borrowed is returned the last year, while during the loan lifetime interests are cleared. See Exhibit 6 to see the starting costs for a four-court facility and Exhibits 11 and 17 for a three and five-court facility.

## **b) COURT USAGE AND OPERATING HOURS**

The viability plan sets-up different court usage corresponding to two different seasons. The first one runs from September to May and the second one includes the summer months such as June, July and August. The aim of this classification is to establish different operating regimes of club. During the summer season, the club will be opened fewer hours because English society will not see the attraction of practicing sport inside an industrial building during the few months of good weather. In the first season, the club will be opened during 80 hours/week whereas in the second season the scenario suggests 64 hours/week.

In both seasons, from Monday to Friday the operating hours will be more extensive than on the weekend. A part of assuming a global usage rate for the whole year – starting with a 45% occupation rate the first year and assuming a 70% at the end of the tenth- different usage ratios have been taken into consideration depending on the time slot. There will be three time slots: morning (from 9:00 to 13:00), midday (from 13:00 to 17:00) and afternoon (from 17:00 to 22:00). The usage of the courts will be higher in the afternoon slot and much lower in the morning. For that reason, as it will be detailed in the revenue section, higher prices will be charged for those time bands with higher occupation rates.

As already mentioned, this viability plan compares the results of a three-court, four-court and a five-court facility and depending on the number of court built, the club will have higher or lower occupation rates. The court usage will be divided into padel classes and court renting, being the first one less than the 10% of the total usage.

Padel court renting will represent the major usage and it will be divided between members and non-members. The scenario suggests that members will represent the 40% of the weekly court renting and non-members the 60%. This has been considered as users must be convinced they like the sport before becoming a member.

Having three padel courts represent higher occupation rates because the target reached is the same independently of the number of courts. This target will represent a lower percentage for a bigger club, and especially at the beginning, when marketing expenses haven't brought significant results yet; many square meters represent a huge fixed cost.

Figure 2, shows the court usage and hours of operation for a scenario of having a 55% occupation rate and four padel courts.

Figure 2: Court Usage and Hours of Operation : 55% usage

	September-May Peak season hours 9:00h-22:00h		June-August Total Off Peak Hours 9:00h-19h		
Days	270		90		
Holidays	8		2		
Operating days	262		88		
Open Hours per week	80		64		
Monday to Friday 9:00 a 22:00	65		Monday to Friday 9:00 a 19:00	50	
Saturday 10:00 a 20:00	10		Saturday 10:00 a 19:00	9	
Sunday 10:00 a 15:00	5		Sunday 10:00 a 15:00	5	
Hours per season	2.994		Hours per season	805	
# Courts	4		# Courts	4	
Hours Open per # courts	11.977	Total available court hours	Hours Open per # courts	3.218	Total available court hours
% Occupation rate/ Day	55,00%		% Occupation rate/ Day	55,00%	
Average Court Usage Hours/ Day	6,3		Average Court Usage Hours/ Day	5,0	
Operating days	262		Operating days	88	
Court Hours per season	1.647		Court Hours per season	443	
Courts in Use	4		Courts in Use	4	
Total Courts Hours	6.587		Total Courts Hours	1.770	

### c) REVENUES AND EXPENSES PROJECTION

In the following part of the project revenues and operating expenses will be described to better understand the economical and financial analysis.

#### Revenues

Revenues would not be only generated through court renting and padel courses, further activities will be completed in order to increase profitability. Some examples would be sponsorship packs, corporate team building activities, tournaments and social leagues, material renting, equipment sale and finally, food and beverages sold in the club's bar.

First of all, we will differentiate between players who are members and non-members, as London Padel Club does. In order to become a member, the individual has to pay an average of £140 and this will give them the right to save money every time they play and will also give the right to book the court 72 hours in advance. Membership will be oriented to people willing to play this sport around twenty times a year. Annual tariffs will be different depending of the age of the player; children (up to 18 years old) will pay £144/year, juniors (18-25 years old) will pay £168/year, adults (above 25) will pay £180/year and seniors (above 65 years old) £144/year.

The first year, the club expects to have 130 members (10 children, 45 junior, 60 adults and 15 senior) and this number will grow progressively during the next ten years. At the end of the tenth year, it is expected to have approximately 1130 members. The evolution will be faster at the beginning, but the last three years of the viability plan present a lower growth rate of the annual membership.

The price of using the facility will be based on an hourly court rate, which would be priced competitively with private clubs; but be affordable to the general public and covers the day to

day expenses of the facility. Returning back to the time slots, there will be different prices depending on the time of day.

**Figure 3: Court renting prices**

<b>Court Time</b>	<b>Members Price</b>	<b>Non-members Price</b>
9:00-13:00h	£16	£24
13:00-17:00h	£20	£28
17:00-22:00h	£24	£32
Weekends	£20	£28

Padel courses will be split among the participants' level and gender. The club will offer six different combinations: mixed beginner, ladies beginner, mens beginner, mixed advanced, ladies advanced and mens advanced. Prices of these courses will differ between £15 and £20 depending on the level. For this purpose, the club will contact self-employed padel monitors who will earn £10/class and will organize the course schedules and levels. Monitor costs will be a variable cost for the club because their salary will depend on the number of classes they teach. This scenario considers that the classes will increase depending on the occupancy ratio of the padel courts.

Sponsorship packs will be offered to private companies in order to have access to finance and give consistency and credibility to our business. Companies that will be asked to sponsor our facilities in the first place will be those ones related to sports, being companies of energetic food & beverage, clothing or sports equipment. They could be interested in sponsoring our business to increase their sales, brand awareness and relevance. In counterpart we will announce their offers in our customer database, we will let them promote and exhibit their products in the club. Give their products as prizes of some tournaments, let them put their naming on our courts, etc.

Corporate team building activities will be oriented to companies willing to organize activities to their employees with the aim to foster personal relationships among them. Marketing and Commercial departments perform these types of activities more than once a year. As it has been explained previously, the padel target will mainly be composed by young managers around 25-35 years old, which perfectly fits with the profile of employees doing team building activities. The scenario considers only six corporate team building activities during the first year of foundation and more than twenty, in the following ten years.

Championships and tournaments will be organized and opened to members and non-members. These types of activities are an easy way to obtain extra revenues and engage new people in the padel sport. As it is a very sociable sport, tournaments would be great opportunities for players to meet people having similar levels and profiles. It is important to engage women to play padel in the UK, because in this way children and men will be easily reached. For this reason, the club will organize a Lady's Coffee Mourning Padel League with the aim to reach "Stay at

home mums". A part of this league, every trimester the club will organize a 24hours tournament to help participants know more people playing padel, have fun and socialize.

Material renting will be other easy revenue coming mainly by people who do not have their own padel material and prefer to pay small amounts of money every time they play rather than buying a new racket or balls. For people willing to buy padel material, the club will have a sports shop which will have rackets, racket cases, balls and some textile pieces. It has been assumed on the viability plan that over time, the renting material will grow less than the shop revenues because in the long term more people will be interested in buying their own equipment. Renting a racket will cost £3 and balls will cost £2. Regarding the padel equipment sold in the shop it has been assumed that the cost will be 30% lower than the market price.

Finally, the revenues of the bar will represent the 30% of the business sales and it will offer a wide variety of products at competitive prices. Some examples will be sandwiches, pizzas, salads, appetizers, pastas and rice, main courses, bakery, shakes, hot drinks, soft drinks and alcoholic drinks. As the bar is not the core business of the club, the scenario considers that its revenue remains fixed over the ten years regardless the positive evolution of the rest of activities. See Exhibits 10, 14 and 20 for the evolution of Sales in the three different scenarios.

Total projected revenue during the first year is £137,500 from court rental fees, based on a pessimistic scenario of a usage ratio of 45% for the year. The business expects to earn £190,000 of additional revenue each year from the rest of activities of the club.

### **Costs**

To manage the program and services needed to enhance padel to the desired levels it will be necessary to staff the facility sufficiently. The annual working hours of an employee is planned to be 1776 hours, the club operates 4000 hours/year. For that reason, the HR needs are  $4000/1776 = 2.25$  workers. As estimated 3 workers will be employed, one of them being at an internship position which will help the club manager with several back office tasks including administrative, marketing and promotion activities.

As previously explained, the rental of the building will be £10\*square meters\*12 months. In the case of having three padel courts the annual renting would be £113,000, four padel courts mean £139,171 and in the case of having five courts the rental expenses will rise to £198,397. Annual expenses of the insurance of the building and its users will rise to £8,400 and the annual maintenance and cleaning of the facilities will be £12,000.

Marketing and advertising expenses will be focused on promoting the club on social media, advertisement in major newspaper and some special events in universities or business areas. Expected annual marketing costs will rise to £20,000 and this quantity will remain fixed over time. The Padel England Association member fee will be £100/ court, which means £300, £400 and £500 respectively. It would be interesting to become member of the Padel England Association because they will help us promote the club and will include it in the national leagues they organize.

Additional operating fixed costs will occur originated by supplies which are needed to manage padel programs in the facility such as office supplies, laundry supplies, telephone and WIFI, air conditioning and heating, transport and other operating costs. The supplies of the bar have been assumed to be the 25% of its revenue which imply £30,000 fixed for all of the years.

