

QUESTIONS AND ANSWERS

What do we need to raise?

It could be anywhere between £1 and £2 million but it is dependent on the projects we commit to and how we might prepare for further capital required in the future.

What's the money for?

The money is for capital projects (i.e. stadium/building developments, not day-to-day expenditure such as players' wages) to ensure we have the infrastructure to retain our Football League ('FL') status.

There are two types of improvement; mandatory and desirable.

Mandatory

In order to maintain our licence to use the stadium for football (which means, in effect, in order to stay in the FL) by 2014 we must:

1. Have over 2,000 seats under cover. Work is underway to add 944 seats in the Kingston Road End and this means that in total we will have comfortably over 2,000. The work is scheduled to be complete for the start of the 2012-13 season
2. Bring the east stand (formerly the John Smith's stand) into line with the guidance set out in the publication 'Safety at Sports Grounds'. The east stand currently doesn't comply with the requirements.

There are other FL requirements that are scheduled for implementation by 2014 but these are subject to debate at the FL AGM later this month; some clubs are seeking deferment of the requirements in the light of the state of the economy. These requirements include:

3. Meeting new size requirements for changing rooms. At present, the away changing room doesn't meet the new standard
4. Increasing the lux factors on our floodlights (lux is the measure for illumination)

Highly desirable

Some time ago, we commissioned a review of all the work that might need to be carried out at the stadium. The resulting list comprises:

1. Improving the main bar. The furniture is not fit for purpose; it is dowdy and unattractive to users. We believe we could increase the income from the bar if it was made more attractive

2. Increasing office accommodation. The stadium was not designed for the number of people we need as a league club. We are now under more pressure to provide space due to the increase in staff needed to run an academy in line with the requirements of the recently-introduced Elite Player Performance Plan. There is simply no office space for them to use

3. Acquisition of our own training facilities, both as investment in the first team and in youth development. Our current rented facilities are excellent but we will need to acquire our own facilities in the medium term. While we have no plans to acquire anywhere at present, we need to be confident that if an opportunity arose, we would have access to funds to be able to take action

4. Sundry other enhancements such as: refurbishment of the Kingston Road End toilets (which we've done very little work on since we bought the stadium) and guttering for the Tempest End.

We need to find funds to pay for the mandatory improvements, plus any desirable ones we commit to.

Why does the target amount differ by £1million?

At present, the situation is as follows:

1. The Kingston Road end will cost £836k and we are committed to that project. We've applied for up to 50% of this to be funded by a Football Foundation grant, although we are not guaranteed to get it. We have started on this stand in order to protect our planning permissions. The initial work is being funded by cash reserves, but we need to replenish at least some of the working capital we've spent on getting the work going

2. To redevelop the East Stand to ensure that it meets SGSA requirements by 1 May 2014. Cost estimates vary considerably depending on different designs for the stand but it is likely to cost between £750k and £1 million. We are looking at a range of options that would meet the requirements, while trying to keep the cost as low as possible

3. The other mandatory projects are likely to cost about £50,000 if they go ahead

4. We don't know how much we would need for a training ground, but the other highly desirable projects could cost up to £200,000

Assuming we get a grant for the KRE, the minimum appears to be about £1m, plus the cost of a training facility. In the most expensive case, but still assuming we get a grant for the KRE, we might need £2m, plus the cost of a training facility.

As we evaluate the options for the east stand development we will be able to define these costs much more accurately.

Why now?

As stated above the main deadline is that we need to develop the East Stand by the end of our third season in the FL, i.e. 2014.

Depending on the design of the stand we may need to re-apply for planning permission, we will need to have designs that are satisfactory to the relevant authorities and our supporters, and we will need to tender for the building work. Getting this work done early enables us to plan ahead so that minimum disruption will be felt by supporters and the business of the Club.

Before we commit to any of these costs we need to know that we have the money in place to embark on building so that we don't put the Club's financial security at risk.

What happens if we don't develop the East Stand and don't meet other FL ground grading amendments?

If we do nothing by the deadline we will be at serious risk of losing our FL status and, as a result, of being demoted to the Football Conference. While we believe that the FL and the SGSA will be sympathetic to our case if we can show that we have clear, funded plans for the work, the best guarantee of our security is to get the work done on time

We will continue to have a dialogue with the regulatory authorities but the likelihood of us retaining our FL place without any alterations is very small.

