

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[1]

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

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(b)

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

Less Expenses

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

Balance Sheet as at 31/12/2021				25
Fixed Assets				
Clubhouse	950,000[1]	76,000[2]	874,000	
Equipment W2 W4	<u>59,000[2]</u>	<u>11,875[3]</u>	<u>47,125</u>	
	1,009,000	87,875	921,125	
Financial Assets				
Investments W5		25,200	[2]	
		946,325		
Current Assets				
Closing stock - Bar	10,240	[1]		
Closing Stock – Catering	11,460	[1]		
Bank	239,170	[1]		
Debtors	780	[1]		
Investment income due	630	[1]	262,280	
Creditors: amounts falling due within 1 year				
Bar Creditors	1,100	[1]		
Coaching wages due	750	[1]		
Subscriptions prepaid	3,160	[1]	<u>(5,010)</u>	<u>257,270</u>
			1,203,595	
Financed By				
Creditors: amounts falling due after 1 year				
Life Membership			42,000	[2]
Capital and Reserves				
Accumulated Fund/Capital		596,750	[1]	
Levy		115,000	[2]	
Lotto Grant		120,000	[1]	
Surplus of Income over Expenditure		<u>329,845</u>	[1]	<u>1,161,595</u>
			1,203,595	

(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%.