Regarding the variable costs, those will be related to the wages of padel monitors, prizes given in tournaments and equipment sold in the club's shop. As previously mentioned, monitors will earn £10/class and the number of classes will increase from 450 the first year until near 2000 at the end of the simulation. This will depend of the usage of the court and the number of courts built, because classes will represent around 10% of the total usage. Prizes given in tournaments will be £400/tournament. The simulation presents a proposal of four 24h tournaments each trimester and a fixed female league in the mourning. Supplies of electricity and water would also be variable costs depending on the level of activity of the club. Finally, the last variable cost will be the recreation equipment of the shop which will cost the club a 30% of its revenues. At the beginning few users will buy the padel equipment and will prefer to rent it but later, the sales of the sport shop will increase.

Other costs the company will face are the depreciation of its assets. The following table shows the calculation of depreciation for each item and total annuities. The viability study assumes that during the first five years the depreciation will be higher; this is called accelerated depreciation, with the aim of having greater tax savings at the beginning of the business. See Exhibits 8, 12 and 18 for the costs structure of the business depending on the number of courts.

Inflation Rate in the United Kingdom is reported by the UK Office for National Statistics and historically, from 1989 until 2013, the United Kingdom Inflation Rate averaged 2.81%. For that reason, prices have been annually adjusted taking this into account as well as operating costs for depreciation. See Exhibits 9, 13 and 19 to the depreciation break-down in the three different scenarios.

## d) INCOME STATEMENT

After analyzing revenues and costs that the club would have, three different income statements for the next ten years have been done to identify the option which best would cover the operating costs. Figure N presents budgeted income statement for the best-case scenario of 4 courts with the detailed outline of revenues and expenses.

In the scenario of having a three or a four-padel-court club the net income is positive from the third year. However, in the case of having five padel courts, the company could not cover its operating costs until the sixth year. See Exhibits 15 and 21 to see the evolution of incomes of the ten-year viability analysis in the scenario of having three padel courts and five padel courts. Furthermore, see Exhibit 23 to see graphically the evolution of the three analyzed options.

Figure 4 Budgeted Income statements for 4 courts scenario

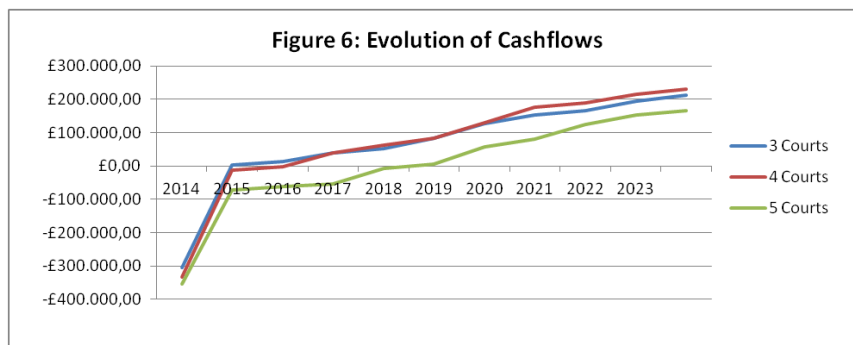
INCOME STATEMENT 4 COURTS	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUE</b>										
Memberships Coutes	£23.160	£32.520	£47.460	£67.833	£90.205,20	£125.557,67	£149.537,93	£173.903,91	£199.083,95	£227.352,13
Members Court Renting	£44.640	£44.640	£52.560	£57.600	£59.040	£67.306	£77.976	£77.976	£77.155	£77.155
Non-Members Cort Renting	£92.880	£92.880	£108.648	£118.800	£121.824	£138.879	£161.287	£161.287	£160.056	£160.056
Padel Courses	£8.262,51	£8.262,51	£10.741,27	£10.741,27	£18.792	£21.423	£24.993	£24.993	£39.275	£39.275
Sponsorship	£10.000	£18.000	£28.000	£28.000	£33.000	£37.620	£46.740	£46.740	£55.860	£55.860
Corporate Team Building Activities	£3.600	£3.600	£4.200	£4.200	£4.800	£6.840	£8.208	£9.576	£12.312	£15.048
Championship	£9.400	£10.150	£10.400	£13.200	£13.200	£15.048	£15.048	£15.048	£15.048	£15.048
Material Renting	£2.200	£2.400	£2.350	£2.350	£2.350	£2.736	£3.010	£3.249	£3.580	£4.332
Shop	£4.040	£5.905	£6.230	£7.080	£8.130	£10.465	£11.292	£11.890	£12.489	£13.087
Bar	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700
<b>TOTAL ANNUAL REVENUE</b>	<b>£328.882,51</b>	<b>£349.057,51</b>	<b>£401.289,27</b>	<b>£440.504,27</b>	<b>£482.041,20</b>	<b>£556.574,71</b>	<b>£628.791,79</b>	<b>£655.363,67</b>	<b>£705.558,73</b>	<b>£737.913,81</b>
<b>EXPENSES</b>										
<b>Salaries</b>										
Salaries	£75.108,00	£77.211,02	£79.372,93	£81.595,37	£83.880,05	£86.228,69	£88.643,09	£91.125,10	£93.676,60	£96.299,54
Professional padel monitors	£4.749	£4.749	£6.173	£6.173	£10.800	£10.800	£12.600	£12.600	£19.800	£19.800
<b>Materials and Supplies</b>										
Office Supplies	£400,00	£411,20	£422,71	£434,55	£446,72	£459,23	£472,08	£485,30	£498,89	£512,86
Supplies (electricity, water, telephone, WIFI)	£27.200	£27.962	£28.745	£29.549	£30.377	£31.227	£32.102	£33.001	£33.925	£34.874
Air Conditioning/ Heating	£10.000	£10.280	£10.568	£10.864	£11.168	£11.481	£11.802	£12.133	£12.472	£12.821
Laundry Supplies	£300	£308	£317	£326	£335	£344	£354	£364	£374	£385
Building maintenance and cleaning	£12.000	£12.336	£12.681	£13.036	£13.402	£13.777	£14.163	£14.559	£14.967	£15.386
Advertising & Marketing	£20.000	£20.560	£21.136	£21.727	£22.336	£22.961	£23.604	£24.265	£24.945	£25.643
Other Expenses	£2.000	£2.056	£2.114	£2.173	£2.234	£2.296	£2.360	£2.427	£2.494	£2.564
Tournaments prizes 450€/tournament	£1.600	£1.600	£1.600	£1.600	£1.600	£1.600	£1.600	£1.600	£1.600	£1.600
Recreation equipment (Shop materials)	£1.212	£1.772	£1.869	£2.124	£2.439	£3.140	£3.388	£3.567	£3.747	£3.926
<b>Bar Supplies</b>	£30.000	£30.840	£31.704	£32.591	£33.504	£34.442	£35.406	£36.398	£37.417	£38.464
<b>Renting</b>	£139.171	£143.068	£147.074	£151.192	£155.425	£159.777	£164.251	£168.850	£173.578	£178.438
<b>Insurance</b>	£8.400	£8.635	£8.877	£9.126	£9.381	£9.644	£9.914	£10.191	£10.477	£10.770
<b>Transport</b>	£500	£514	£528	£543	£558	£574	£590	£607	£624	£641
<b>England Padel Association</b>	£400	£411	£423	£435	£447	£459	£472	£485	£499	£513
<b>Depreciations</b>										
Depreciation Office & Bar Material	£2.000	£2.000	£2.000	£2.000	£2.000	£1.000	£1.000	£1.000	£1.000	£1.000
Depreciation Printing	£80	£80	£80	£80	£80	£40	£40	£40	£40	£40
Depreciation Computer Equipment	£200	£200	£200	£200	£200	£100	£100	£100	£100	£100
Depreciation Web site development, data management and support tools	£2.500	£2.500	£2.500	£2.500	£2.500	£1.250,00	£1.250,00	£1.250,00	£1.250,00	£1.250,00
Depreciation Air Conditioning/ Heating	£2.000	£2.000	£2.000	£2.000	£2.000	£1.000	£1.000	£1.000	£1.000	£1.000
Depreciation Bar	£7.000	£7.000	£7.000	£7.000	£7.000	£3.500	£3.500	£3.500	£3.500	£3.500
Depreciation Changing Room	£7.000	£7.000	£7.000	£7.000	£7.000	£3.500	£3.500	£3.500	£3.500	£3.500
Depreciation 4 Padel Courts (20m*10m)	£10.800	£10.800	£10.800	£10.800	£10.800	£5.400	£5.400	£5.400	£5.400	£5.400
<b>TOTAL OPERATING EXPENSES</b>	<b>£364.619,77</b>	<b>£374.292,69</b>	<b>£385.183,35</b>	<b>£395.069,27</b>	<b>£409.911,70</b>	<b>£405.000,06</b>	<b>£417.510,78</b>	<b>£428.446,07</b>	<b>£446.882,51</b>	<b>£458.428,54</b>
<b>OPERATIONAL INCOME</b>	<b>-£35.737,26</b>	<b>-£25.235,17</b>	<b>£16.105,91</b>	<b>£45.435,00</b>	<b>£72.129,50</b>	<b>£151.574,65</b>	<b>£211.281,00</b>	<b>£226.917,60</b>	<b>£258.676,22</b>	<b>£279.485,26</b>
- Interests	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500
<b>PRE TAX INCOME</b>	<b>-£43.237,26</b>	<b>-£32.735,17</b>	<b>£8.605,91</b>	<b>£37.935,00</b>	<b>£64.629,50</b>	<b>£144.074,65</b>	<b>£203.781,00</b>	<b>£219.417,60</b>	<b>£251.176,22</b>	<b>£271.985,26</b>
- Taxes (21%)	£0	£0	£1.807	£7.966	£13.572	£30.256	£42.794	£46.078	£52.747	£57.117
<b>NET INCOME</b>	<b>-£43.237,26</b>	<b>-£32.735,17</b>	<b>£6.798,67</b>	<b>£29.968,65</b>	<b>£51.057,30</b>	<b>£113.818,98</b>	<b>£160.986,99</b>	<b>£173.339,90</b>	<b>£198.429,22</b>	<b>£214.868,36</b>

## e) CASH FLOW ANALYSIS and PAYBACK

In continuation, I will treat my venture as investment project and will analyze how profitable it is and how fast the investment will be recovered under the 3 possible scenarios.

