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Accounting and accountability issues relating to Australian rules country football clubs in Victoria

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ABSTRACT

This paper examines accounting and accountability issues relating to Australian rules country football clubs within the state of Victoria. Football clubs are part of the largely unaccountable not for profit (NFP) sector in Australia. As there has been a lack of research on country football clubs, this paper explores the myriad of financial information that is produced by both junior and senior clubs in the state of Victoria. The result of this survey has found consistency in the production of some accounting reports by club type, but also variability in regularity and usefulness.

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Introduction

This paper examines the financial reports of Australian rules country football clubs in the state of Victoria. Football clubs¹ form part of a large and growing not for profit (NFP) sector in Australia. According to the Australian Bureau of Statistics (ABS) the possible structures for NFP sectors include charities, hospitals, educational and research facilities, sporting clubs, holders of cultural artefacts, business associations, religious congregations, aboriginal corporations, political organisations, companies, associations, foundations and cooperatives (see ABS, 2001).

Overall the NFP sector's economic impact in Australia is significant in respect to the number of jobs it provides, and the level of expenditure (Lyons, 1999). Ferguson (2005) for instance stated that Australia's NFP sector is worth anything between \$30 and \$70 billion and accounts for 10% of the economy. Further, the NFP sector employs more than 600,000 people, and there are over 700,000 organisations. While the impact of the NFP sector is significant, Ferguson (2005) noted that not even the Australian Taxation Office (ATO) or the ABS knows its true value. While the NFP sector is researched in a number of the definitional structures listed (see Duncan, Flesher and Stocks, 1999, Irvine, 2005) there is generally a dearth of research linking the NFP sector with financial information. Recent research by Woodward et. al., (2004) for instance concluded that it is particularly difficult to find credible financial information about performance of NFP organisations. With this limitation in mind, there are calls to increase the studies in this area particularly in Australia (Woodward, 2005).

Within the large number of activities contained in the NFP sector, "Sport and Recreation" has the second largest operating expenditure behind "Education and Research" (Lyons, 1999; ABS 2002). Using 1995 data, Lyons (1999) stated that Leisure (including sport, recreation and social clubs) contributes over 30% of the total expenditure. The ABS classification of sporting

clubs includes "sporting clubs, teams and individuals, which includes sports professionals and organisations that mainly operate clubs or teams which provide opportunities to participants or entertainment for spectators. Primary activities of organisations in this industry include the operation of basketball clubs, cricket clubs, football clubs, life saving clubs, martial arts clubs, netball clubs, soccer clubs, swimming clubs and tennis clubs" (ABS 2002). Unfortunately the contribution of each sport to the total account is not provided.

Hogan and Warren (2005) noted it was only in the 1980's that Australian sport has been examined from a business or management perspective. While there has been a growth in the research of accounting and accountability related to football clubs both in Australia (see ICA, 2004; ICA, 2003; ICA 2002; ICA 2001, AFL, 2004) and overseas (Michie & Shradha, 1999; Aronsson, Johansson & Jnsson, 2004; Manzenreiter and Horne 2004; Morrow, 2003) these studies have focused on large national and international clubs². In Australia, a large number of country football clubs have been in existence for many years, yet very little empirical research exists in terms of their accounting and accountability issues, even though many face similar financial concerns as larger clubs. In the light of this lack of research, and the call for more financial related research into the NFP sector generally, the present study outlines a number of financial issues relating to country football clubs in the state of Victoria. As there has been very limited prior research, this study will be exploratory and focus on examining the types of accounting reports prepared by small country football clubs, the usefulness of these reports, and also seeks opinions on whether improvements could be made in accounting and accountability from a football club perspective. This research is further important as the Victorian Parliamentary enquiry into country football noted concerns about the financial reporting and overall financial stability of country clubs, and the heavy burden placed on volunteers that maintain the regulation and reporting of clubs

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(VCFL, 2004).

The remainder of this paper is structured as follows. The next section reviews the literature in relation to issues regarding NFP organizations generally. The literature review then provides an overview of the importance of football to country Victoria the accounting and accountability issues faced by football clubs. The review then concludes with the major main aims. The section following then presents the research design and methodology. The results of the survey are then presented, and the final section provides discussion relating to the findings, possible further research, and the implications and limitations of the study.

Literature Review

Issues regarding NFP organizations

NFP organisations are characterised by many distinguishing features including their objectives, the role of volunteers, taxation requirements, and accountability. These will be discussed briefly.