Are there other options?

In March last year, after a widespread consultation led by the DT, Dons fans indicated a strong preference to remain a supporter-owned club and to pursue viable stadium options in Wimbledon and Merton.

Progress on the second of these objectives is progressing, albeit more slowly than we would like. However Merton Council has made provision for a stadium in the local development plan and we are actively working with the Council on potential sites. As soon as there is clear news, we will make it public but we need to be ready for the likelihood that planning permission and construction of a new stadium in Merton will take several years.

Given the tight deadlines we highlighted earlier in this document, if we wait for a potential new stadium, with so many factors outside of our control, it would put our Football League position under huge risk.

The other option instead of investing in what might be a temporary solution at Kingsmeadow would be to ground share. Our previous experience has shown what can happen to a club which leaves its own stadium without a clear view of where it is going, so this is not an option that we think any of our fans will find attractive.

To put it bluntly, our ability to raise funds towards a new stadium in Wimbledon or Merton is heavily dependent on retaining our Football League status. We don't want to lose that status by neglecting the work we need to do on our current stadium.

Who regulates the stadium?

So far as the stadium (and specifically its capacity) is concerned the club is regulated by three bodies:

1. The Sports Ground Safety Authority '(SGSA)' (which assumed the responsibilities of the Football Licensing Authority during 2011)
2. The Royal Borough of Kingston upon Thames ('RBK')
3. The Football League ('FL')

For clubs at our level, the SGSA is required to keep under review how local authorities discharge their responsibilities under the Safety of Sports Grounds Act 1975 and it issues a licence for the stadium for its use. Such licences are issued annually and run from 1 August to 31 July the following year.

The safety certificate for the stadium is issued by RBK and among other things it specifies the capacity of the stadium. To assist local authorities in their work, the SGSA has issued a publication called "Guidance to safety certification at sports grounds", so it can be seen that the two regulators interact closely on our safety certificate. The safety certificate issued by RBK is monitored through the establishment of a Safety Advisory Group; our SAG comprises representatives of RBK, SGSA, police, ambulance service, fire brigade, and the club.

The Football League also has rules for stadiums. In particular they specify the required capacity and the number of seats that must be under cover at certain key dates. For example, the club must have over 2,000 seats under cover by 1 May in our third season in the Football League, i.e. by 1 May 2014.

Do we have to do anything? Didn't other clubs break the rules without being ejected from the FL?

Neither the FL nor the SGSA would wish to expel a FL club and they would prefer that promotion and relegation are settled by results on the pitch, not off it. We expect that the regulatory authorities will be sympathetic to a club with a clear plan to deal with any shortfalls on capacity etc., so long as funding is in place and the time scales seem reasonable. However, if we didn't complete the work in time we would be in a situation where our continued membership of the FL was outside our control; we believe that fans would not want to be in that position.

Why don't we just spend the absolute minimum needed to meet regulations, and save the rest for our new stadium?

We plan to evaluate a number of options on the East Stand. One of these would be a "bare minimum" option to meet the regulations. We will also look at other options which would provide a more enjoyable match day experience for our fans and provide a better business case.

For example, it may be that for a small amount of extra spending we can generate significant additional match day revenue which would put us in a stronger position financially. We do not want to spend any funds where there isn't a business case or which would jeopardise moving to a new stadium.

What about a temporary stand?

We are exploring this possibility. If we made a successful application for permission for temporary planning permission we'd have to reapply every three years with the risk that it might not be renewed. In addition, there would still be a considerable cost to lay the necessary foundations. We understand that the temporary stand at Crawley cost £1 million and so 'temporary' doesn't necessarily mean a lot cheaper.

If by 'a temporary stand' fans mean building something as cheaply as possible, we are already aiming to do that.

Why do we need to spend any money on new office space? Shouldn't this money go towards a new stadium?

Thanks to the rapid success on the pitch and regaining our League place, the business and operation of the Club has grown considerably.