Figure 5

	Initial investment	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
3 Courts	-£305.470,00	£2.468,05	£13.702,61	£40.191,03	£51.970,85	£82.771,66	£127.465,40	£153.929,50	£166.965,35	£194.945,32	£212.106,18
4 Courts	-£332.470,00	-£11.657,26	-£1.155,17	£38.378,67	£61.548,65	£82.637,30	£129.608,98	£176.776,99	£189.129,90	£214.219,22	£230.658,36
5 Courts	-£354.470,00	-£71.083,50	-£61.699,75	-£53.555,61	-£8.184,84	£4.439,01	£58.390,32	£79.910,84	£124.169,10	£151.962,49	£165.146,58



Cash flow is the difference between money received and paid as the result of my business activity at the end of every year. Cash flows are obtained by adding the depreciation expenses to the company's net income because these are no cash payments going out of the company. In the e Table N the evolution of cash flows is shown highlighting in red those cases where in the net cash flows are negative.

Cash flows allow calculating the period in which the initial investment is expected to recover, called payback. The following table shows the years it takes for each scenario to recover the initial investment. In first case, to recover the investment needed to set up a three-court padel club the company will need 5 years and 11 months. For a four-court club this time will rise to 6 years and 3 months and finally, for a five-court club this time will be 9 years and 10 months.

Figure7: Payback

	Initial investment	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
3 Courts	-£305.470,00	-£303.001,95	-£289.299,34	-£249.108,31	-£197.137,46	-£114.365,81	£13.099,59				
4 Courts	-£332.470,00	-£344.127,26	-£345.282,43	-£306.903,76	-£245.355,11	-£162.717,81	-£33.108,83	£143.668,16			
5 Courts	-£354.470,00	-£425.553,50	-£487.253,25	-£540.808,86	-£548.993,70	-£544.554,70	-£486.164,37	-£406.253,53	-£282.084,43	-£130.121,94	£35.024,64

However, the payback calculation does not address a project's total profitability, neither taking the value of money into account in the future, nor the amount of positive cash flows that occur after the initial investment is recovered. For that reason, in the next section of the viability analysis, Net Present value and Internal Rate of Return have been calculated.



## Net Present Value and Internal Rate of Return

Figure 8: Net Present Value and Internal Rate of Return

	INITIAL INVESTME	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>CASH FLOWS 3 Courts</b>	-£305.470,00	£2.468,05	£13.702,61	£40.191,03	£51.970,85	£82.771,66	£127.465,40	£153.929,50	£166.965,35	£194.945,32	£212.106,18
		£2.368,57	£12.620,25	£35.524,34	£44.084,80	£67.381,87	£99.583,18	£115.411,16	£120.139,16	£134.618,06	£140.564,66
<b>NPV</b>	<b>£466.826,05</b>										
<b>IRR</b>	<b>19,04%</b>										
<b>CASH FLOWS 4 Courts</b>	-£332.470,00	-£11.657,26	-£1.155,17	£38.378,67	£61.548,65	£82.637,30	£129.608,98	£176.776,99	£189.129,90	£214.219,22	£230.658,36
		-£11.187,39	-£1.063,93	£33.922,42	£52.209,27	£67.272,49	£101.257,87	£132.541,45	£136.087,57	£147.927,51	£152.859,35
<b>NPV</b>	<b>£479.356,61</b>										
<b>IRR</b>	<b>17,71%</b>										
<b>CASH FLOWS 5 Courts</b>	-£305.470,00	£4.968,05	£16.202,61	£42.166,03	£53.945,85	£84.746,66	£129.440,40	£55.120,25	£68.156,10	£67.340,57	£84.501,43
		-£68.218,33	-£56.826,11	-£47.337,12	-£6.942,88	£3.613,66	£45.617,82	£59.914,46	£89.345,31	£104.936,59	£109.444,11
<b>NPV</b>	<b>-£120.922,48</b>										
<b>IRR</b>	<b>0,80%</b>										

One of the parameters used to measure the profitability of an investment is the Net Present Value. It is based on the estimated future cash flows of the company applying an opportunity cost or the rate of return of a similar investment. The Net Present Value discount factor used has been based on the UK FTSE 100 at 10 years which is 3.5%. Moreover, 20% has been added considering this as a liquidity premium that small and medium companies have as an added difficulty to be sold in the stock market.<sup>1</sup> For that reason the final discount rate used has been 4.2%.

The weighted average cost of capital of the project (WACC) is 4.05%

$$WACC = \frac{E}{V} * Re + \frac{D}{V} * Rd * (1 - T_c) \quad WACC = 0.05 * 0.45 * (1 - 0.21) + 0.042 * 0.55 = 0.040 = 4.05\%$$

The investment is considered acceptable only the scenarios of having a three-court and a four-court padel club because their internal rate of return is higher than the minimum acceptable rate of return or cost of capital. As the NPV is higher than zero and IRR exceeds the weighted average cost of capital, both investments are considered to be economically profitable. However in the case of building five padel courts, NPV is smaller than zero and IRR is lower than the cost of capital.

The scenario of having a three-court club has a higher profitability but the Net Present Value is lower than the four-court padel club. As NPV and IRR methods rank the two scenarios differently, NPV better reflects our primary goal: to grow the financial wealth of the company. If the analysis was conducted for a longer period of time, results would show that the four-court club would have major profitability in addition.

<sup>1</sup> Mascareñas P.J. Finanzas para directivos, 2010

## f) COST-VOLUME-PROFIT ANALYSIS AND PROFITABILITY INDICATORS

In continuation, I calculated some additional financial and economic indicators characterizing my venture.

Break even sales allows knowing the point at which the company sells enough of its products and services to cover its expenses. As you can see from the table for the four-court's scenario this number increases over time at an average of 2% however our revenues increase annually at an average rate of 9%.

Return on Sales (ROS) shows how much profit is being produced per pound of sales. As we can see in Figure 9 the company's return on sales increases over time, which indicates it becomes more profitable. During the first two years it is negative but then, for the last year analyzed in the viability study it turns to be 29% of return on sales. This evolution matches with the positive evolution of occupation rate of the courts as well as the number of members and the demand of padel courses.

Operating margin measures the proportion of a company's revenue remains after paying for operating costs. The firsts two years appear to be negative because the occupation rate of the courts is quite low. However after the third year and over the ten years studied, this ratio becomes positive and gives an idea of how much the company makes before interests and taxes on each pound of sales.

The club has a high degree of operating leverage, so its success or failure depends on the volume of sales. This is because the high proportion of fixed costs the company has. The advantage of this is that once the breakeven point is reached, most of the additional revenue will flow directly into profits. A small change in sales will mean a higher change in EBIT, but this will happen in the other direction.

The following table presents the above explained ratios for the most suitable option, which is setting up a four-court padel club. See Exhibits 16 and 22 for the other options' profitability indicators.

Figure 9: RATIOS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Break even Sales</b>	<b>£333.531,09</b>	<b>£341.981,22</b>	<b>£348.559,29</b>	<b>£355.914,37</b>	<b>£367.596,75</b>	<b>£373.856,98</b>	<b>£382.237,24</b>	<b>£392.276,05</b>	<b>£406.013,86</b>	<b>£416.409,54</b>
Fixed Costs	£298.279,20	£306.631,02	£315.216,69	£324.042,75	£333.115,95	£342.443,20	£352.031,61	£361.888,49	£372.021,37	£382.437,97
Variable Costs	£34.760,57	£36.081,67	£38.386,67	£39.446,51	£45.215,75	£46.766,86	£49.689,18	£50.767,57	£59.071,14	£60.200,58
Sales Revenues	£328.882,51	£349.057,51	£401.289,27	£440.504,27	£482.041,20	£556.574,71	£628.791,79	£655.363,67	£705.558,73	£737.913,81
<b>ROS</b>	<b>-13,15%</b>	<b>-9,38%</b>	<b>1,69%</b>	<b>6,80%</b>	<b>10,59%</b>	<b>20,45%</b>	<b>25,60%</b>	<b>26,45%</b>	<b>28,12%</b>	<b>29,12%</b>
Net Income	£-43.237,26	£-32.735,17	£6.798,67	£29.968,65	£51.057,30	£113.818,98	£160.986,99	£173.339,90	£198.429,22	£214.868,36
Sales	£328.882,51	£349.057,51	£401.289,27	£440.504,27	£482.041,20	£556.574,71	£628.791,79	£655.363,67	£705.558,73	£737.913,81
<b>Operating margin</b>	<b>-0,11</b>	<b>-0,07</b>	<b>0,04</b>	<b>0,10</b>	<b>0,15</b>	<b>0,27</b>	<b>0,34</b>	<b>0,35</b>	<b>0,37</b>	<b>0,38</b>
Operating income	£-35.737,26	£-25.235,17	£16.105,91	£45.435,00	£72.129,50	£151.574,65	£211.281,00	£226.917,60	£258.676,22	£279.485,26
Revenue	£328.882,51	£349.057,51	£401.289,27	£440.504,27	£482.041,20	£556.574,71	£628.791,79	£655.363,67	£705.558,73	£737.913,81
<b>Operating Leverage</b>	<b>-8,23</b>	<b>-12,40</b>	<b>22,53</b>	<b>8,83</b>	<b>6,06</b>	<b>3,36</b>	<b>2,74</b>	<b>2,66</b>	<b>2,50</b>	<b>2,42</b>
Sales Revenues	£328.882,51	£349.057,51	£401.289,27	£440.504,27	£482.041,20	£556.574,71	£628.791,79	£655.363,67	£705.558,73	£737.913,81
Variable Costs	£34.760,57	£36.081,67	£38.386,67	£39.446,51	£45.215,75	£46.766,86	£49.689,18	£50.767,57	£59.071,14	£60.200,58
Operational Income	£-35.737,26	£-25.235,17	£16.105,91	£45.435,00	£72.129,50	£151.574,65	£211.281,00	£226.917,60	£258.676,22	£279.485,26

