

6. Club Accounts

Included in the assets and liabilities of the Rock Rovers Football Club on 01/01/2021 were the following:

Clubhouse and land (at cost) €372,000; equipment (at cost) €35,000; life membership €24,000; bar stock €18,600; 5% investments €30,000; bar debtors €400; bar creditors €8,300; levy reserve fund €30,000; investment interest due €300; wages due €900; subscriptions received in advance €1,500.

All fixed assets have 2 years accumulated depreciation on 01/01/2021.

The club treasurer has provided the following account of the club's activities during the year ended 31/12/2021.

Receipts and Payments Account for year ended 31/12/2021			
Receipts	€	Payments	€
Subscriptions	109,400	Balance 01/01/2021	13,900
Bar receipts	120,500	Bar purchases	65,700
Annual grant	8,000	Competition expenses	18,900
Interest on 5% investments	1,800	General expenses	48,600
Competition receipts	28,400	Prize bonds	500
		Purchase of equipment	48,000
		Repayment of €30,000 Loan on 30/09/2021 together with interest for two years	32,400
		Transfer to 4% fixed interest building society account on 30/06/2021	36,000
		Balance 31/12/2021	<u>4,100</u>
	<u>268,100</u>		<u>268,100</u>

You are given the following additional information and instructions:

- (i) Bar stock 31/12/2021 was €17,000.
- (ii) Bar debtors and bar creditors on 31/12/2021 were €800 and €6,400 respectively.
- (iii) Equipment owned on 31/12/2021 is to be depreciated at the rate of 15% of cost per annum.
- (iv) The clubhouse and land includes land that cost €200,000. Depreciation is to be provided on the clubhouse at a rate of 2% of cost.
- (v) Subscriptions include:
 - 1. 2 new life memberships of €4,000 each.
 - 2. Levy for 2020 of €100 each from 5 members.
 - 3. Levy for 2021 of €100 each from 300 members.
 - 4. Subscriptions for 2022 amount to €2,000.
- (vi) Life membership is to be credited to income over a 10 year period commencing in 2021.

Required:

- (a) Show the club's accumulated fund on 01/01/2021. (30)
- (b) Show the club's income and expenditure account for the year ended 31/12/2021. (40)
- (c) Show the club's balance sheet as at 31/12/2021. (20)
- (d) (i) Explain why some clubs charge levies.
(ii) Why are levies treated differently to annual subscriptions in the accounts? (10)

(100 marks)