Objective

Irrespective of the fact that a number of definitions of NFP organisations exist (see ABS, 2001; Ferguson, 2005), the Australian equivalent of the international financial reporting standard defines a NFP organisation as “an entity whose principal objective is not the generation or profit” (AASB 114 par Aus 8.1). Finkler (2005:21) expanded a similar definition by noting ...” the term NFP is meant to convey the fact that earning a profit is not the mission of the organisation. However organisations clearly would not want to lose money, because then they might be forced to cease operation. Even further, NFP organisations should not be content to just break even. Earning a profit is essential to almost all organisations”...

The ATO accepts an organisation as non-profit where its constituent or governing documents prevent it from distributing profits or assets for the benefit of particular people – both while it is operating and when it winds up. These documents should 2 “Football” in studies by Michie & Shradha, 1999; Aronsson, Johansson & Jnsson, 2004; Manzenreiter and Horne 2004, and Morrow, 2003 concern what is generally termed soccer in Australia. Contain acceptable clauses showing the organisation’s non-profit character, and the organisation’s actions must be consistent with this requirement (AGTO, 2005).

While NFP organisations are not judged by returns on their investments in the same way as a commercial entity, in perpetuity these must still make profits. Profits ensure sustainability and growth (Finkler, 2005). The NFP sector however usually invests “profits” or any surplus funds into their club or community to provide additional services or better facilities. Lyons (1999) noted that because the major goal of NFPs is not obtaining the largest possible return on funds invested, their performance is difficult to evaluate.

Financing non-profit firms is also different to profit organisations. Few non profit firms derive their operating income from the sale of goods or services. Those that do receive revenue from sales also rely on membership fees, and other sources such as government funding, fundraising, and sponsorship.

Volunteers

Lyons (1999) noted that non profit organisations are the product of enthusiasm and commitments by groups of people. These people either provide a service for themselves or others, represent their interests or lobby on behalf of others. Most non-profits rely entirely on work performed without pay by their

members, supporters or volunteers. Volunteers largely run the organisation as well as produce accounting reports (Finkler, 2005). NFP organisations are strongly driven by values, and this makes governance lively and contested (Lyons, 1999).

Taxation

In Australia, the government recognises the special status of almost all non-profit associations by exempting them from a number of taxes. Non profits for instance do not pay income tax and do not need to lodge income tax returns. Taxation concessions tend to apply to particular types of non-profit organisation (ATO, 2005). Charities, public benevolent institutions and health promotion charities for instance require endorsement by the ATO to access certain concessions. Other NFP’s (for example sports clubs, community service organisations and recreational clubs) can also access concessions and generally self-assess their entitlement to the concessions available to them (ATO, 2005).

In January 2001, the Australian Government introduced a Goods and Services Tax (GST). The GST is a broad-based tax of 10% on most goods, services and other items sold or consumed in Australia. A non-profit organisation must register for GST if its annual turnover is \$100,000 or more. If turnover is less, the NFP can register if it chooses. Registration for GST means that an organisation must include GST in the price of most goods and services it sells or provides and the NFP organisation can claim GST credits for the GST included in the price of its purchases.

Nolan (2005) reported that Australia’s NFP’s have the complication of operating on a state by state basis and so must comply with a confusing mix of State and Federal taxes. These taxes include the fringe benefits tax, stamp duty, payroll tax, land tax, and rates. Nolan (2005) noted that this further adds to the inefficiency and confusion that dominates this sector.

Accountability

Statement of Accounting Concepts 2 (SAC2: paragraph 5), defines accountability as: “the responsibility to provide information to enable users to make informed judgments about the performance, financial position, financing and investing, and compliance of the reporting entity.” (CPA, 2006)

In regards to accountability, Woodward et., al. (2004) stated that it is particularly difficult to find credible financial information about NFP organisations, and in particular anything which enables meaningful comparison between similar organisations. Further, any discussion of ‘performance’ should proceed with caution (Woodward et., al. 2004). Comparative performance information is only meaningful or useful to the extent that it is based on appropriate indicators that can be applied to all organisations in the comparison. Unfortunately the appropriate indicators and effective methods of evaluation for NFP organisations are underdeveloped (Woodward et., al. 2004). NFPs are currently required to report to their members, and the majority also provide reports to a range of other stakeholders (Woodward et., al. 2004). In addition, NFPs must lodge annual returns with the relevant regulator (for instance State and Territory registrars for incorporated associations) and comply with the disclosure requirements under fundraising, collection and taxation legislation.