## **6. CONCLUSIONS**

As my study shows, a padel club is a profitable and attractive investment opportunity that would have a good potential in the British Capital. The areas which are best suited for the location of this clubs are: Kensington and Chelsea, Wandsworth, Hammersmith and Fulham and Westminster. Moreover, these areas are the ones with a high level of participation in sport and physical recreation compared to national and London averages.

Competition would not be an entry barrier because of the dimensions of the city and the limited padel supply that exist there nowadays. Padel Club London and another padel initiative are the only ones offering this recreation service in the city.

Once the market opportunity is justified and a comprehensive business model is defined, the viability study has proved that under certain assumptions it would be possible to set up a profitable club in this city. I analysed three possible scenarios and arrive at the conclusion that depending on the occupation rates and number of courts built, the revenues cover operating costs and make profits. However, there are opportunities available to London that would likely generate additional revenue that has not been included in the viability plan.

According to the viability study the most profitable option would be setting up a four-court padel club because of the relatively high occupation rates it could have and the small differences in costs with a three-court club. It would be far more effective for the business to build four courts although the initial usage rates are smaller. In the future the growth potential would be higher and the estimated costs won't be significant.

My project would be really attractive if padel was recognized by Sports England as an official sport. If this happened, my venture would have an access to the funding this organization offers to those companies enhancing sport participation. However, nowadays it is not possible to know it with certainty but at least potentially I can count with the institutional support provided by Padel England Association.

The next step for consideration is to identify padel stakeholders willing to invest in this business opportunity and develop a more consistent action plan in case the project has promoters. Furthermore, these simulations could be adapted to other places where the same project could have a higher profitability, so London is not the only possible option.

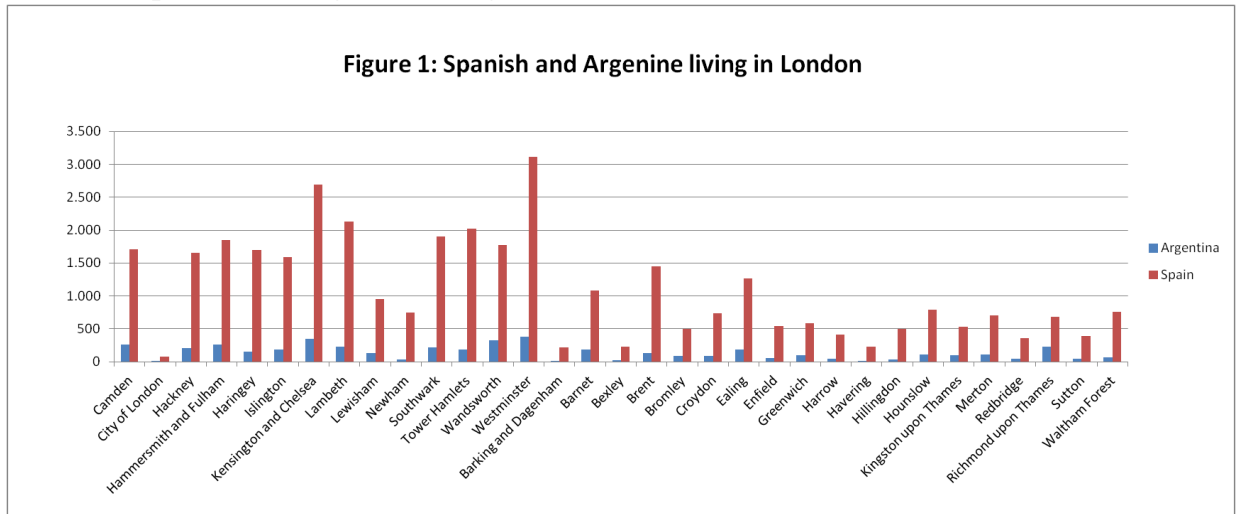
Personally, I treat the outcomes of my project as very satisfactory. I learnt how to search and collect relevant information in the field and mass media sources. I managed to construct the comprehensive business model of a padel sports club grounded on the reasonable assumptions, analysing its economic and financial viability. I would be very happy if this project could lay the grounds for the real-life venture in the future.

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## 8. APPENDIX

**Exhibit 1: Spanish and Argentine living in London**



**Exhibit 2: Adult sport participation in London**

1 session a week (at least 4 sessions of at least moderate intensity for at least 30 minutes in the previous 28 days)*	APS1 (Oct 2005-Oct 2006)		APS2 (Oct 2007-Oct 2008)		APS3 (Oct 2008-Oct 2009)		APS4 (Oct 2009-Oct 2010)		APS5 (Oct 2010-Oct 2011)		APS6 (Oct 2011 - Oct 2012)		
	%	Base	%	Base	%	Base	%	Base	%	Base	%	Base	Statistically significant change from APS 1
<b>LONDON</b>													
Barking and Dagenham	28,7%	1.006	26,6%	509	30,9%	505	26,0%	505	26,1%	503	28,5%	519	No change
Barnet	36,9%	1.023	37,5%	514	35,5%	510	35,3%	524	34,8%	503	36,2%	495	No change
Bexley	31,9%	1.020	31,8%	514	34,2%	505	30,4%	519	36,2%	501	34,5%	514	No change
Brent	28,3%	1.015	31,9%	1.008	31,9%	1.018	32,4%	1.006	24,7%	507	31,2%	520	No change
Bromley	36,2%	1.013	36,9%	504	39,3%	503	36,9%	1.005	36,8%	502	36,6%	490	No change
Camden	39,3%	1.001	38,4%	497	41,1%	504	38,2%	506	39,3%	503	37,5%	504	No change
City of London	28,6%	145	39,8%	52	45,8%	90	48,3%	108	25,9%	83	38,8%	73	No change
Croydon	33,6%	1.020	33,6%	502	32,5%	517	33,0%	506	33,7%	500	33,9%	510	No change
Ealing	35,7%	1.047	36,2%	1.022	36,1%	517	32,5%	515	27,9%	502	37,1%	524	No change
Enfield	33,7%	1.011	32,4%	503	34,5%	506	28,3%	505	31,4%	501	35,3%	524	No change
Greenwich	31,6%	1.001	33,7%	1.005	38,2%	518	31,0%	500	31,2%	502	35,4%	526	No change
Hackney	32,0%	1.005	32,1%	507	31,8%	503	36,2%	508	37,4%	501	35,5%	527	No change
Hammersmith and Fulham	41,8%	1.009	41,6%	510	45,8%	501	43,4%	505	43,8%	500	44,5%	501	No change
Haringey	35,0%	1.009	36,1%	999	33,9%	503	36,5%	1.009	35,1%	500	37,9%	497	No change
Harrow	31,8%	1.006	29,0%	512	31,4%	1.007	33,1%	507	34,2%	500	33,6%	499	No change
Havering	31,2%	1.034	34,5%	515	35,2%	1.004	31,5%	501	29,8%	503	32,6%	508	No change
Hillingdon	34,7%	1.034	34,9%	501	38,5%	512	32,7%	506	28,7%	499	32,2%	491	No change
Hounslow	33,1%	1.005	32,5%	503	35,6%	507	31,5%	527	34,1%	1.004	37,8%	516	No change
Islington	34,1%	1.012	36,8%	502	41,4%	1.004	39,2%	505	35,9%	502	42,9%	498	Increase
Kensington and Chelsea	44,1%	1.002	44,2%	508	44,1%	504	46,2%	510	41,7%	502	41,7%	515	No change
Kingston upon Thames	41,2%	1.020	37,1%	499	42,0%	585	40,7%	505	41,6%	505	38,0%	509	No change
Lambeth	38,1%	1.001	37,9%	502	40,5%	504	40,7%	504	45,4%	500	39,3%	482	No change
Lewisham	32,4%	1.014	37,2%	511	33,0%	1.118	33,7%	531	31,9%	500	32,9%	504	No change
Merton	38,5%	1.018	38,3%	506	39,9%	504	41,3%	504	35,0%	502	34,4%	510	No change
Newham	26,3%	1.003	28,8%	506	28,2%	505	24,9%	505	28,9%	500	27,3%	532	No change
Redbridge	34,7%	1.118	38,6%	514	33,9%	1.011	31,3%	513	32,8%	500	35,1%	537	No change
Richmond upon Thames	45,0%	1.031	42,4%	494	43,7%	507	45,1%	507	47,6%	502	45,2%	492	No change
Southwark	31,4%	1.009	33,7%	503	37,4%	504	33,9%	506	39,2%	503	36,5%	528	Increase
Sutton	35,4%	1.087	40,6%	511	37,8%	619	36,4%	506	37,6%	502	36,3%	493	No change
Tower Hamlets	32,4%	1.007	34,7%	1.002	33,9%	521	37,0%	506	36,4%	504	35,7%	549	No change
Waltham Forest	31,4%	1.001	33,6%	502	33,9%	500	31,7%	597	35,7%	500	37,7%	483	Increase
Wandsworth	41,5%	1.015	46,3%	501	44,0%	506	48,5%	504	41,9%	504	42,8%	490	No change
Westminister	38,8%	1.008	38,0%	499	39,1%	503	42,4%	512	41,3%	502	43,4%	505	No change

