

FINANCIAL PLANNING IN CONNECTION WITH ACCOMODATION DEVELOPMENT IN A SPORT CENTRE

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***Abstract:** A sport club aimed at creating accommodation in its already existing building complex. It was planning on utilizing funds from tenders. After carrying out the costs and income calculations it became clear that the creation and operation of the accommodation would be economic. The tender was submitted. The expected grant was awarded, the contract was signed and the sum was transferred. For the realisation of the project the club also utilized own resources which covered 1/3 of the investment costs and the awarded grant covered 2/3 of the costs. The budget was kept according to the plans. 3 rooms with 2 beds and 4 rooms with 10 beds were created. The accommodation was created without taking any credits and it is expected to operate profitably in the future.*

***Key words:** sport centre, accommodation development, investment, financial planning, planning costs, planning incomes*

1. INTRODUCTION

The study was carried out in connection with an infrastructural investment. Infrastructure is defined in various ways in the literature, from which I am introducing some. Infrastructure is the system of networks, objects, establishments, equipment, knowledge, institutions and their activity as well as the services they provide which is essential and necessary for the operation and development of the economy, the way and quality of life of residents, the development and undisturbed development of settlements (Abonyiné 20078). It is essential for increasing long term sustainable competitiveness (Lengyel 2000), and for the creation and improvement of city image (Michalko 2015). The owners intended to carry out accommodation expansion on a property owned by a sport club. Before the construction the sport club held an operating permit and had various sporting facilities. The original building had two and three storeys. According to the construction permit the construction could be executed in two phrases. The project which I introduced referred to the construction of youth accommodation in phrase II. It was created in the two-storey part which was equipped with inner stairs. It can be accessed via new steel-framed stairs located opposite the main entrance.

The present study introduces the prior calculation of costs and incomes.

2. MATERIAL AND METHOD

During planning a project pre-calculations should be bared in mind (Pupos 2009). According to this the main aim of prior financial analyses of the project was to estimate the expected incomes and costs (Pálinkó, Szabó 2006). Minimizing expenses is very important for every company (Bélyácz 2007) thus it should be taken into consideration in the planning period.

The value of the investment exceeded HUF 1 million thus there were 2 requests for quotations. From these the winner was chosen thus these were initially mutually exclusive projects (Brealey, Myers 2005; Gál, Kmoskó 2008). In the following parts the prior financial calculations are introduced in connection with the costs of the investment (due to lack of space only the data of the winner bidder is presented here) as well as the operational costs and the expected future income.

3. RESULTS OF MY OWN RESEARCH

Planning the necessary cash for the implementation of an investment requires an especially careful and through work. From the three received offers the most economic one was realised. The budget of the establishment covers:

- purchase of land and property (eg. acquisition of title deed, agreement of sale etc.)
- acquisition of construction and building permits, keeping construction log
- purchase of assets and intangible assets (eg. hotel software)
- utilizing different services (eg. education, cost of experts, etc.)
- financing general (public utility) costs
- costs of rent (land, property, office)
- costs of lease payments, personnel expenses
- reimbursing travel and delegation costs
- amortization and reverse charge VAT (27% in the given year), cost of audit.

Table 1 Total costs of the construction

Title	Cost (HUF)
Direct costs of the building	10.691.594
VAT base of calculation	50.108.354
VAT (27%)	13.529.256
Total cost of work:	63.637.610

The total cost of work in the winner offer was HUF 63.637.610 (Table 1), the direct material cost of the building was HUF 39.416.760.

Table 2 shows the division of tender sources

Table 2 The division of sources of the investment

Source	Division (%)
I. Own sources	32.44
1/1. Contribution of beneficiary	32.44
1/2. Contribution of partners	0.00
1/3. Bank loan	0.00
II. Other grants	0.00
III. The awarded grant within the grant framework	67.56
Total:	100.00

Table 2 shows clearly that the investment was awarded 67.56% grant thus the proportion of own resources is 32.44%.

For the prior calculation of the operational costs and income of the accommodation data from establishments of similar services and level of quality, the experiences of the club, the features of the area and maintenance and operation costs of the planned facilities and incomes were taken into consideration. Income from accommodation planned for the first year is shown in Table 3.

Table 3 Planned incomes from accommodation for the first year of operation

Name	Two-bed room	Ten-bed room	Unutilization (%)
Number of rooms (pc)	3	4	-
Number of spaces (pc)	6	40	-
Income in peak season (HUF)	768.600	3.416.000	70.00
Income in season(HUF)	1.197.900	5.324.000	55.00
Income in pre- and post season (HUF)	1.811.700	8.052.000	55.00
Total income (HUF)/Average utilization (%)	3.810.000	16.936.000	58.00

In the prior calculations peak season was estimated to be 61 days, season 121 days, pre and post season 183 days. The net average cost of the rooms in case of two-bed rooms HUF 3.000/person/night, in case of four-bed rooms HUF 2000/person/night.

