Budgeting Exercise 02

Estimating Income and Expenditure

The purpose of this exercise is to demonstrate to the learner the factors that need to be considered in estimating typical income and expenditure items in a sport and recreation organisation budget. In this example, the sport and recreation organisation is a football club.

Using the information in Table A, your task is to estimate the items of income or expenditure shown in column 1 of Table B and put your answer in column 4 of Table B

You should also write in column 2 of Table B whether the item is an income or expenditure item. Furthermore, you should also write in column 3 of Table C the letter of the factor group that you used to calculate your answer.

In making calculations, you are advised that none of the information in Table A is redundant.

Table A – Typical Expenditures	
Factors Group A The number of opening hours per week: 12 The average sales per hour: $100 Number of weeks open per season: 30	**Factors Group B (see note 1)** Width of advert: 2 columns Number of lines: 10 Cost per line (per single column): $8.00 Number of adverts: 4
Factors Group C Wage rate per hour: $30.00 Number of hours worked per week: 25 Weeks per year: 30	**Factors Group D** Number of members: 500 Fee per member: $150
Factors Group E (see note 2) Watts per globe: 500W Number of globes: 60 Hours of use: 18 hrs per week Number of weeks in the season: 30 Cost per kilowatt hour: $0.20	**Factors Group F** Game fee per player: $6 Total matches per week (all teams): 30 Av. Number of players in a team: 14 Number of weeks in the season: 30
Factors Group G (see note 3) Hours to mow whole of fields: 8 Number of mows per week: 1 Wage rate per hour: $25 Fuel cost per hour: $4 No of weeks mowed once per week: 26 No of weeks mowed twice per week: 26	**Factors Group H** Cost per shirt: $20 Cost per shorts: $15 Cost per socks (pair): $6 Number of players: 300

Notes:

1. Newspaper advertising is often charged according to how many columns wide it is by how many lines (of text) down the page (length).

2. 1 Kilowatt = 1000 watts (therefore a 500watt globe is a half kilowatt globe). Electricity is charged according to how many kilowatt hours is used (i.e. the number of kilowatts multiplied by the number of hours)

3. Grass grows differently in summer and winter. In summer pitches need to be mowed twice per week, whereas in winter once per week is adequate.

Table B – Sport and Recreation Scenarios			
COLUMN 1	**COLUMN 2**	**COLUMN 3**	**COLUMN 4**
Item	**Income or Expenditure**	**Factor Group**	**Show your answer and workings in this column**
1. Canteen Sales			
2. Newspaper Advertising			
3. Bar Attendant			
4. Membership Fees			
5. Cost of Floodlights			
6. Game Fees			
7. Pitch Mowing			
8. Team Apparel Cost			