### Exhibit 3: Evolution of Adult sport participation

Adult (16+) Participation in Sport (at least once a week \*), by year

Year	Hackney	Hammersmith and Fulham	Kensington and Chelsea	Lambeth	Southwark	Tower Hamlets	Wandsworth	Westminster	London	England
2005/06	32.0%	41.8%	44.1%	38.1%	31.4%	32.4%	41.5%	38.8%	35.0%	34.2%
2007/08	32.1%	41.6%	44.2%	37.9%	33.7%	34.7%	46.3%	38.0%	35.9%	35.8%
2008/09	31.8%	45.8%	44.1%	40.5%	37.4%	33.9%	44.0%	39.1%	36.7%	35.7%
2009/10	36.2%	43.4%	46.2%	40.7%	33.9%	37.0%	48.5%	42.4%	35.6%	35.3%
2010/11	37.4%	43.8%	41.7%	45.4%	39.2%	36.4%	41.9%	41.3%	35.4%	34.8%
2011/12	35.5%	44.5%	41.7%	39.3%	36.5%	35.7%	42.8%	43.4%	36.5%	36.0%

\*1 session a week (at least 4 sessions of at least moderate intensity for at least 30 minutes in the previous 28 days)

Source: Active People Survey, Year: 2005/06 (APS1), to 2011/12 (APS6), Measure: Adult participation

### Exhibit 4: Sports participation by gender and demographic break down

Adult (16+) Participation in Sport (at least once a week ^), by year, and demographic breakdown

Year	Hackney	Hammersmith and Fulham	Kensington and Chelsea	Lambeth	Southwark	Tower Hamlets	Wandsworth	Westminster
	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12
All	35.5%	44.5%	41.7%	39.3%	36.5%	35.7%	42.8%	43.4%
Male	43.4%	58.2%	45.5%	44.8%	44.0%	41.3%	49.9%	52.2%
Female	28.0%	30.5%	38.0%	33.4%	28.6%	29.8%	36.2%	34.3%
White	36.7%	44.2%	42.6%	45.6%	36.3%	38.9%	46.6%	45.0%
Non-White	32.6%	47.5%	39.3%	27.7%	38.4%	33.2%	33.3%	42.6%
16-25	39.6%	53.9%	53.1%	61.2%	59.5%	36.7%	56.7%	57.5%
26-34	51.5%	57.4%	*	39.7%	43.5%	49.4%	57.4%	53.1%
35-54	34.7%	42.3%	47.8%	36.8%	34.0%	32.6%	35.0%	40.9%
55+	*	25.6%	28.5%	*	*	*	*	23.3%

^1 session a week (at least 4 sessions of at least moderate intensity for at least 30 minutes in the previous 28 days)

Source: Active People Survey, Year: 2005/06 (APS1), to 2011/12 (APS6), Measure: Adult participation

### Exhibit 5: Padel target

Description	Hackney		Hammersmith and Fulham		Kensington and Chelsea		Lambeth		Southwark		Tower Hamlets		Wandsworth		Westminster	
	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate	Number	Rate
Competitive Male Urbanites	4,6	2,9%	15,4	10,8%	18,5	11,9%	13,9	6,2%	8,5	4,0%	8,3	5,0%	23,6	10,0%	21,5	10,8%
Sports Team Leaders	20,0	12,7%	10,4	7,3%	6,4	4,1%	21,1	9,4%	23,5	10,9%	22,1	13,3%	15,0	6,4%	12,8	6,5%
Fitness Class Friends	3,9	2,5%	15,7	10,9%	25,7	16,5%	12,5	5,6%	7,2	3,4%	6,3	3,8%	24,7	10,5%	25,3	12,8%
Supportive Singles	14,9	9,5%	9,5	6,7%	5,5	3,5%	16,9	7,5%	17,2	8,0%	14,7	8,8%	12,5	5,3%	10,5	5,3%
Career Focused Females	4,9	3,1%	10,2	7,1%	9,3	5,9%	11,7	5,2%	7,2	3,3%	5,2	3,1%	19,2	8,2%	11,7	5,9%
Settling Down Males	7,6	4,8%	19,2	13,4%	23,2	14,9%	20,4	9,1%	12,6	5,9%	11,2	6,7%	33,5	14,3%	27,2	13,8%
Stay at Home Mums	3,6	2,3%	9,2	6,4%	9,5	6,1%	8,7	3,9%	5,1	2,4%	3,5	2,1%	15,7	6,7%	9,8	4,9%
Middle England Mums	5,1	3,2%	3,2	2,3%	2,0	1,3%	6,1	2,7%	5,1	2,4%	2,6	1,6%	5,2	2,2%	4,0	2,0%
Pub League Team Mates	23,5	14,9%	7,6	5,3%	5,8	3,7%	24,1	10,8%	33,2	15,5%	26,9	16,2%	13,8	5,9%	10,4	5,3%
Stretched Single Mums	15,0	9,6%	4,3	3,0%	3,5	2,3%	13,9	6,2%	20,1	9,4%	18,8	11,3%	8,2	3,5%	5,6	2,8%
Comfortable Mid-Life Males	4,1	2,6%	6,4	4,5%	9,1	5,8%	8,2	3,6%	5,9	2,8%	3,3	2,0%	10,7	4,6%	11,0	5,5%
Empty Nest Career Ladies	3,8	2,4%	5,0	3,5%	7,5	4,8%	7,2	3,2%	5,0	2,3%	2,5	1,5%	9,4	4,0%	8,2	4,1%
Early Retirement Couples	2,7	1,7%	5,2	3,6%	5,5	3,6%	6,2	2,7%	3,9	1,8%	2,2	1,3%	7,5	3,2%	7,0	3,5%
Older Working Women	17,2	10,9%	6,4	4,5%	5,8	3,7%	19,5	8,7%	23,4	10,9%	13,2	8,0%	9,7	4,1%	8,5	4,3%
Local 'Old Boys'	7,3	4,6%	2,7	1,9%	2,5	1,6%	8,1	3,6%	9,6	4,5%	6,6	4,0%	4,6	2,0%	3,6	1,8%
Later Life Ladies	8,8	5,6%	4,5	3,2%	5,6	3,6%	10,1	4,5%	11,9	5,6%	8,1	4,9%	6,9	2,9%	6,4	3,2%
Comfortable Retired Couples	0,6	0,4%	2,6	1,8%	6,1	3,9%	2,6	1,2%	1,7	0,8%	0,6	0,4%	4,9	2,1%	6,3	3,2%
Twilight Year Gents	1,9	1,2%	1,4	1,0%	1,0	0,6%	3,0	1,3%	2,3	1,1%	1,5	0,9%	2,4	1,0%	2,0	1,0%
Retirement Home Singles	8,0	5,1%	4,3	3,0%	3,6	2,3%	10,1	4,5%	10,9	5,1%	8,7	5,2%	7,3	3,1%	6,3	3,2%
<b>PADEL TARGET</b>		<b>30,9%</b>		<b>60,3%</b>		<b>65,2%</b>		<b>43,0%</b>		<b>32,7%</b>		<b>36,0%</b>		<b>60,6%</b>		<b>60,2%</b>

Source: Sport England and Experian Ltd, Year: 2010, Measure: Sport Market Segmentation

## DATA FOR A FOUR-COURT PADEL FACILITY

### Exhibit 6: Initial Investment of a four-court padel facility

<b>Start up Costs</b>	
<b>Construction</b>	<b>Price</b>
4 Padel Courts (20m*10m)	£108.000
Bar	£70.000
Offices, Changing room	£70.000
<b>Material &amp; Supplies</b>	<b>Price</b>
Office & Bar Material	£20.000
Printing	£800
Computer Equipment	£2.000
Web site development, data management and support tools	£25.000
Dryer machine	£800
Washing machine	£700
Air Conditioning/ Heating	£20.000
<b>Others</b>	
Professional Services	£5.000
Cash in Bank	£10.000
Trade mark registration	£170

<b>Sources</b>	<b>Extension</b>
Capital Partners	£182.470
Bank Loan	£150.000
<b>TOTAL</b>	<b>£332.470</b>

### Exhibit 7: Personnel Costs

<b>Personnel Plan</b>	<b>Salaries</b>	<b>Employers National Insurance (Payroll Tax) *</b>	<b>TOTAL</b>
Total People Needed	3		
Club Manager (1)	£36.400	£5.023	£41.423,00
Bar Staff (1)	£22.400	£3.091	£25.491,00
Internship (1)	£7.200	£994	£8.194,00

\* Calculation based on:

<http://contractortaxation.com/UK/Payroll-Tax->

## Exhibit 8: Fixed and Variable Costs of a four-court padel facility

Costs	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fixed Costs:</b>										
<b>Total Costs of Personnel</b>	£75.108,00	£77.211,02	£79.372,93	£81.595,37	£83.880,05	£86.228,69	£88.643,09	£91.125,10	£93.676,60	£96.299,54
<b>Materials and Supplies</b>										
Office Supplies	£400	£411,20	£422,71	£434,55	£446,72	£459,23	£472,08	£485,30	£498,89	£512,86
Building maintenance and cleaning	£12.000	£12.336,00	£12.681,41	£13.036,49	£13.401,51	£13.776,75	£14.162,50	£14.559,05	£14.966,70	£15.385,77
Laundry Supplies	£300	£308,40	£317,04	£325,91	£335,04	£344,42	£354,06	£363,98	£374,17	£384,64
Advertising & Marketing	£20.000	£20.560,00	£21.135,68	£21.727,48	£22.335,85	£22.961,25	£23.604,17	£24.265,08	£24.944,51	£25.642,95
Air Conditioning/ Heating	£10.000	£10.280,00	£10.567,84	£10.863,74	£11.167,92	£11.480,63	£11.802,08	£12.132,54	£12.472,25	£12.821,48
<b>Costs related to the bar</b>	£30.000	£30.840,00	£31.703,52	£32.591,22	£33.503,77	£34.441,88	£35.406,25	£36.397,63	£37.416,76	£38.464,43
<b>Other Fixed Costs</b>										
Renting	£139.171	£143.067,99	£147.073,90	£151.191,97	£155.425,34	£159.777,25	£164.251,01	£168.850,04	£173.577,84	£178.438,02
Insurance	£8.400	£8.635,20	£8.876,99	£9.125,54	£9.381,06	£9.643,73	£9.913,75	£10.191,34	£10.476,69	£10.770,04
Transport	£500	£514,00	£528,39	£543,19	£558,40	£574,03	£590,10	£606,63	£623,61	£641,07
Others	£2.000	£2.056,00	£2.113,57	£2.172,75	£2.233,58	£2.296,13	£2.360,42	£2.426,51	£2.494,45	£2.564,30
Padel England Association Member Fee	£400	£411,20	£422,71	£434,55	£446,72	£459,23	£472,08	£485,30	£498,89	£512,86
<b>TOTAL FIXED COSTS</b>	<b>£298.279</b>	<b>£306.631</b>	<b>£315.217</b>	<b>£324.043</b>	<b>£333.116</b>	<b>£342.443</b>	<b>£352.032</b>	<b>£361.888</b>	<b>£372.021</b>	<b>£382.438</b>

	Tournaments prizes 400€/tournament	Recreation equipment (Shop materials) 30%	Professional padel monitors 10€/class	Supplies (electricity, water, telephone, WIFI)	TOTAL VARIABLE COSTS
<b>2014</b>	£1.600	£1.212	£4.749	£27.200	<b>£34.761</b>
<b>2015</b>	£1.600	£1.772	£4.749	£27.962	<b>£36.082</b>
<b>2016</b>	£1.600	£1.869	£6.173	£28.745	<b>£38.387</b>
<b>2017</b>	£1.600	£2.124	£6.173	£29.549	<b>£39.447</b>
<b>2018</b>	£1.600	£2.439	£10.800	£30.377	<b>£45.216</b>
<b>2019</b>	£1.600	£3.140	£10.800	£31.227	<b>£46.767</b>
<b>2020</b>	£1.600	£3.388	£12.600	£32.102	<b>£49.689</b>
<b>2021</b>	£1.600	£3.567	£12.600	£33.001	<b>£50.768</b>
<b>2022</b>	£1.600	£3.747	£19.800	£33.925	<b>£59.071</b>
<b>2023</b>	£1.600	£3.926	£19.800	£34.874	<b>£60.201</b>

## Exhibit 9: Depreciation break down for a four-court scenario

	% Depreciation	2014	2015	2016	2017	2018	% Depreciation	2019	2020	2021	2022	2023
Office & Bar Material	10%	£2.000	£2.000	£2.000	£2.000	£2.000	5%	£1.000	£1.000	£1.000	£1.000	£1.000
Printing	10%	£80	£80	£80	£80	£80	5%	£40	£40	£40	£40	£40
Computer Equipment	10%	£200	£200	£200	£200	£200	5%	£100	£100	£100	£100	£100
Web site development												
Data management												
Support tools	10%	£2.500	£2.500	£2.500	£2.500	£2.500	5%	£1.250	£1.250	£1.250	£1.250	£1.250
Washing machine	10%	£70	£70	£70	£70	£70	5%	£35	£35	£35	£35	£35
Dryer machine	10%	£80	£80	£80	£80	£80	5%	£40	£40	£40	£40	£40
Air Conditioning/ Heating	10%	£2.000	£2.000	£2.000	£2.000	£2.000	5%	£1.000	£1.000	£1.000	£1.000	£1.000
Bar	10%	£7.000	£7.000	£7.000	£7.000	£7.000	5%	£3.500	£3.500	£3.500	£3.500	£3.500
Office & Changing Room	10%	£7.000	£7.000	£7.000	£7.000	£7.000	5%	£3.500	£3.500	£3.500	£3.500	£3.500
4 Padel Courts (20m*10m)	10%	£10.800	£10.800	£10.800	£10.800	£10.800	5%	£5.400	£5.400	£5.400	£5.400	£5.400
<b>Total</b>		<b>£31.730</b>	<b>£31.730</b>	<b>£31.730</b>	<b>£31.730</b>	<b>£31.730</b>		<b>£15.865</b>	<b>£15.865</b>	<b>£15.865</b>	<b>£15.865</b>	<b>£15.865</b>

\* We will assume that the first 5 years the amortization is higher than the next ones.





## DATA FOR A THREE -COURT PADEL FACILITY

### Exhibit 11: Initial investment for a three-court scenario

#### Start up Costs

Construction	Price
3 Padel Courts (20m*10m)	£81.000
Bar	£70.000
Offices, Changing room	£70.000
Material & Supplies	Price
Office & Bar Material	£20.000
Printing	£800
Computer Equipment	£2.000
Web site development, data management and support tools	£25.000
Dryer machine	£800
Washing machine	£700
Air Conditioning/ Heating	£20.000
Others	
Professional Services	£5.000
Cash in Bank	£10.000
Trade mark registration	£170

Sources	Extension
Capital Partners	£155.470
Bank Loan	£150.000
<b>TOTAL</b>	<b>£305.470</b>

### Exhibit 12: Fixed and Variable Costs of a three -court padel facility

Costs	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fixed Costs:</b>										
<b>Total Costs of Personnel</b>	£75.108,00	£77.211,02	£79.372,93	£81.595,37	£83.880,05	£86.228,69	£88.643,09	£91.125,10	£93.676,60	£96.299,54
<b>Materials and Supplies</b>										
Office Supplies	£400	£411,20	£422,71	£434,55	£446,72	£459,23	£472,08	£485,30	£498,89	£512,86
Building maintenance and cleaning	£12.000	£12.336,00	£12.681,41	£13.036,49	£13.401,51	£13.776,75	£14.162,50	£14.559,05	£14.966,70	£15.385,77
Laundry Supplies	£300	£308,40	£317,04	£325,91	£335,04	£344,42	£354,06	£363,98	£374,17	£384,64
Advertising & Marketing	£20.000	£20.560,00	£21.135,68	£21.727,48	£22.335,85	£22.961,25	£23.604,17	£24.265,08	£24.944,51	£25.642,95
Supplies (electricity, water, telephone, WIFI)	£27.200	£27.961,60	£28.744,52	£29.549,37	£30.376,75	£31.227,30	£32.101,67	£33.000,51	£33.924,53	£34.874,42
Air Conditioning/ Heating	£10.000	£10.280,00	£10.567,84	£10.863,74	£11.167,92	£11.480,63	£11.802,08	£12.132,54	£12.472,25	£12.821,48
<b>Costs related to the bar</b>	£30.000	£30.840,00	£31.703,52	£32.591,22	£33.503,77	£34.441,88	£35.406,25	£36.397,63	£37.416,76	£38.464,43
<b>Other Fixed Costs</b>										
Renting	£113.011	£116.175,51	£119.428,43	£122.772,42	£126.210,05	£129.743,93	£133.376,76	£137.111,31	£140.950,43	£144.897,04
Insurance	£8.400	£8.635,20	£8.876,99	£9.125,54	£9.381,06	£9.643,73	£9.913,75	£10.191,34	£10.476,69	£10.770,04
Transport	£500	£514,00	£528,39	£543,19	£558,40	£574,03	£590,10	£606,63	£623,61	£641,07
Others	£2.000	£2.056,00	£2.113,57	£2.172,75	£2.233,58	£2.296,13	£2.360,42	£2.426,51	£2.494,45	£2.564,30
Padel England Association Member Fee	£400	£411,20	£422,71	£434,55	£446,72	£459,23	£472,08	£485,30	£498,89	£512,86
<b>TOTAL FIXED COSTS</b>	<b>£299.319,20</b>	<b>£307.700,14</b>	<b>£316.315,74</b>	<b>£325.172,58</b>	<b>£334.277,41</b>	<b>£343.637,18</b>	<b>£353.259,02</b>	<b>£363.150,28</b>	<b>£373.318,48</b>	<b>£383.771,40</b>

