

Budgeting Exercise 12: Generating Income

Club Budget - Black Stump Football Club



Overview of Exercise

Directors of the Black Stump Football Club anticipate that income for the forthcoming year will be earned from the following sources:

- Player Registration Fees
- Game Fees
- Coaching Levy
- Canteen Sales
- Clothing and Equipment Sales
- Sponsorship
- Subsidy from Local Council

Your task in this exercise is to calculate the total income for the Black Stump Football Club **for the seven (7) course of income listed above**. You are provided with information below.

A partially prepared Excel file is provided to assist you accomplish the task in a shorter timeframe. The Excel file ("Budgeting_Exercise_12.xls") contains tables ready for you to insert data. The partially prepared Excel file does not contain any formulae. You will need to create formulae where appropriate to calculate answers.

Player Registration Fees

The club's membership is as follows:

| | Players | Teams |
|--------------------------|---------|-------|
| Juniors (5 - 10 years) | 130 | 14 |
| Juniors (11 - 16 years) | 168 | 12 |
| Youth (17 - 19 years) | 16 | 1 |
| Seniors | 48 | 3 |
| Veterans (Over 35 years) | 16 | 1 |
| Total | 378 | 31 |

Registration Fees

Individual player registration Fees are as per Table 2. Insert the data from Table 1 and Table 2 into the Excel file and calculate the total income that will be generated from Registration Fees.

| | |
|--------------------------|-------|
| Juniors (5 - 10 years) | \$150 |
| Juniors (11 - 16 years) | \$190 |
| Youth (17 - 19 years) | \$190 |
| Seniors | \$250 |
| Veterans (Over 35 years) | \$200 |

Game Fees

All players play Game Fees each week of the season. A small proportion of game fees covers the cost of referees but the rest is general revenue that the club needs to sustain its operations. Game fees are collected as follows:

| | Season in Weeks | Fee per Week |
|--------------------------|-----------------|--------------|
| Juniors (5 - 10 years) | 18 | \$5 |
| Juniors (11 - 16 years) | 18 | \$7 |
| Youth (17 - 19 years) | 22 | \$8 |
| Seniors | 22 | \$10 |
| Veterans (Over 35 years) | 18 | \$10 |

Coaching Levy

The Coaching Levy is \$100 per player and only **the first team of each age group (11 - 16 years)** is charged. The normal number of players in a team is 14. The Coaching levy covers the cost of hiring a high standing coach for the first team. All other Junior teams, the Youth Team, Seniors and Veterans are not charged the Coaching Levy.

Canteen Sales

The Canteen is run by volunteers and is open as follows:

- For 20 weeks of the year it is open Friday nights (3 hours), all day Saturday (9am - 9pm) and Sunday mornings (3 hours)
- For an additional 4 weeks of the year the canteen is open only on Saturdays from 4pm - 10pm

The average sales per hour in the canteen are \$200.

The amount of gross profit made in the Canteen is about 50% of total sales.

Clothing and Equipment Sales

The expected clothing and equipment sales are as follows:

| | Qty | Cost Price | Selling Price |
|--------------------|-----|------------|---------------|
| Socks (pairs) | 500 | \$7 | \$12 |
| Training Shorts | 300 | \$10 | \$15 |
| Playing Shorts | 300 | \$15 | \$20 |
| Training Shirts | 300 | \$15 | \$20 |
| Footballs (size 3) | 50 | \$12 | \$15 |
| Footballs (size 4) | 50 | \$13 | \$16 |
| Footballs (size 5) | 50 | \$14 | \$17 |

All the above items are bought for resale purposes.

Sponsorship

Sponsorship receipts are expected to be as follows:

| | | |
|----------------|----|----------|
| Field Signage | 10 | \$500 |
| Major Sponsor | | \$10,000 |
| Other Sponsors | | \$2,000 |

Subsidy from Local Council

The club receives a subsidy of \$500 per month to maintain the park which is owned by the council and leased to the club.