The estimated cost of meals is the following: HUF 600/person under 14, HUF 700/person over 14. Dinner is HUF 600/person under 14 and HUF 1000/person over 14. These prices were valid at the time of the submission of the tender. 85.2 % of the income is planned to come from accommodation and 14.8% from hospitality.

The facility provides special offers for the non-peak season periods. In case of large families accommodation is free for third and the further children and it is free for children under 3. Groups over 15 people receive 10%, over 25 receive 20% discount. Further discounts are available for the services of the club or for the different programme packages. Thus pre-calculation is modified by these factors in practice.

When calculating the operational costs only cost of accommodations with a similar profile could be taken into consideration. The target group, young people are especially price sensitive. This should be kept in mind during pricing in spite of the fact that during the years of introduction certain costs (for example marketing or advertising) are more significant than others (such as maintenance).

The distribution of costs for the different sections is the following: in connection with accommodation: 12%, in connection with hospitality 70%.

Direct costs in connection with the accommodation include the personnel costs of the staff. When calculating wage and wage-related costs, expenses in connection with 3 new staff members, initial (base year) HUF 120.000 wages and 5% yearly increase and contributions in relation with them should be taken into consideration. Operational and other costs are less significant. However, the cost of cleaning materials, representation and decoration, bedclothes and work clothes should also be taken into consideration. During planning 70% COGS was calculated.

Among indirect costs there are expenses that cannot be directly assigned to the services of the accommodation. Administrational and management costs (1.3%) includes expenses in connection with direction and management: forms, office supplies, postal and bookkeeping costs.

Energy costs (8.2%) consist of the utilized electricity, water and gas- fee which is cost-effective due the solar panels set up via a previous investment.

Among marketing costs there are advertisement and promotional costs (1.3%). Among fix costs there is 1% renovation provision, 1% property tax and insurance costs. The planned pre-tax profit for the first year is HUF 7 651 800 which is expected to increase in the following year.

4. SUMMARY

The winning contractor started the construction in August 2012, the technical inspection and transfer were completed at the planned time.

The new level of the building was constructed by a lightweight, steel framed method, before starting the construction the waterproofing was taken down and then the frame was levelled. The supporting structure of the already existing establishment is based on sized steel support, which from the outside was covered by 12 cm thick ivory-white, from above by 12 thick grey sandwich panels. Windows have white plastic frames and they are heat insulated. Piping rainwater was executed in the way specified in the construction plan.

The heating and cooling part is totally separated from the investment realised in phrase I. Radiant heating-cooling system is established in the rooms which is supported by an air/water heat pump which is set on a steel frame next to the building.

Electricity is provided from renewable sources which was set up thank to a previous tender.

At present the club has a 35 space car park but it is possible to park on the street as well.

The youth accommodation does not have a disabled ramp within the building because it would have increased the costs of the investment significantly. However, to provide equal opportunities for access a cooperation contract was signed with a nearby hotel. Thus disabled people can be accommodated as well.

During the development to meet the tender requirements and in accordance with the plans the sport club had to employ 3 new employees: 1 accommodation manager, 1 receptionist and 1 technical worker (cleaner). The remaining necessary staff members are from its own team: 2 fitness trainers and 2 programme organizers.

For the operation of the new part the necessary material assets should also be provided: washing and drying machine, 5 bicycles to rent, 2 GPSs, 1 laptop, 1 tablet and hotel software. The bicycle tools and the furniture of the rooms were financed from own resources.

Within the project 3 two-bed, 4 ten-bed rooms were built. Among extra services there is free wi-fi connection on the premises of the club, bike rent, GPS for hiking, renting laptop or table (against deposit).

It is important to note that programme organisation is possible for groups. Swimming pool and sauna is free for the guests.

Rooms are available with full or half board, as in the prior calculation.

Sport is the main profile of the club, guests can rent badminton or squash court or indoor football pitch ate a discounted price, even with the rental of equipment. With the possibility for having rest and eating delicious food it is possible to organise longer training camps and competitions here.

The investment was unique in the region. Services providing exercise and the accommodation in one building is a good idea from market perspectives as well. The club already has trustworthy partner relationships which increases the touristic popularity of the area, increases the number of accommodations with reasonable prices.

Taking part in different exhibitions and programmes are part of the market strategy of the club. On the website of the club there are useful information about different sporting and recreational possibilities. It is also present in websites such as Facebook or Twitter.

The several day long competitions of the club is popular with young and old as well. Every year there are more and more sportsmen and women taking part in squash competitions there. During summer training camp season it provides accommodation possibilities for foreign guests or for those who come from other cities or town in an accommodation of 46 places, with kitchen. The success of the project is justified by the guest who return again and again. Successful marketing guarantees the more and more effective utilization of the accommodation.

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