

Indalo Bowling Club

Addendum 2

Accounting Policies & Principles

Outline

The club is required to present annual accounts to the members at the AGM. As a non-profit organisation, profits are required to be used for the benefit of all members and the club as a whole in pursuing its sporting and social activities. The annual accounts should consist of a) an Income & Expenditure Statement, also known as a Profit and loss account, which will show the excess or shortfall of income against expenditure. b) a Balance Sheet showing the assets, liabilities and reserves of the club. The club is also required to maintain a Fixed Asset register and a book of members.

The Code of Governance that is now registered with the Junta de Andalucía and ratified at the members EGM, underpins these principles to provide a framework for the Financial Statements in meeting certain key goals which are supported by the concepts of 'going concern', 'consistency', 'prudence' and 'stability'. They should be understandable, relevant, consistent, comparable, reliable and objective. They should also provide guidance, particularly to the treasurer, in their dealings with other committee members who carry fiscal responsibilities.

The following is not a definitive list but is adaptable to be fit for purpose.

The Income and Expenditure Statement should clearly show the various transactions by category to assist the members to understand the income being generated. The Treasurer should also provide additional comments and notes as deemed appropriate.

As the club is a non-profit organisation, it is necessary to create reserves, provisions and/or sinking funds for major projects that will be of benefit to the club in the furtherance of its activities. It is important that great care is taken with these reserves and accounting procedures have been produced to assist in this matter.

The accounts are prepared based on historical cost conventions and revaluations should only be reviewed where the original records are not available or where there is a fundamental change in the value of an asset against its original recorded cost.

Principles

1. Fixed Assets

Definition of a Fixed Asset

- a) A fixed asset is a long-term tangible property or piece of equipment that has a useful life beyond the accounting year in which it was purchased.
- b) Qualification as a fixed asset is usually classified by meeting the following criteria:
 - i. The asset would have a cost greater than €250.
 - ii. The asset will have a useful life of 5 years or greater.
 - iii. The asset must be land, building, building improvements or purchases of a tangible nature.
 - iv. An asset cannot be a repair of service item.
 - v. An asset cannot be an item purchased as part of a sinking fund or project where the annual cost has already been accounted for.

Classification of Fixed Assets

- A. Land
- B. Buildings
- C. Building Improvements
- D. Equipment (including tools & machinery)
- E. Carpet
- F. Furniture, Fixtures & Fittings
- G. Computer & Office equipment

Depreciation

Depreciation is a charge to the annual accounts from the structured reduction of an asset. The calculation of the depreciation of the assets is based on the straight-line method over the periods adopted by the club.

Assets Useful Life

The following useful life calculations are the current adopted values.

H. Land	Nil
I. Buildings	20 years
J. Building Improvements	20 years
K. Equipment (including tools & machinery)	5 years
L. Carpet	8 years
M. Furniture, Fixtures & Fittings	5 years
N. Computer & Office equipment	5 years

The Treasurer should monitor these periodically and advise the Governing Board (and club members, where appropriate) of any items of note.

2. Stocks

This policy mainly applies to the bar and food stocks. It can also similarly be adapted to significant stocks of other materials.

- i. All stocks are valued initially at cost on a FIFO basis (First In First Out)
- ii. Any stock that is expected to sell for less than the purchase price will be written down to their actual selling price.
- iii. Any stock that is not fit for sale, such as spoiled bar stock, should be disposed of immediately and written off at cost. All such items must be validated by the Treasurer.

3. Revenue and Expenditure recognition

A. Revenues are defined as earnings, both realised and realisable, within the current accounting period. These revenues are not defined by the receipt of payment.

- i. Accrued revenue is treated as a debtor to ensure the revenue is recognised and also provided a balance sheet entry to balance the accounts.
- ii. Deferred revenue is treated as a creditor to ensure the receipt of funds that applies to a future period is correctly recognised.

Typically in our case this mainly effects the membership fees.

B. Expenditure is recognised in the period to which it is applicable. To enable the correct accounting treatment to take place where expenditure is across more than one period, accruals and prepayments on the balance sheet will be used.

C. Provisions, reserves and other items are an accounting mechanism dealing mainly with specific projects and unusual items to either provide auditable transactions or one-off items. These should be made with correctness and prudence in mind.

Where possible these should be managed with a budget and have transparency to the Governing Board and the members at the AGM.

D. The club accounts are utilising the method of a sinking fund to provide for the replacement of the full carpet. The complete cost (including items such as delivery, installation, taxes etc) should be calculated and apportioned over the projected life of the carpet, currently 8 years.

The value and time period should be monitored by the treasurer on an ongoing basis. Should the time period need variation, a proposal should be submitted for discussed with the other member of the Governing Board at a pre-year end meeting.

4. Expenditure

The Treasurer should ensure that all expenditure is for the benefit of the club and its members. Payments to members should only be on a pre agreed basis for work carried out, where it is more beneficial that using outside contractors. Payments made to individual member(s) is by way of reimbursement and is supported by appropriate documentation.

5. Cash Holdings

The club should periodically review its approach to cash/bank holdings to ensure the club not only benefits but protects itself from changes in the financial organisations.

6. Other Matters

The club should always be aware that it is a non-profit organisation and future projects and forward budget planning reflects this.