A problem with the accountability of the NTP sector is that there is no standardization of financial reporting or accounting standards that allows potential or recurrent donors (for charities), members or other stakeholders to easily compare similar organizations (Woodward et al., 2004; Ferguson, 2005).

Woodward (2005) stated that a lack of nationally consistent reporting obligations together with the differing taxation requirements provide significant impediments to accountability. Further, standardized reporting would also be useful to the NFP organisations themselves, as they examine their management practices and benchmark against other NFPs. Standardised reports would also assist policy makers to examine where money has been spent and what kinds of programs have been run, and the effects of these programs.

The history of football in Victoria

The significance of Australian rules football to country Victoria dates back to the late 1850's (Blainey, 2003). Grow (1998) noted that by the mid 1870's the game was thriving in major regional centres having spread rapidly from the Melbourne metropolitan area. There was at least one football club in every Victorian country town and fierce inter-town rivalries existed. Football mattered in country communities at this time as Daffey noted (2003:2) "Like a creeping vine, the game known as Victorian Rules football spread throughout its home state and beyond"

The 1870's saw the connection of football clubs with money. Grow (1988) reported that admission was charged to spectators who attended some games between rival larger towns. These cash inflows were quite large in some instances, particularly for large successful clubs. Money was spent improving facilities for paying customers, some was donated to hospitals and charities, and other money used for player payments. Pascoe (2002) noted that football was a source of considerable income to players and officials and part of each community's informal economy. Blainey (2003:162) wrote:

Even the poorer clubs spent money on their players. They could at least promise an end of season trip in an era when travel was expensive and a holiday trip was reserved only for the honeymoon, a players excursion was a delight"

The avalanche of silver coins was used to help charities, to pay existing players and to poach others from rival clubs. A few bank notes easily persuaded a young player...to join a wealthy club"

Daffey (2003:2-3) also wrote "In the scrubbiest game on a distant paddock, money would change hands as supporters placed bets on their teams. Clubs that were striving to become the pride of the district also parted with cash to lure good footballers"

Grow (1998) stated that from the early days of football (i.e., 1870's) administrators assumed a central role in clubs. These office bearers acted in an unpaid capacity and were invariably men drawn from the middle classes. Such officials needed to be literate and numerate and know how to organise and make financial decision. Thus local businessmen often assumed these roles (Grow, 1998). Club treasurer's played important roles being responsible for monitoring expenditure on training facilities, transport costs, levies, player payments insurance, social events, testimonial funds, office materials and equipment, donations to charities and community groups. Pascoe (2002) also noted that women played a part in football clubs from the earliest times, and their roles varied from bookkeeping, supplying food, scoring, umpiring, and "providing the admiring gaze as spectators" (p. 4).

The finances of football

Today football clubs are faced with many similar issues as those in the developmental years of the game. Football clubs still require a governing board, elect officers, and appoint

various committees which are responsible for the everyday management and logistics of putting various teams on the field for local competitions. Football clubs require a large number of participants including players, board or committee members, coaches, trainers, gate keepers, and volunteers for various duties (such as catering, bar tending etc). Football clubs also prepare and adopt important documents such as constitutions, articles of incorporation, and by laws that set out the mission of the club, their structure and operating procedures. These rules give life beyond the group that began it. Football clubs are usually incorporated as non stock entities where ownership rests with financial members, supporters and sponsors. Country football clubs continue to be run by a collective group of un-paid volunteers, and the recent parliamentary enquiry noted that clubs and leagues have difficulties recruiting and retaining volunteers (VCFL, 2004).

The requirement to make money and profits is widely acknowledged in recent football club related literature. This requirement extends to all "football codes" in Australia including Australian rules, rugby league, rugby union and soccer, as well as international soccer (see Morrow, 2003; ICA, 2001; Daffey, 2003; ICA, 2004; AFL, 2004; Aronsson, Johansson, and Jnsson; 2004; Anonymous, 2005). The profit sustainability requirement is not dependant on club size, for instance "Mr Barassi was here at on one of our sports dos...and he said it is the only sport in the world where people at the fifth grade level get paid, and he is pretty right" (VCFL, 2004:105).