The stadium was not originally designed for a Football League club nor for the number of people we need to support our activities. We are now under pressure to provide additional space due to the increase in staff needed to run an Academy in line with the requirements of the recently-introduced Elite Player Performance Plan. There is simply no office space for them to use. We are at a point where unless certain aspects are improved it is likely to hamper our day to day running of the Club and future growth.

Didn't we know we'd need more office space for the EPPP when we applied?

As a club we are committed to developing our own youth players and to do so we need to participate in the EPPP, i.e. develop an Academy. While the rules for qualification for an Academy have been subject to change even during the time we have been developing our application, it is true that we recognised at an early stage that we needed more office space. We have explored a range of options for solving this problem but, to date, none of the cheaper options works.

We have ended up with the situation that some staff have to move from room to room and desk to desk to find somewhere to work. This isn't the sort of environment that is commensurate with the professional approach we are taking to such an important part of the club.

Why do we need to spend any money on the bars? Shouldn't this money go towards a new stadium?

The main bar is not fit for purpose. The furniture is well past its shelf life and is unattractive to users. We believe we could increase the income from the bar and its use if it was made more attractive.

Will spending this money delay/halt our plans to move to a new stadium? Therefore isn't this a waste of money?

The stated ambition of the Club is to find a home in Merton, preferably in Wimbledon. However the ability to fund such a move will be closely tied to retaining our Football League status. The necessary redevelopment of our current stadium is something we are undertaking as part of ensuring our League status is determined on the field, not off it. Merton Council are fully aware of why we have to undertake this work, and appreciate that it does not dull our desire or energy in securing a permanent viable home in Merton at the earliest opportunity.

Why haven't we heard anything about a new stadium for a while? Is all of this just a conspiracy to make Kingsmeadow our permanent home by default?

We explained at a recent SGM that we were appointing external experts to review our work to date to make sure that we are on the right track. We will be taking the results of this review to Merton Council to seek their views and their support for some additional ideas we are developing for a stadium in Merton.

Fans will have seen that at least two companies are proposing a development on the site of the Greyhound Stadium and we are aware of others that may be under preparation. Obviously, we will be speaking to Merton council about these plans and also approaching at least one of the companies which is proposing to develop the site to see if we can be a part of any such development.

Do we have any plans for the Hogsmill site?

Kingston Council has previously expressed a wish that we should declare that we want to stay in Kingston on a permanent basis. We have explained that our fans expect us to do everything we can to return to Merton. However, we have kept open the possibility of a development in Kingston because we have no mandate from the members to do otherwise.

In the meantime, we understand that Kingston's long term strategy has been published but the future of the Hogsmill site was sufficiently uncertain and the proposals for the area are to be revisited. We will no doubt continue to be consulted by Kingston on this topic, since the future use of the site directly affects us.

Why don't we develop Kingsmeadow and the Athletics track at the same time, and create a sports hub?

Our mandate from the fans is to seek a stadium in Merton and developing a sports hub implies a long term commitment to Kingston. We are not seeking such an opportunity and we would need to consult widely if it arose.

Wouldn't this money be better spent on new players?

No. Maintaining a place in the Football League is vitally important because it brings in more income from the league, commercial revenue, tickets and matchday. If we don't address the limitations of our current ground it doesn't matter how we perform on the pitch the likelihood is we will be demoted back to the Football Conference. Spending the required money on the infrastructure will then not only enable us to meet ground grading criteria but give us more scope to build revenue from a ground fit for the ambitions of a Club in the Football League.

Can we afford this? Will it take money from the playing budget?

The playing budget may be affected in future to some extent as we will need to demonstrate that we can generate enough money to pay any interest that we incur and also to repay the funds. However, in general, we have always been able to repay loans from our fundraising and we hope to continue to do the same in future – but we are developing budgets to demonstrate exactly what the effects would be.

If we were demoted it is almost certain the playing budget would be cut as we adapt to the drop in income which we would suffer playing in the Football Conference.

Funding options

Are there no other funding sources available than asking supporters? A bank loan? The Stadia Improvement Fund? Why don't we approach these people first?

Finding a way to raise this money in a cost effective way without putting the Club at undue risk is a challenge, particularly as the traditional means of finance are not going to be available to us:

Football Grants – we will have exhausted the majority of grant funding available to us if we get the grant we have applied for re the development of the Kingston Road End.

