

7. Club Accounts

Included in the assets and liabilities of Abbey Hockey Club on 01/01/2021 were the following:

Clubhouse and Astroturf at cost €950,000, bar stock €1,820, equipment at cost €42,000, bar debtors €560, life membership €48,000, bar creditors €700, wages due €440, levy reserve fund €50,000, subscriptions received in advance €1,000, investment interest receivable due €420.

All fixed assets already have 3 year's depreciation accumulated at 01/01/2021

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

Receipts and Payments account for the year ended 31/12/2021

Receipts	€	Payments	€
Balance 01/01/2021	9,800	Catering purchases	93,100
Subscriptions	425,500	Bank loan and 9 months' interest at 8% per annum on 30/06/2021	273,480
10 months Interest on 5% investments, up to 30/06/2021	1,050	Sundry expenses	64,360
Competition fees	22,400	Bar purchases	43,800
Catering receipts	122,500	Competition prizes	18,900
Sale of Equipment (cost €30,000)	7,000	Purchase of Equipment	47,000
National Lottery grant	120,000	Coaching expenses and wages	15,540
Hockey Ireland grant	13,500		
Bar receipts	73,600		
		Balance 31/12/2021	239,170
	795,350		795,350

You are given the following additional information and instructions:

- (i) Bar stock (including catering stock €11,460) on 31/12/2021 was €21,700.
- (ii) Bar debtors and bar creditors on 31/12/2021 were €780 and €1,100 respectively.
- (iii) Provide for depreciation on equipment at 12.5% of cost. A full year's depreciation is charged in the year of acquisition and none in the year of disposal.
- (iv) Clubhouse and Astro turf pitch are to be depreciated by 2% of cost.
- (v) The club has decided that life membership is to be credited to income over a 10-year period which commenced in 2019.
- (vi) The grant from the National Lottery was received on a once-off basis. It is to be treated as a capital item.
The grant from Hockey Ireland is received on an annual basis to support the day-to-day activities of the club. It is to be treated as a revenue item.
- (vii) The wages due on 01/01/2021 were owed to the club coach for two weeks. Provide for three week's wages due on 31/12/2021 and include a bonus of €30 for each of the three weeks.
- (viii) Subscriptions include:
 - 1. Subscriptions for 2022 amounting to €3,160.
 - 2. Levy for 2021 of €100 each on all 650 members.
 - 3. Levy for 2020 of €100 each due from 30 members.

Required:

- (a) Show the club's accumulated fund (capital) on 01/01/2021. (30)
- (b) Show the income and expenditure account for the year ending 31/12/2021. (35)
- (c) Show the club's balance sheet as at 31/12/2021. (25)
- (d) (i) Explain with the use of an example what is meant by a Special Purpose Profit & Loss Account.
(ii) There is a proposal to reduce annual subscriptions by 10% for the next three years. As Treasurer of Abbey Hockey Club, what points would you make in favour of this proposal?

(10)

(100 Marks)