In terms of recording profits and maintaining accounts, little research exists on small country football clubs. For larger football clubs in Australia (i.e., in the Australian Football League – AFL) there is greater transparency because there are dependant users³. The Institute of Chartered Accountants (ICA, 2005, 2004, 2003) noted that all AFL clubs produce general purpose financial statements (Profit and Loss Report; Balance Sheet and Statement of Cash Flows) in line with the Corporations Act 2001. AFL clubs are described as "reporting entities"⁴. Because these clubs are reporting entities they must also comply with accounting standards for instance disclosing operating revenue (AASB 1018). Further, in accordance with AUS 702 (Auditing Standard - The Audit Report on a General Purpose Financial Report), auditors of a club's financial report are required to issue an opinion as to whether or not the financial statements of the club present a true and fair view of its financial position.

From 1 January 2005, all Australian reporting entities are required to report adopting Australian Accounting Standards Boards (AASB) equivalents of International Accounting Standards Boards (IASB) standards. For the AFL clubs the ICA (ICA, 2005) noted that "each Club met with the minimum requirement of AASB 1047 - Disclosing the Impact of Adopting AASB Equivalents of IASB Standards" (ICA, 2005:13).

Larger football clubs in other countries face similar reporting requirements. In Sweden, Aronsson, Johansson, and Jnsson (2004) noted that major league football clubs are required to maintain records, as they are carrying on a business activity. The financial reports these clubs are required to produce are a balance sheet, statement of operations, supplementary disclosure, administration report and in some cases a cash flow statement. Generally accepted accounting principles must be followed as well as a true and fair view of all accounts. Aronsson, Johansson, and Jnsson;(2004) noted problems with the reports of football clubs in that they did not

always follow the legislation and guidelines from the Swedish football association. The started “these errors obstruct the statements from fulfilling the fundamental qualities of accounting” (Aronsson, Johansson, and Jnsson, 2004:2).

In the UK Morrow (2003) stated that all major league clubs are structured as limited liability companies and thus required to prepare annual report and accounts to their shareholders. These comprise a balance sheet, profit and loss account, and cash flow statement supplementary notes to the accounts, auditors reports and various narrative statements such as operating and financial review, a chairman’s statement and a report on corporate governance. The annual report is readily available to all members

3 The ICA, (ICA, 2004) noted that in 2003 there were 433,000 members of AFL football clubs and these members “contributed millions of dollars” 4 SAC 1 defines a reporting entity as any legal, administrative or fiduciary arrangement, organisational structure or other party having a capacity to deploy scarce resources in order to achieve objectives (paragraph 6). Further SAC 1 paragraph 12 notes that individual reporting entities may be identified by reference to the existence of users who are dependant on general purpose financial reports for information for making and evaluating resource allocation decisions. (shareholders) or through the Registrar of Companies, and wider use is being made of football club web sites to communicate these reports (Morrow, 2003). In other European countries Morrow (2003) noted that listed clubs are also to be found in Denmark, Germany, Italy, the Netherlands, Portugal and Turkey.

Football – Australia’s most popular game

Today it is widely acknowledged that Australian rules is Australia’s pre-eminent football code in terms of numbers of players, non-playing memberships of football clubs, spectator attendances at annual competitions and total impact on the Australian economy (AFL, 2004). The Australian Bureau of Statistics (ABS, 2003) also reports that football was the sport most attended by both males (21.0%) and females (13.4%). In terms of volunteers, the most common type of sports involvement was with organisations involved in football. Football accounted for approximately one-quarter of all sports involvements⁵ (AFL, 2004).

Of the total football teams in Australia, Victoria has the highest number and percentage of any state (6,570/16,479 or 40%) and the highest number of club teams (4,841/ 11,171) the highest number of participants⁶ (210,297/516,043, or 41%) and the highest number of players (184,313/458,955 or 40%) (AFL, 2004). Interestingly, country Victoria (and rural Australia) fields slightly more senior football teams than metropolitan areas, however there are less junior teams in the country (AFL 2004). The football participation rates in country Victoria are also higher than metropolitan Melbourne, and Victoria is one state where the percentage of Australian football players exceeds the relative population level (AFL, 2004). In terms of governing and coordinating, the Victorian Country Football League (VCFL)⁷ represents country football clubs in Victoria, and some that traverse the border into New South Wales and South Australia. In relation to player participation in regional Victoria, the VCFL noted that this has increased in the junior age groups (5 – 19 years) but decreased in the senior age groups in the last decade (VCFL, 2004).