	Tournaments prizes 400€/tournament	Recreation equipment (Shop materials) 30%	Professional padel monitors 10€/class	<b>TOTAL VARIABLE COSTS</b>
<b>2014</b>	£1.600	£1.212	£6.413	<b>£9.224,50</b>
<b>2015</b>	£1.600	£1.772	£6.413	<b>£9.784,00</b>
<b>2016</b>	£1.600	£1.869	£7.425	<b>£10.894,00</b>
<b>2017</b>	£1.600	£2.124	£7.425	<b>£11.149,00</b>
<b>2018</b>	£1.600	£2.439	£10.125	<b>£14.164,00</b>
<b>2019</b>	£1.600	£3.140	£10.125	<b>£14.864,56</b>
<b>2020</b>	£1.600	£3.388	£14.175	<b>£19.162,51</b>
<b>2021</b>	£1.600	£3.567	£14.175	<b>£19.342,06</b>
<b>2022</b>	£1.600	£3.747	£18.225	<b>£23.571,61</b>
<b>2023</b>	£1.600	£3.926	£18.225	<b>£23.751,16</b>

### Exhibit 13: Depreciation break down for a three-court scenario

	% Depreciation	2013	2014	2015	2016	2017	% Depreciation	2018	2019	2020	2021	2022
Office & Bar Material	10%	£2.000	£2.000	£2.000	£2.000	£2.000	5%	£1.000	£1.000	£1.000	£1.000	£1.000
Printing	10%	£80	£80	£80	£80	£80	5%	£40	£40	£40	£40	£40
Computer Equipment	10%	£200	£200	£200	£200	£200	5%	£100	£100	£100	£100	£100
Web site development, data management and support tools	10%	£2.500	£2.500	£2.500	£2.500	£2.500	5%	£1.250	£1.250	£1.250	£1.250	£1.250
Washing machine	10%	£70	£70	£70	£70	£70	5%	£35	£35	£35	£35	£35
Dryer machine	10%	£80	£80	£80	£80	£80	5%	£40	£40	£40	£40	£40
Air Conditioning/ Heating	10%	£2.000	£2.000	£2.000	£2.000	£2.000	5%	£1.000	£1.000	£1.000	£1.000	£1.000
Bar	10%	£7.000	£7.000	£7.000	£7.000	£7.000	5%	£3.500	£3.500	£3.500	£3.500	£3.500
Office & Changing Room	10%	£7.000	£7.000	£7.000	£7.000	£7.000	5%	£3.500	£3.500	£3.500	£3.500	£3.500
3 Padel Courts (20m*10m)	10%	£8.100	£8.100	£8.100	£8.100	£8.100	5%	£4.050	£4.050	£4.050	£4.050	£4.050

\* We will assume that the first 5 years the amortization is higher than the next ones.





## DATA FOR A FIVE -COURT PADEL FACILITY

### Exhibit 17: Initial investment for a five-court scenario

#### Start up Costs

Construction	Price
4 Padel Courts (20m*10m)	£130.000
Bar	£70.000
Spaces: Offices, Changing room	£70.000
Material & Supplies	Price
Office & Bar Material	£20.000
Printing	£800
Computer Equipment	£2.000
Web site development, data management and support tools	£25.000
Dryer machine	£800
Washing machine	£700
Air Conditioning/ Heating	£20.000
Others	
Professional Services	£5.000
Cash in Bank	£10.000
Trade mark registration	£170

Sources	Extension
Capital Partners	£204.470
Bank Loan	£150.000
<b>TOTAL</b>	<b>£354.470</b>

### Exhibit 18: Fixed and Variable Costs of a five -court padel facility

#### Costs

Fixed Costs:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Costs of Personnel</b>	£75.108,00	£77.211,02	£79.372,93	£81.595,37	£83.880,05	£86.228,69	£88.643,09	£91.125,10	£93.676,60	£96.299,54
<b>Materials and Supplies</b>										
Office Supplies	£400	£411,20	£422,71	£434,55	£446,72	£459,23	£472,08	£485,30	£498,89	£512,86
Building maintenance and cleaning	£12.000	£12.336,00	£12.681,41	£13.036,49	£13.401,51	£13.776,75	£14.162,50	£14.559,05	£14.966,70	£15.385,77
Laundry Supplies	£300	£308,40	£317,04	£325,91	£335,04	£344,42	£354,06	£363,98	£374,17	£384,64
Advertising & Marketing	£20.000	£20.560,00	£21.135,68	£21.727,48	£22.335,85	£22.961,25	£23.604,17	£24.265,08	£24.944,51	£25.642,95
Supplies (electricity, water, telephone, WIFI)	£27.200	£27.961,60	£28.744,52	£29.549,37	£30.376,75	£31.227,30	£32.101,67	£33.000,51	£33.924,53	£34.874,42
Air Conditioning/ Heating	£10.000	£10.280,00	£10.567,84	£10.863,74	£11.167,92	£11.480,63	£11.802,08	£12.132,54	£12.472,25	£12.821,48
<b>Costs related to the bar</b>	£30.000	£30.840,00	£31.703,52	£32.591,22	£33.503,77	£34.441,88	£35.406,25	£36.397,63	£37.416,76	£38.464,43
<b>Other Fixed Costs</b>										
Renting	£198.397	£203.952,57	£209.663,24	£215.533,81	£221.568,76	£227.772,68	£234.150,32	£240.706,53	£247.446,31	£254.374,81
Insurance	£8.400	£8.635,20	£8.876,99	£9.125,54	£9.381,06	£9.643,73	£9.913,75	£10.191,34	£10.476,69	£10.770,04
Transport	£500	£514,00	£528,39	£543,19	£558,40	£574,03	£590,10	£606,63	£623,61	£641,07
Others	£2.000	£2.056,00	£2.113,57	£2.172,75	£2.233,58	£2.296,13	£2.360,42	£2.426,51	£2.494,45	£2.564,30
England Padel Association Member Fee	£400	£411,20	£422,71	£434,55	£446,72	£459,23	£472,08	£485,30	£498,89	£512,86
<b>TOTAL FIXED COSTS</b>	<b>£384.705</b>	<b>£395.477</b>	<b>£406.551</b>	<b>£417.934</b>	<b>£429.636</b>	<b>£441.666</b>	<b>£454.033</b>	<b>£466.745</b>	<b>£479.814</b>	<b>£493.249</b>

	prizes 400€/tournaments	Recreation equipment (Shop materials) 30%	padel monitors 10€/class	TOTAL VARIABLE COSTS
2014	£1.600	£1.212	£4.749	<b>£7.560,57</b>
2015	£1.600	£1.772	£4.749	<b>£8.120,07</b>
2016	£1.600	£1.869	£4.749	<b>£8.217,57</b>
2017	£1.600	£2.124	£6.173	<b>£9.897,14</b>
2018	£1.600	£2.439	£6.173	<b>£10.212,14</b>
2019	£1.600	£3.140	£10.800	<b>£15.539,56</b>
2020	£1.600	£3.388	£10.800	<b>£15.787,51</b>
2021	£1.600	£3.567	£12.600	<b>£17.767,06</b>
2022	£1.600	£3.747	£12.600	<b>£17.946,61</b>
2023	£1.600	£3.926	£12.600	<b>£18.126,16</b>

### Exhibit 19: Depreciation break down for a five-court scenario

	% Depreciation	1	2	3	4	5	% Depreciation	6	7	8	9	10
Office & Bar Material	10%	£2.000	£2.000	£2.000	£2.000	£2.000	5%	£1.000	£1.000	£1.000	£1.000	£1.000
Printing	10%	£80	£80	£80	£80	£80	5%	£40	£40	£40	£40	£40
Computer Equipment	10%	£200	£200	£200	£200	£200	5%	£100	£100	£100	£100	£100
Web site development, data management and support tools	10%	£2.500	£2.500	£2.500	£2.500	£2.500	5%	£1.250	£1.250	£1.250	£1.250	£1.250
Washing machine	10%	£70	£70	£70	£70	£70	5%	£35	£35	£35	£35	£35
Dryer machine	10%	£80	£80	£80	£80	£80	5%	£40	£40	£40	£40	£40
Air Conditioning/ Heating	10%	£2.000	£2.000	£2.000	£2.000	£2.000	5%	£1.000	£1.000	£1.000	£1.000	£1.000
Bar	10%	£7.000	£7.000	£7.000	£7.000	£7.000	5%	£3.500	£3.500	£3.500	£3.500	£3.500
Offices & Changing Room	10%	£7.000	£7.000	£7.000	£7.000	£7.000	5%	£3.500	£3.500	£3.500	£3.500	£3.500
5 Padel Courts (20m*10m)	10%	£13.000	£13.000	£13.000	£13.000	£13.000	5%	£6.500	£6.500	£6.500	£6.500	£6.500