Bank Loan – It's unlikely that we will be able to get a further bank loan, and even if we did it is extremely unlikely this would be at the interest rate we currently enjoy. This is a symptom of a number of factors but in particular – the current economic climate, the poor history of football clubs repaying bank loans, and the bank loan we already have in place.

Cash reserves – these have been utilised already to enable the club to begin work on the Kingston Road End and, at least to some extent, they need to be replaced to provide us with a cushion against unforeseen problems.

Sponsorship – we already have some great support from sponsors. The income we receive is important to the Club and contributes to the expenditure required to keep the day-to-day Club operation running. We are always seeking new sponsors to discuss sponsor opportunities.

Individual loans and bonds – we are very grateful to DT bond holders who have previously helped us raise finance but we are wary of creating further liabilities where we have no control over the repayment dates

Other grants – due to the capital nature of the project it vastly reduces the number of potential grant funders that exist, who will be primarily interested in the community benefit that exists with any grant (e.g. increasing sporting participation or learning). In addition we have to be careful that grant conditions that come with any award don't restrict us in taking up opportunities away from Kingsmeadow. However if supporters are aware of ANY potential funding sources they should email "consult@thedonstrust.org" and let us know so that we can follow up.

So what is the preferred method?

We have provisionally concluded that the most attractive option to raise finance of this scale would be to offer a new type of share in the DT (commonly known as a 'Community Share'). This DOES NOT change the one-member-one-vote right of members and is preferred because;

- It raises money without ceding control of the Trust or club
- It raises money in an environment controlled by the DT Board – shares are withdrawable by investors (i.e. you can get your money back) when the Club can afford it and at the discretion of the DT Board. This is important as it means the money doesn't sit as a fixed term liability in the club accounts and also that we don't find ourselves having to repay funds at a time when, it is possible, we can least afford it
- It saves the Club money on costs associated with a share issue in a Company as it does not fall under the Financial Services and Markets Act regulation. The associated costs with the previous share offer in the PLC were about £120k.
- The scheme may qualify for tax relief (this is currently under review) so that, subject to personal circumstances, individual investors can claim some of their money back from their investment
- It offers subscribers the opportunity to share financially if the club is successful as some interest could be paid at the discretion of the DT Board
- In the longer term it gives the possibility of the Club paying back all or part of an investor's money, by buying back individuals shares, albeit there is no guarantee and it is most likely in the medium to long term

What are 'community shares'?

Community shares have no legal definition but have become a popular way of raising capital finance in Community Benefit Societies (like the Dons Trust)

At the moment members of the Dons Trust each hold one ordinary share which cannot be transferred or withdrawn. This ordinary share has the voting rights attached to it.

There are different options available but the two most likely would be that the Community Share would either be an additional share which sits alongside the ordinary share OR the rules could be simplified to allow one type of share which allowed individuals to build up a share account up to £20k but would need to contain enough money to meet annual membership subscriptions.

In both cases no member can hold more than one vote.

If we opted for community shares as a way to raise capital it would require members to vote through a change to the constitution to change the wording on share capital.

How many shares I can buy?

An individual would be able to purchase a maximum of £20,000 of community shares, and would have to be a member of the DT when applying (individuals could join at the same time). New members would be encouraged to invest in share capital, which would in turn allow sufficient funds to make it easier for existing members to withdraw their capital.

There are different options available, suited to different approaches, which should become clearer after the consultation period. There might be a minimum amount to purchase to make the administration of the scheme easier and give us the best possible chance of raising the target. Or it might be that members would have a share account with different levels such as the current annual membership fee to remain in membership of the DT, but with higher levels of investment offering the opportunity for interest to be paid and withdrawals at a later date. Whatever the method we would make the scheme inclusive, so would hope to provide options of raising money over time.

Whatever the amount you invested you would hold in share capital. For example, a £156.78 payment would represent £156.78 worth of community shares.

The number of shares available would be determined by the amount of investment required and it would be at the discretion of the DT Board when to close the share offer.

Could I invest more than £20,000?