Finally the popularity of football in country Victoria is evidenced by the fact that in 2002-2003 the VCFL admitted 2.2

million spectators to all matches, and had 18,500 businesses directly involved with the VCFL and its affiliated clubs and leagues as sponsors and suppliers (VCFL, 2004). In economic terms the VCFL reported that the direct football driven impact of country football was over \$83 million in 2001, with the indirect impact being valued at over \$47 million⁸.

5 In the Voluntary Work Survey, a volunteer was defined as someone who willingly gave unpaid help, in the form of time, services or skills, through a club, organisation or association. The survey covered residents aged 18 years and over in private dwellings, with a total of approximately 12,900 personal interviews being conducted.

6 The Census only includes formal participants and players in organised competitions and programs. It does not include football matches or competitions arranged by organisations other than football clubs, associations, or schools, nor does it include participants in social/informal football activities.

7 The Victorian Country Football League (VCFL) was formed in 1927. 8 Direct football effects include such things as the purchase of core football or netball products, canteen and bar supplies, player apparel, medical supplies, printing, stationery, computers, and health services. Indirect football effects are defined (by the VCFL) as spending on apparel to wear to football club functions, spending on communications to maintain interests in football, meals and refreshments outside direct football involvement.

Aim of the Study

This research seeks to focus on the current financial reporting and accountability of country football clubs in the state of Victoria. While county football clubs have been in existence for many years there is a dearth of research on their accounting reports. Given the importance of profits to football clubs and the fact that clubs have been involved with money for many years, this study seeks to fill the void in academic research related to country football clubs and football generally (Hogan and Warren, 2005). The present study will examine whether there are similarities and differences in the reporting and regularity of country football clubs. This is in response to improving the apparent the lack of accountability and transparency in the NFP sector with specific emphasis on country football clubs. This study is in response to growing calls for research into the NFP sector where there is generally no standard dealing the presentation and publication of accounting reports, and where historically volunteers are responsible for preparation of accounting reports and financial decision making (Woodward et al., 2004; Ferguson, 2005).

Methodology

Accounting and accountability information on three country Australian rules football clubs was gathered from semi structured interviews with the club’s treasurer. One club was from a major football league, and the other from a district (or minor) league⁹ and the final one was from a junior club¹⁰. The information sought in these interviews focused on what accounting reports were prepared by the clubs, how often these reports were prepared, who they were prepared by, how useful are the reports in decision making, and how accountability could be improved.

From these interviews a questionnaire was developed to gauge wider opinion on the issues of accounting and accountability of country football clubs. The questionnaire was divided into four sections. Section A concerned general demographic information regarding the football club; Section B

concentrated on treasurer information; Section C was in relation to the financial reports of the football club, and finally Section D related to the auditing and compliance of accounting information (see appendix 1 for a copy of this questionnaire)

The questionnaire was mailed to all 781 country football clubs in the state of Victoria that had an affiliation with the VCFL. Addresses were obtained from the VCFL. The mail was addressed to the secretary of the football club for the attention of the Treasurer (sometimes also called the director of finance, or finance director).

An explanatory statement accompanied the questionnaire. This explanatory statement stated the purpose of the questionnaire and that it had the support of the VCFL (see appendix 2 for a copy of the explanatory statement). The explanatory statement instructed the survey to be completed by the club Treasurer and for this to be returned in the reply paid envelope. Because of University ethics regulations, participation in

9 The VCFL notes that major leagues are the "elite" VCFL competition, and come from the major regional populated cities, while district leagues are from the less populated rural areas.

10 Senior clubs usually fielded two open age (or adult) football two teams and one or two junior teams playing on the same day at the same location. Junior clubs were made up totally of junior participants and a club could have one or a number of different age levels (for example under 16's, under 14's) the survey was completely voluntary and this was made clear on the explanatory statement.

The surveys were mailed out and the instructions noted a cut off date for these to be returned. The cut off date was six weeks after the date on the explanatory statement. In the list of 781 country football clubs provided by the VCFL, three did not have a mailing address. These letters were then re-addressed and sent to the club care of their affiliated football league secretary.

After the surveys were mailed out, four were returned to sender. After checking with the VCFL that these clubs were in existence and perhaps not in recess, these were then again re-addressed to the same football club care of their affiliated league secretary.