## Exhibit 21: Budgeted income statement for a five-court scenario

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUE</b>										
Memberships Coutes	£23.160	£33.360	£41.700	£54.825	£72.666,00	£103.310,51	£131.578,16	£163.439,12	£199.083,95	£227.352,13
Members Court Renting	£44.640	£44.640	£44.640	£57.600	£57.600	£67.306	£67.306	£77.976	£77.976	£77.155
Non-Members Cort Renting	£92.880	£92.880	£92.880	£118.800	£118.800	£138.879	£138.879	£161.287	£161.287	£160.056
Padel Courses	£8.262,51	£8.262,51	£8.262,51	£10.741,27	£10.741	£21.423	£21.423	£24.993	£24.993	£24.993
Sponsorship	£10.000	£18.000	£28.000	£28.000	£33.000	£37.620	£46.740	£46.740	£55.860	£55.860
Corporate Team Building Activities	£3.600	£3.600	£4.200	£4.200	£4.800	£6.840	£8.208	£9.576	£12.312	£15.048
Championship	£9.400	£10.150	£10.400	£13.200	£13.200	£15.048	£15.048	£15.048	£15.048	£15.048
Material Renting	£2.200	£2.100	£1.900	£2.200	£2.350	£2.736	£3.010	£3.249	£3.580	£4.332
Shop	£4.040	£5.905	£6.230	£7.080	£8.130	£10.465	£11.292	£11.890	£12.489	£13.087
Bar	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700	£130.700
<b>TOTAL ANUAL REVENUE</b>	<b>£328.882,51</b>	<b>£349.597,51</b>	<b>£368.912,51</b>	<b>£427.346,27</b>	<b>£451.987,27</b>	<b>£534.327,55</b>	<b>£574.183,30</b>	<b>£644.898,88</b>	<b>£693.328,81</b>	<b>£723.631,89</b>
<b>EXPENSES</b>										
<b>Salaries</b>										
Salaries	£75.108	£77.211	£79.373	£81.595	£83.880	£86.229	£88.643	£91.125	£93.677	£96.300
Professional padel monitors	£4.749	£4.749	£4.749	£6.173	£6.173	£10.800	£10.800	£12.600	£12.600	£12.600
<b>Materials and Supplies</b>										
Office Supplies	£400,00	£411,20	£422,71	£434,55	£446,72	£459,23	£472,08	£485,30	£498,89	£512,86
Supplies (electricity, water, telephone, WIFI)	£27.200	£27.962	£28.745	£29.549	£30.377	£31.227	£32.102	£33.001	£33.925	£34.874
Air Conditioning/ Heating	£10.000	£10.280	£10.568	£10.864	£11.168	£11.481	£11.802	£12.133	£12.472	£12.821
Laundry Supplies	£300	£308	£317	£326	£335	£344	£354	£364	£374	£385
Building maintenance and cleaning	£12.000	£12.336	£12.681	£13.036	£13.402	£13.777	£14.163	£14.559	£14.967	£15.386
Advertising & Marketing	£20.000	£20.560	£21.136	£21.727	£22.336	£22.961	£23.604	£24.265	£24.945	£25.643
Other Expenses	£2.000	£2.056	£2.114	£2.173	£2.234	£2.296	£2.360	£2.427	£2.494	£2.564
Tournaments prizes 450€/tournament	£1.800	£1.800	£1.800	£1.800	£1.800	£1.800	£1.800	£1.800	£1.800	£1.800
Recreation equipment (Shop materials)	£1.212	£1.772	£1.869	£2.124	£2.439	£3.140	£3.388	£3.567	£3.747	£3.926
<b>Bar Supplies</b>	£30.000	£30.840	£31.704	£32.591	£33.504	£34.442	£35.406	£36.398	£37.417	£38.464
<b>Renting</b>	£198.397	£203.953	£209.663	£215.534	£221.569	£227.773	£234.150	£240.707	£247.446	£254.375
<b>Insurance</b>	£8.400	£8.635	£8.877	£9.126	£9.381	£9.644	£9.914	£10.191	£10.477	£10.770
<b>Transport</b>	£500	£514	£528	£543	£558	£574	£590	£607	£624	£641
<b>England Padel Association</b>	£400	£411	£423	£435	£447	£459	£472	£485	£499	£513
<b>Depreciations</b>										
Depreciation Office & Bar Material	£2.000	£2.000	£2.000	£2.000	£2.000	£1.000	£1.000	£1.000	£1.000	£1.000
Depreciation Printing	£80	£80	£80	£80	£80	£40	£40	£40	£40	£40
Depreciation Computer Equipment	£200	£200	£200	£200	£200	£100	£100	£100	£100	£100
Depreciation Web site development, data management and support tools	£2.500	£2.500	£2.500	£2.500	£2.500	£1.250,00	£1.250,00	£1.250,00	£1.250,00	£1.250,00
Depreciation Air Conditioning/ Heating	£2.000	£2.000	£2.000	£2.000	£2.000	£1.000	£1.000	£1.000	£1.000	£1.000
Depreciation Bar	£7.000	£7.000	£7.000	£7.000	£7.000	£3.500	£3.500	£3.500	£3.500	£3.500
Depreciation Changing Room	£7.000	£7.000	£7.000	£7.000	£7.000	£3.500	£3.500	£3.500	£3.500	£3.500
Depreciation 4 Padel Courts (20m*10m)	£13.000	£13.000	£13.000	£13.000	£13.000	£6.500	£6.500	£6.500	£6.500	£6.500
<b>TOTAL OPERATING EXPENSES</b>	<b>£426.246,01</b>	<b>£437.577,26</b>	<b>£448.748,13</b>	<b>£461.811,11</b>	<b>£473.828,26</b>	<b>£474.295,49</b>	<b>£486.910,09</b>	<b>£501.602,55</b>	<b>£514.850,97</b>	<b>£528.465,33</b>
<b>OPERATIONAL INCOME</b>	<b>-£97.363,50</b>	<b>-£87.979,75</b>	<b>-£79.835,61</b>	<b>-£34.464,84</b>	<b>-£21.840,99</b>	<b>£60.032,05</b>	<b>£87.273,22</b>	<b>£143.296,33</b>	<b>£178.477,84</b>	<b>£195.166,56</b>
- Interests	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500	£7.500
<b>PRE TAX INCOME</b>	<b>-£104.863,50</b>	<b>-£95.479,75</b>	<b>-£87.335,61</b>	<b>-£41.964,84</b>	<b>-£29.340,99</b>	<b>£52.532,05</b>	<b>£79.773,22</b>	<b>£135.796,33</b>	<b>£170.977,84</b>	<b>£187.666,56</b>
- Taxes (21%) *	£0	£0	£0	£0	£0	£11.032	£16.752	£28.517	£35.905	£39.410
<b>NET INCOME</b>	<b>-£104.863,50</b>	<b>-£95.479,75</b>	<b>-£87.335,61</b>	<b>-£41.964,84</b>	<b>-£29.340,99</b>	<b>£41.500,32</b>	<b>£63.020,84</b>	<b>£107.279,10</b>	<b>£135.072,49</b>	<b>£148.256,58</b>

## Exhibit 22: Profitability Indicators for a three-court scenario

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Break even Sales</b>	<b>£393.757,40</b>	<b>£404.881,34</b>	<b>£415.812,84</b>	<b>£427.842,61</b>	<b>£439.567,66</b>	<b>£454.895,41</b>	<b>£466.869,43</b>	<b>£479.968,70</b>	<b>£492.564,24</b>	<b>£505.921,94</b>
Fixed Costs	£384.705,44	£395.477,19	£406.550,55	£417.933,97	£429.636,12	£441.665,93	£454.032,58	£466.745,49	£479.814,36	£493.249,17
Variable Costs	£7.560,57	£8.120,07	£8.217,57	£9.897,14	£10.212,14	£15.539,56	£15.787,51	£17.767,06	£17.946,61	£18.126,16
Sales Revenues	£328.882,51	£349.597,51	£368.912,51	£427.346,27	£451.987,27	£534.327,55	£574.183,30	£644.898,88	£693.328,81	£723.631,89
<b>ROS</b>	<b>-31,88%</b>	<b>-27,31%</b>	<b>-23,67%</b>	<b>-9,82%</b>	<b>-6,49%</b>	<b>7,77%</b>	<b>10,98%</b>	<b>16,64%</b>	<b>19,48%</b>	<b>20,49%</b>
Net Income	-£104.863,50	-£95.479,75	-£87.335,61	-£41.964,84	-£29.340,99	£41.500,32	£63.020,84	£107.279,10	£135.072,49	£148.256,58
Sales	£328.882,51	£349.597,51	£368.912,51	£427.346,27	£451.987,27	£534.327,55	£574.183,30	£644.898,88	£693.328,81	£723.631,89
<b>Operating margin</b>	<b>-0,30</b>	<b>-0,25</b>	<b>-0,22</b>	<b>-0,08</b>	<b>-0,05</b>	<b>0,11</b>	<b>0,15</b>	<b>0,22</b>	<b>0,26</b>	<b>0,27</b>
Operating income	-£97.363,50	-£87.979,75	-£79.835,61	-£34.464,84	-£21.840,99	£60.032,05	£87.273,22	£143.296,33	£178.477,84	£195.166,56
Revenue	£328.882,51	£349.597,51	£368.912,51	£427.346,27	£451.987,27	£534.327,55	£574.183,30	£644.898,88	£693.328,81	£723.631,89
<b>Operating Leverage</b>	<b>-3,30</b>	<b>-3,88</b>	<b>-4,52</b>	<b>-12,11</b>	<b>-20,23</b>	<b>8,64</b>	<b>6,40</b>	<b>4,38</b>	<b>3,78</b>	<b>3,61</b>
Sales Revenues	£328.882,51	£349.597,51	£368.912,51	£427.346,27	£451.987,27	£534.327,55	£574.183,30	£644.898,88	£693.328,81	£723.631,89
Variable Costs	£7.560,57	£8.120,07	£8.217,57	£9.897,14	£10.212,14	£15.539,56	£15.787,51	£17.767,06	£17.946,61	£18.126,16
Operational Income	-£97.363,50	-£87.979,75	-£79.835,61	-£34.464,84	-£21.840,99	£60.032,05	£87.273,22	£143.296,33	£178.477,84	£195.166,56

**Exhibit 23: Evolution of net income**

