

### 3 Club Account

Included among the assets and liabilities of the Bard's Valley Golf Club on 1/1/2007 were the following:

Clubhouse and Course €750,000, Bar stock €7,000, Equipment (at cost) €26,000, Life membership €40,000, Bar Debtors €535, Bar creditors €6,000, Levy Reserve Fund €50,000, Investment interest receivable due €400, Wages due €2,500, Subscriptions received in advance €1,600.

The club treasurer has supplied the following account of the club's activities during the year ended 31/12/2007.

<b>Receipts</b>	<b>€</b>	<b>Payments</b>	<b>€</b>
Bank Current account	14,000	Bar purchases	78,500
Investment Interest from		Catering costs	8,000
5% Government Investments	1,600	Sundry expenses	186,400
Entrance fees	15,000	Equipment	45,000
Catering receipts	14,000	Golf lessons for club teams	4,600
Annual sponsorship	25,000	Repayment of €30,000 loan on	
Subscriptions	250,000	31/5/2007 together with 1½	
Bar receipts	110,460	years interest	33,600
		Transfer to Building Society	
		on 31/12/2007	60,000
		Balance	<u>13,960</u>
	<u>430,060</u>		<u>430,060</u>

You are given the following additional information and instructions:

1. Bar stock on 31/12/2007 was €8,500
2. Equipment owned on 31/12/2007 is to be depreciated at the rate of 20% of cost.
3. Clubhouse and course to be depreciated by 2%.
4. Bar Debtors and Creditors on 31/12/2007 were €275 and €3,220 respectively.
5. Subscriptions include:
  - (i) One Life membership bringing total Life membership to 21.
  - (ii) Subscriptions for 2008 amounting to €2,600.
  - (iii) Levy for 2007 of €250 on 200 members.
  - (iv) Levy of €250 on 10 members for 2006
6. Life membership was to be written off over a 10 year period commencing in 2007.

**You are required to:**

- (a) Show the Club's Accumulated Fund (Capital) on 1/1/2007. (25)
- (b) Show the Income and Expenditure Account for the year ending 31/12/2007 (25)
- (c)
  - (i) Explain with the use of an example what is meant by a Special Purpose Profit & Loss Account.
  - (ii) If it were proposed to introduce a further four year levy to fund a €250,000 extension what points would you as an ordinary member now make. (10)

**(60 marks)**