Three weeks after the surveys were mailed the number of useable responses was 120, which represented a 15% success rate. During the fourth week, the administrator sent out an email to all clubs that had an email contact. Again the email addresses were provided by the VCFL. Of the 781 football clubs, 535 had an email address. The email reminded the recipient (sometimes the recipient was not the secretary) that their club had recently received a survey, the purpose of the survey, and encouraged the club to complete the information and return it by the due date. Of the 535 emails sent, 47 bounced back to the sender because of wrong addresses. There were a total of twelve replies to this email. Of these, two stated the survey had been returned, four asked for a copy of the survey to be re-sent, and interestingly six stated that they had not received the survey and requested a copy to be sent.

After the fifth week the number of useable surveys returned had reached 180, representing a 23% response rate. A final email was then sent again reminding the football club of the due date for this survey to be returned, and thanked those who had responded to the earlier letter and email. The same number of emails was sent (535) with the same number bouncing back (47).

Results

Data was analysed using quantitative and qualitative procedures. Quantitative procedures were used on the forced-choice questions. The qualitative data were subjected to contextual analysis, and analysed to identify major and minor themes. Cross sectional analysis was undertaken to examine if differences existed between the small businesses based on demographic data.

Descriptive and Cross Sectional Analysis

Demographic Data

There were a total of 252 useable survey returned, and this represented 32% of those mailed out ($n = 781$). From the total responses $n = 75$ were from junior football clubs (from a total of 317, representing 24% of all junior clubs), $n = 177$ were from senior clubs (from a total of 464 representing 38% of all senior clubs). Of the senior football clubs $n = 76$ (from a total of 191 were from major leagues representing 40% of all clubs), while $n = 101$ (from a total of 273 were from district leagues representing 37% of all clubs).

A question asked approximately how long the football club been in operation, and results were between 0 and 20 years ($n = 27$, or 11%), between 21 and 50 years ($n = 74$, or 29%), between 51 and 100 years ($n = 83$, or 33%), over 101 years ($n = 68$, or 27%).

Volunteers

In terms of volunteers a question asked approximately how many people (including the President, Vice president, Secretary and you as Treasurer) are serving on the committee of this club, and the results were between 1 and 5 ($n = 13$ or 5%), between 6 and 10 ($n = 117$ or 47%), between 11 and 20 ($n = 115$ or 46%), and over 21 ($n = 7$ or 3%). Pearson chi squared showed there was a significant difference between committee numbers and the type of club $\chi^2 = 38.67$, $df = 6$, $p < 0.001$. For major and district senior clubs highest number was in the 11-20 range, while for junior clubs the highest range was between 6 and 10.

The treasurer is the club volunteer who is largely responsible for looking after finances. In terms of the treasurer's age, respondents were between 20 and 40 ($n = 74$ or 29%), between 41 and 60 ($n = 166$ or 66%), and over 61 ($n = 12$ or 5%). Most treasurers were male ($n = 168$ or 67%), female ($n = 82$ or 32%), while $n = 2$ (1%) answered "husband and wife". A question asked if the treasurer was paid by the football club and results showed yes ($n = 27$, or 11%) and no ($n = 225$, or 89%).

In terms of time commitment, two questions asked approximately how many hours per week during the football season and during the off season do you devote to your role as treasurer. Results were during the football season: between 1 and 2 hours ($n = 37$ or 15%), between 2 and 5 hours ($n = 96$ or 38%), between 5 and 10 hours ($n = 65$ or 26%), and over 10 hours ($n = 54$ or 21%). Results during the off season were: nil hours ($n = 36$ or 14%), between 1 and 2 hours ($n = 144$ or 57%), between 2 and 5 hours ($n = 53$ or 21%), between 5 and 10 hours ($n = 13$ or 5%), and over 10 hours ($n = 6$ or 2%). Pearson chi squared showed there was a difference between the hours a week the treasurer puts in during the football season and the type of club $\chi^2 = 80.66$, $df = 6$, $p < 0.001$, and off season $\chi^2 = 91.01$, $df = 8$, $p < 0.001$. In both instances major and district senior had a greater time commitment than junior clubs.

The final question in relation to the treasurer asked if they had undertaken any accounting related studies and results were: no ($n = 139$ or 55%), yes at a maximum of secondary school ($n = 31$ or 12%), yes at TAFE level or certificate ($n = 27$ or 11%),

yes at University level (n = 19 or 8%), and yes at professional level (CPA or CA) (n = 36 or 14%). Pearson chi squared showed there was no significant difference with the type of club $\chi^2 = 3.98$, df = 8, p = 0.85.

