

6. Club Accounts

Included among the assets and liabilities of the Glen Tennis Club on 1/1/2010 were the following:

Clubhouse and courts €250,000, equipment (at cost) €75,000, bar stock €15,000, bar debtors €1,280, bar creditors €8,400, life membership €24,000, levy reserve fund €20,000, wages prepaid €400, subscriptions due €500.

The Club Treasurer has supplied the following account of the club's activities during the year ended 31/12/2010

Receipts and Payments Account of Glen Tennis Club for year ended 31/12/2010

Receipts	€	Payments	€
Bank current account	1,140	Bar purchases	38,500
Interest from 4% investments	1,500	Sundry expenses	24,000
Bar receipts	74,000	Repayment of €30,000 loan on	
Catering receipts	12,700	30/9/2010 with 15 months interest	33,960
Subscriptions	84,000	Equipment	8,000
Annual sponsorship	7,500	Catering costs	15,800
Sale of equipment (cost €4,000)	2,500	Prize Bonds	4,400
		Coaching lessons	3,500
		Travel expenses	10,000
		Balance at bank 31/12/2010	<u>45,180</u>
	<u>183,340</u>		<u>183,340</u>

The following information and instructions are to be taken into account:

- (i) Bar stock on 31/12/2010 was €13,300.
- (ii) Equipment owned on 31/12/2010 is to be depreciated at the rate of 25% of cost.
- (iii) Clubhouse and courts to be depreciated by 2% of cost.
- (iv) Bar debtors and bar creditors on 31/12/2010 were €300 and €8,600 respectively.
- (v) Subscriptions include:
 - Two life memberships, bringing total life membership to ten.
 - Subscriptions for 2011 amounting to €300
 - Levy for 2010 of €100 each on 200 members
 - Levy of €100 on 8 members for 2009.
- (vi) Investment interest due on 31/12/2010 was €500.
- (vii) Life membership to be written off over a five year period commencing in 2010.

Required

- (a) Show the Club's Accumulated Fund (Capital) on 1/1/2010. (30)
- (b) Show the Income and Expenditure account for the year ended 31/12/2010. (35)
- (c) Show the Club's Balance Sheet on 31/12/2010. (20)
- (d) (i) State and explain **two** limitations of a Receipts and Payments Account.
- (ii) The club is considering the installation of floodlights at a cost of €70,000. What advice would you give to the Treasurer of the club? (15)

(100 marks)