There is a legislation to stop individuals currently investing more than £20,000 in shares in a Community Benefit Society. However if people were interested in contributing more there are ways in which a higher contribution could be accommodated on similar terms, but it would

clearly have to fit with the objectives of the Club and the DT constitution. If you are interested in investing more than £20,000 please contact us via consult@thedonstrust.org.

Can I sell my shares to another Dons Trust member?

The shares are non-transferable, so they cannot be traded or sold to a third party. However, unlike shares in Private Companies they are 'withdrawable', i.e. they can be repaid by the Trust in certain circumstances; this does offer the investor a potential exit route. The ambition would be to continue to run as a viable business, building up some reserves in the medium to long term which would be set aside for member withdrawals.

When would I be able to get my money out?

It is more than likely that there would be a cap on total withdrawals (such as 10% of the total issued share capital each year), plus a time period at the start to protect the Club where no withdrawals would be possible (perhaps three years to enable the business benefits of developments to be realised).

HOWEVER ultimately withdrawals would only be authorised at the discretion of the DT Board and when the Club can afford it.

The intention would be to run a scheme that enabled supporters to invest potentially on an ongoing basis, with enough reserves built up to enable investors to be repaid should they wish to withdraw from the scheme.

How would I get my money out?

If a community share offer was decided upon by the DT members and Board then a detailed share offer prospectus would be provided, underpinned by financial projections and a business case. These would show at what point the Club would hope to be in a position to start paying withdrawals, but it is likely to be a few years.

Requests for withdrawal would be made in writing and would be considered by the Board in the order of receipt and up to the maximum level of withdrawal for that year (e.g. perhaps 10%). It is likely that Withdrawal requests in exceptional circumstances would be considered by the Board on a case by case basis.

Would I be guaranteed to get my money back?

No. There is a chance the Club would never be in a position to pay the money back. However it has every intention of doing so.

Will the shares go up in value?

The shares cannot go up in value.

So why would I invest?

A small amount of interest could be paid which would most likely be optional when people apply. The likelihood would be that it would be, say, 2% above the Bank of England clearing base rate, BUT it would only be paid at the discretion of the DT Board, when the Club could afford it. In reality it would be unlikely that any interest would be paid in the first two or three years. The DT is a Community Benefit Society, so profits and surpluses should be reinvested to meet the objectives.

There may be some tax incentives to individual investors which are covered later under the EIS section, although we have yet to receive confirmation that we will qualify for this relief.

Other benefits could be considered, and have worked with other Community Shares schemes, but we'd need to be careful they didn't impinge on the democratic principles and inclusivity of the Club. We'd also have to consider the benefits in relation to other Club offers and what the Club could accommodate.

If you have suggestions please get in touch at consult@thedonstrust.org.

The overriding reason is that it is a social investment and it offers an opportunity to help secure the off pitch status of the Club in the Football League. Rather than just look for donations it is a fairer way for supporters to assist financially, as we hope to offer an exit route in the future and repay this faith.

How do I buy shares?

There are a number of stages to get to before we can start offering shares, mainly;

Consultation with supporters - the consultation period is open now, and you can email questions and suggestions to consult@thedonstrust.org. We intend to add to the FAQs over this period so please keep an eye on the official website (the story will be pinned to the top of the website).

There is a further meeting planned at Kingsmeadow on Tuesday June 12th where we can feedback on responses so far and continue the discussion.

We hope that the consultation period will provide guidance and insights from all interested parties so that the project team can present the DT Board with a clear proposal to address any threats to our Football League status that arise off the pitch

If the DT Board agrees, this proposal will then be put to the DT membership to vote on.

Community shares would require a change to the DT rules so only once they have been presented to the DT membership and a successful majority has been achieved would it be possible to raise finance using this method.

A detailed community share prospectus would then be presented and launched, which would show answer a multitude of questions but in particular what the money was for, the flexibility of how it could be used (say if other opportunities arise), how people could get their investment back, how the Club intended to pay interest, whether the scheme was time bound or ongoing. It would be underpinned by detailed financial information and include a business case for embarking on the scheme.

How would we market the scheme?

We would develop a communications strategy to get the message out to the AFC Wimbledon community and beyond. We know that supporters are the best advocates of the Club and we could do more to celebrate our position of being a supporter owned club, so would welcome ideas of how we can expand our reach to potential investors.