Financial Reports of the football club.

The first question in this section asked does your club have a mission or vision statement, and results were yes (n = 107, or 43%), no (n = 116, or 46%) and unknown (n = 29, or 11%). Pearson chi squared showed there was an association between the existence of a mission statement and type of club $\chi^2 = 32.24$, df = 4, p < 0.001. The type of club that has the highest percentage in relation to mission statements was a senior club in a major league (68%), compared to junior clubs (36%).

In term accounting reports, a question asked does your football club prepare Profit and Loss Reports for various sections (e.g., for the bar, the canteen, or netball club) OR only one Profit and Loss Report consolidating all operations. Results were: separate Profit and Loss Report (n = 78 or 31%), and one Profit and Loss Report (n = 174 or 69%). All indicated they produced a profit and loss report. The sections that have separate Profit and Loss Reports include the canteen, the bar, football operations and the social club. The follow-up question asked if the separate sections were consolidated into one football club Profit and Loss Report (total number was n = 78), and results were yes 75%, and no 25%. Pearson chi squared showed there was a significant difference between whether the club produced separate profit reports by activities or one consolidated report and the type of club $\chi^2 = 11.76$, df = 2, p = 0.003, and that district senior clubs were more likely to produce separate profit reports.

The next question asked does your Profit and Loss Report record cash only transactions or cash and credit (accrual) transactions, and results were (total of n = 248 answered this): cash only (n = 147 or 60%), and cash and credit (n = 103 or 40%). Pearson chi squared showed there was a significant difference between cash or accruals and the type of club $\chi^2 = 18.85$, df = 2, p < 0.001. Major senior clubs were more likely to record accrual accounting while junior clubs were more likely to record cash only transactions.

The next question asked how often is a Profit and Loss Report produced? More than one response was typically chosen by all being yearly, plus weekly (n = 5 or 2%), monthly (n = 149 or 59%), every two months (n = 11 or 5%), every three months (n = 12 or 5%), and every half year (n = 5 or 2%). Finally n = 69 (or 28%) answered "yearly only". Interestingly the Pearson chi squared showed there was no difference between how often the profit reports were produced and the type of club $\chi^2 = 15.18$, df = 10, p = 0.125.

The next question asked how are the records of both the receipts and payment in your football club kept. Results were manually (in for example an accounting ledger book) yes (n = 116 or 46%), and no (n = 136 or 54%), and using accounting software yes (n = 168 or 67%), and no (n = 84 or 32%). The accounting software used is normally Quickbooks, Microsoft money, MYOB. The next question asked would you find an accounting software package specific to football useful at your club, and results showed yes (n = 191 or 76%), and no (n = 61 or 24%). A typical yes comment was "This would be great. It would assist in specific areas such as player payments and tax". A typical no comment was "it is just another thing to learn" The next question asked does your club produce a yearly balance sheet and results (based on total = 248) were yes (n = 184 or

74%) and no (n = 64 or 26%). Pearson chi squared showed there was a significant difference between the production of a balance sheet and the type of club $\chi^2 = 8.79$, df = 2, p = 0.012. The balance sheet is more likely to be produced by major senior clubs.

In term of whether an annual budget prepared results (based on total = 251) were yes (n = 114 or 45%) and no (n = 137 or 55%). Pearson chi squared showed there was a significant difference between the production of a budget and the type of club $\chi^2 = 41.99$, df = 2, p < 0.001. A budget is more likely to be produced by senior major clubs (75%) than district (36%) junior clubs (24%). Budgets are reviewed (based on total = 114) weekly (n = 1 or 1%), monthly (n = 55 or 48%), every two months (n = 18 or 15%), every three months (n = 18 or 15%), and half yearly (n = 22 or 19%).

Auditing and compliance

In term of auditing and compliance the first question asked are your football club's financial accounting reports independently audited, and results (based on total = 248) were yes (n = 193 or 77%) and no (n = 57 or 23%). Pearson chi squared showed there was an association between whether the accounting reports are independently audited and the type of club $\chi^2 = 9.33$, df = 2, p = 0.009. Auditing is more likely to occur in senior major league clubs (84%) rather than junior clubs (64%). The main reasons why the financial accounting reports are not independently audited are that it is not compulsory, and that auditing books is expensive. One comment was "Not required under incorporated association rules. Books and records of the club provided by the treasurer to another qualified accountant and member of the club to look at, but not a full audit. Treasurer not responsible for collecting cash receipts"

A question asked if the football club completed a BAS (Business Activity Statement), and results (based on total = 247) were yes (n = 118 or 48%), no (n = 124 or 50%), and unsure (n = 5 or 2%). The low number of clubs responses may be because clubs with under \$100,000 turnover do not need to complete a BAS. Pearson chi squared showed there was a significant difference between the production of a Business Activity Statement and type of club $\chi^2 = 94.98$, df = 4, p < 0.001. Again more major league clubs produced BAS's than junior and district clubs.

