Question 7. Abbey Hockey Club

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## Statement of Accumulated Fund on 01/01/2021

Assets				
Clubhouse	(950,000[2]- 57,000[2])	893,000	[4]	
Equipment	(42,000[2] – 15,750[2])	26,250	[4]	
5% Investments W5		25,200	[3]	
Investment Income due		420	[2]	
Bar stock		1,820	[1]	
Bar Debtors		560	[1]	
Levy due		3,000	[2]	
Cash in Bank		9,800	[1]	960,050
Liabilities				
Life Membership		48,000	[2]	
Levy Reserve Fund		50,000	[2]	
Loan due W8		258,000	[2]	
Loan Interest due W8		5,160	[2]	
Subscriptions prepaid		1,000	[1]	
Expenses due		440	[1]	
Bar Creditors		700	[1]	(363,300)
Accumulated Fund 01/01/2021				596,750 <b>[1]</b>

\A/1	Down sisting Familians ant				
W1	Depreciation Equipment	4.500			
	12,000 @ 12½% @ 12/12 months	1,500			
	47,000 @ 12½% @ 6/12 months	5,875 = 7,375			
	Depreciation Clubhouse	10.000			
	950,000 @ 2%	19,000			
W2	Equipment				
	42,000 - 30,000 + 47,000	59,000			
W3	Loss on Disposal of equipment				
	30,000 – 11,250 - 7,000	11,750			
W4	W4 Accumulated Depreciation 31/12				
	15,750 – 11,250 + 7,375	11,875			
W5	Investment				
	(1,050 – 420) * 2 = 1,260 = 5%				
	5% Investment 1,260 /	5 × 100 = 25,200			
	Investment income due 31/12/2021 = 630				
W6					
	425,500 + 1,000 - 3,160 - 3,000 - 65,00	00 = 355,340			
W7	Catering				
	122,500 -(93,100 - 11,460)	= 40,860			
W8	Loan and Loan interest				
	8% * 9/12 =6%				
	106% = 273,480				
	100% = <u>258,000</u>				
	Interest = 15,480 = 9 months  Due 01/01 (3 months) €5,160, P & L (6 months) €10,320				
W9	Bar Trading Account				
	Bar Receipts 73,600 -560 + 780	73,820			
	Less cost of sales				
	Opening stock 1,820				
	Purchases 43,800 -700 +1,100 44,200	)			
	Less closing stock (10,24)	<u>0) (35,780)</u>			
	Bar Profit	38,040			
W10	Coaching expenses and wages				
	15,540 -440 +750	15,850			
W11	Life Membership W/O				
	(60,000 – 12,000) 48,000/8	6,000			

Income and Expenditure Account for the year ended 31/12/2021

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(b)

Income				
Catering Profit <b>W7</b>	40,860	[3]		
Bar Profit <b>W9</b>	38,040	[6]		
Subscriptions <b>W6</b>	355,340	[6]		
Life Memberships written off <b>W11</b>	6,000	[2]		
Hockey Ireland Grant	13,500	[1]		
Investment Income W5	1,260	[3]		
Competition profit	3,500	[1]	458,500	

## **Less Expenses**

Excess of Income over Expenditure			329,845	[2]
Depreciation clubhouse W1	19,000	[1]	(128,655)	
Depreciation equipment <b>W1</b>	7,375	[1]		
Loss on sale of equipment W3	11,750	[3]		
Sundry Expenses	64,360	[1]		
Coaching W10	15,850	[2]		
Loan Interest W8	10,320	[3]		

Balance Sheet as at 31/12/2021						
Fixed Assets						
950,000[1]		76,000[2]	874,000			
<u>59,000</u> [2]		<u>11,875</u> [3]	47,125			
1,009,000		87,875	921,125			
Financial Assets						
			25,200	[2]		
			946,325			
10,240	[1]					
11,460	[1]					
239,170	[1]					
780	[1]					
630	[1]	262,280				
due within 1 yea	r					
1,100	[1]					
750	[1]					
3,160	[1]	(5,010)	257,270			
			1,203,595			
due after 1 year						
			42,000	[2]		
			'			
Accumulated Fund/Capital		596,750	[1]			
		115 000	[2]			
Lotto Grant			<del>                                     </del>			
Surplus of Income over Expenditure		329,845	[1] 1,161,595			
			1,203,595			
	950,000[1] 59,000[2] 1,009,000  10,240 11,460 239,170 780 630  due within 1 yea 1,100 750 3,160	950,000[1]   59,000[2]   1,009,000     11,460   1]   239,170   1]   780   1]   630   1]   due within 1 year   1,100   1]   750   1]   3,160   1]   due after 1 year	950,000[1] 76,000[2]  59,000[2] 11,875[3]  1,009,000 87,875  10,240 [1]  11,460 [1]  239,170 [1]  780 [1]  630 [1] 262,280  due within 1 year  1,100 [1]  750 [1]  3,160 [1] (5,010)  due after 1 year  596,750  115,000  120,000	950,000[1] 76,000[2] 874,000  59,000[2] 11,875[3] 47,125  1,009,000 87,875 921,125  25,200  946,325  10,240 [1]  11,460 [1]  239,170 [1]  780 [1]  630 [1] 262,280  due within 1 year  1,100 [1]  750 [1]  3,160 [1] (5,010) 257,270  1,203,595  due after 1 year  42,000  596,750 [1]  115,000 [2]  120,000 [1]  enditure 329,845 [1] 1,161,595		

## (d) (i) Special Purposes Profit and Loss Account

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Many not-for-profit organisations run activities to raise funds for the organisation. These activities are intended to generate profits to invest in the organisation.

The expenses and revenues relating to that particular activity are entered in a 'special profit and loss account' and the profit is then transferred to the income and expenditure account.

Examples Running a bar, a restaurant, a lotto, a dance.

## (ii)

Proposal to reduce subscriptions by 10% for the next three years -

The proposal to reduce subscriptions by 10% will reduce income by €35,534 per year based on current subscriptions.

Points in favour

The club is in a healthy financial position with a bank balance of €239,170 which is considerably higher than the bank balance at the beginning of the year €9,800. Excluding the once off grant of €120,000 this is still very healthy.

They have investments of €25,200

They have paid back a loan with interest of €273,480 in total.

The club has current surplus income of €329,845 which will reduce to €294,291 with the reduction of €35,534 in subscriptions which is a very healthy surplus.

This may bring in extra members which may counteract the reduction in the subs rate and result in revenue remaining the same.

The club has net expenditure on fixed assets of €40,000 which it may not have in the coming years.

The club well able to financially sustain a reduction in the subscription fee of 10%.