Email us at consult@thedonstrust.org if you have ideas

Who are we working with on this?

Our main contact is with James Mathie from Supporters Direct. James is managing the Community Shares programme for Supporters Direct and he co-ordinated the Community Shares scheme at Wrexham.

In addition SD are able to call on support from Jim Brown, a Community Shares expert who ran a Government funded pilot scheme in 2010 which launched ten schemes including FC United, Ged Devlin a specialist practitioner in mutuals from Co-ops UK and Cobbetts, leaders in mutual law.

SD will provide this support for us, but have asked that we would make a donation to them based on success and what we think their support is worth.

Have any other football clubs done this? Has it worked? What did they use the money for?

Community Shares have proven very successful as a means to raise capital finance across a range of industries. Between 2009 and 2011, £9.5m was raised in community share capital and it is estimated that a further £9.5m was leveraged in on the back of this investment – making a total investment of £19m. Investment has been raised in areas such as renewable energy, community owned shops, and even pubs. This success is starting to spread to football with two significant (but very different) schemes well underway.

FC United of Manchester have raised £1.6 million in 'community shares' towards their new stadium in Moston and have seen their membership rising from approximately 2,000 to more than 3,000.

Wrexham Supporters Trust launched a community share offer last month and is already well on the way to reaching its target of £300,000 for working capital.

A growing number of Clubs and supporters groups are contacting Supporters Direct to look at community share schemes as a way to raise finance, and a number of projects are in the early stages of development.

The Dons Trust

Does a new share issue put the club at risk from a takeover? Does it risk our principle of fan ownership?

No. Community Shares would not contain additional voting rights so the one member one vote remains. Only members can hold community shares, so are bound by the rules of the DT. By offering an opportunity to invest it increases the engagement individuals have with the Club.

Does the Dons Trust Board recommend the share offer?

At the moment we need to see what comes out of the consultation, but the DT has given the green light to the project team to explore this option.

Would share holders be able to attend meetings of the Dons Trust?

Yes. If a scheme was launched all investors would have to be members of the DT. Therefore in line with every other DT member you would have the right to attend DT meetings, vote and stand for election if you wanted.

Do Dons Trust board members have to declare any shareholding if they take part?

Details of Board Members and their intention to invest may feature in the share prospectus.

How does this affect the money I already give to the Club and the DT?

We are aware of the constant financial demands that supporting a football club has on everyone's finances, whether it is buying a season ticket, paying for membership of the DT, travelling to away matches or buying a Dons Draw ticket. We are also aware that people have bought shares before when we had a share issue in AFCW PLC to raise money to purchase our current stadium.

Not everyone will be able to afford to spend more money particularly as money is tight with the problems with the economy. That's why we are keen to find a way to raise finance that is fair to all parties and doesn't weaken the voice of those whose love of the Club runs deeper than their pockets might.

Our researches indicate that Community Shares offer the best solution. We hope supporters can dig deep to contribute, and in the future we aspire to pay investors back and potentially even allow you to share in the success with a bit of interest albeit it in a small way.

Would I be able to transfer my DT Bond into Shares?

This is something to consider and should the scheme progress we will approach DT Bond holders individually to discuss it.

Enterprise Investment Scheme – personal tax relief

What is the Enterprise Investment Scheme (EIS)?

The EIS is a tax incentive scheme offered to small high risk trading enterprises, offering potential tax relief to investors who purchase shares in that enterprise. It is run and administered by HM Revenue and Customs (HMRC).

Subject to personal circumstances, if the scheme is approved this would enable individual members to claim tax relief of up to 30% on investments of more than £500, assuming the investment remains in place for at least 3 years. Benefits will depend on personal circumstances and investors are advised to seek professional advice.

Whilst other Community Benefit Societies have been successful in securing EIS for Community Share schemes there is no guarantee that our offer will be approved. We are receiving advice from leading accounting firm BDO to establish how our scheme might fit with HMRC's guidelines and will update supporters if the scheme progresses.

What needs to happen for the EIS to go ahead?

We would need to apply for Advance Assurance from HMRC. It can take anywhere from 14 days to a few months to gain approval, and while we are hopeful that we will qualify, there is currently no guarantee.