The final question asked if the football club ever received financial advice from professional bodies and results (based on total = 247) were yes (n = 38 or 15%), no (n = 162 or 65%), and unsure (n = 47 or 19%). Of those who said they had received financial advice, the usefulness of this was debated. For example one respondent wrote "Did not understand a lot they were saying and did not really relate to football club" while another wrote "Yes, it was informative and useful. There were representatives from the taxation department and from a sports assembly"

Discussion and Conclusion

The purpose of this study was examine accounting and accountability issues relating to country football clubs in the state of Victoria. Many country football clubs have been in existence for many years yet there is a dearth of research examining their financial records and accountability. Research into the business of sporting clubs is a growing area of interest (Hogan and Warren, 2005), and as Australian rules is Australia's premier sport (AFL 2004) it seems logical that research on football should follow. Football research has been conducted both in Australia and overseas however this has concerned larger

national clubs (see Stensholt and Thomson, 2005; ICA, 2001; Daffey, 2003; ICA, 2004; ICA 2005 AFL, 2004; Aronsson, Johansson, and Jnsson; 2004; Morrow, 2003).

Historically there has been a link between money and country football clubs, (Blainey, 2003; Grow, 1998 and Daffey, 2003) yet little empirical work has been done examining how clubs manage and report their financial situation. Finally this research is in response to calls to research financial aspect of the NFP (Woodward et al., 2004; Ferguson, 2005).

The present study collected demographic and financial information on a large number of football clubs (n = 252). There were three categories of clubs – senior clubs from a major league (usually a major populated town); senior clubs from a district league (usually a small town) and junior clubs (comprising just junior participants). Results showed that these clubs usually comprised a large number of volunteers and the treasurer who maintains the clubs finances puts in anywhere between two and over ten hours per week both during the football season (usually six months) and slightly less in the off season. Interestingly, the survey found that a small number of treasurers were paid (11%). This perhaps reflects the importance placed on this position, and also the number of hours put in.

The survey found that country football clubs produce a myriad of accounting reports similar to larger clubs and companies. All the clubs produced a profit and loss report and for some clubs (31%) this was detailed into different types of activities. This reaffirms the importance of the profit motive for this NFP sector. Accrual accounting was used by 40%, and these were mainly the larger clubs. Some football clubs produce more reports than others. For instance major clubs produce a balance sheet and budget more often than junior clubs, and also usually get these audited. Generally speaking football clubs produce reports that satisfy their committee, and members. Responses to open questions suggest that some assistance with reporting is required. This outlines the volunteer nature of the work performed by the treasurers, and that 55% of treasurers had no accounting education. In terms of the budget more clubs did not produce a budget (55% v 45%). This is interesting given the historical relationships of money to football clubs. Again the major league senior football clubs produced a budget in higher numbers (75%) than district (36%) and junior clubs (24%).

In terms of compliance, the majority of clubs (77%) did independently audit the accounting reports, however there was a difference between major league clubs and junior clubs. Finally in terms of the BAS statements only 48% produced these, compared to 52% of clubs that did not. The majority were senior major league clubs. The low completion of BAS's may be because clubs must turnover over \$100,000 to register.

The present examination into the accounting and accountability of country football clubs can also lead to further research. For instance this study did not examine how these reports are set out, or the information contained within. Future research may examine this in the light of comments by Woodward et al., (2004), and Ferguson (2005) who noted that a lack of nationally consistent reporting obligations provide impediments to accountability of the NFP sector. Future research could examine if there is some consistency in the actual reporting of football clubs, or whether differences exist between club types. This study concentrated on the accounting and

accountability of county football clubs, yet the research did not examine the important social role played by country clubs. Country football and sporting clubs are social Institutions, and the social and health benefits that sporting clubs provide to members are incalculable (Nolan, 2005). Future research may examine the delicate balance that football clubs have between making profits and being a good social institution.

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