

4. Club Accounts

Included among the assets and liabilities of the Tallones Basketball Club on 1/1/2012 were the following:

Clubhouse and Arena €680,000, Bar stock €2,200, Equipment (at cost) €23,000, Life membership €25,000, Bar Debtors €421, Bar creditors €1,600, Levy Reserve Fund €12,000, Wages due €2,800, Subscriptions received in advance €1,400.

The club treasurer has supplied the following account of the club's activities during the year ended 31/12/2012.

Receipts and Payments account for the year ended 31/12/2012

Receipts	€	Payments	€
Bank Current account	11,300	Bar purchases	28,700
Interest from 4% Government		Catering costs	9,900
Investments	900	Sundry expenses	103,600
Arena rent	15,000	Equipment	41,000
Catering receipts	12,400	Coaching expenses	4,600
Annual sponsorship	73,000	Repayment of €40,000 loan on	
Subscriptions	65,000	31/05/2012 together with	
Bar receipts	42,410	16 months interest	44,800
Lotto receipts	52,500	Transfer to Building Society	
		on 31/12/2012	28,000
		Lotto costs	7,600
		Balance	<u>4,310</u>
	<u>272,510</u>		<u>272,510</u>

You are given the following additional information and instructions:

1. Bar stock on 31/12/2012 was €2,450.
2. Equipment owned on 31/12/2012 is to be depreciated at the rate of 20% of cost.
3. Clubhouse and Arena to be depreciated by 2%.
4. Bar debtors and creditors on 31/12/2012 were €190 and €1,330 respectively.
5. Investment interest due on 31/12/2012 was €300.
6. Subscriptions include:
 - (i) Five Life memberships bringing total Life membership to 30.
 - (ii) Subscriptions for 2013 amounting to €2,400.
 - (iii) Levy for 2012 of €80 each on 150 members.
 - (iv) Levy of €80 each on 15 members for 2011.
7. Life membership was to be credited to income over a 5 year period commencing in 2012.

You are required to:

- (a) Show the Club's Accumulated Fund (Capital) on 1/1/2012. (25)
- (b) Show the Income and Expenditure Account for the year ending 31/12/2012 (25)
- (c)
 - (i) Explain with the use of an example what is meant by a Special Purpose Profit & Loss Account.
 - (ii) The club has decided to lay an all-purpose floor at a cost of €150,000. The Treasurer has proposed to increase the levy by €120 per annum and extend it for five more years. As an ordinary member what arguments would you make against this proposal? (10)

(60 marks)