

3. Club Accounts

Included in the assets and liabilities of Stretford Golf Club on 01/01/2015 were the following: clubhouse and course €650,000, bar stock €6,000, equipment at cost €24,000, bar debtors €355, life membership €40,000, bar creditors €3,000, wages due €1,500, levy reserve fund €50,000, subscriptions received in advance €1,400, investment interest due €300.

The club treasurer has supplied the following account of the club's activities during the year ended 31/12/2015.

Receipts and Payments account for the year ended 31/12/2015

Receipts	€	Payments	€
Subscriptions	102,900	Bank current account balance 01/01/2015	8,500
Catering receipts	6,500	Bar purchases	33,600
Interest on 4% investments	2,400	Catering purchases	4,800
Bar receipts	76,300	Equipment	18,000
Entrance fees	10,000	Sundry expenses	124,350
Annual sponsorship	11,400	Competition prizes	22,100
Equipment grant	25,000	Dishonoured cheque – bar debt	80
Competition receipts	25,600	Bank loan plus 15 months interest paid at 8% on 31/12/2015	33,000
		Balance 31/12/2015	<u>15,670</u>
	<u>260,100</u>		<u>260,100</u>

You are given the following information and instructions:

- (i) Stocks on 31/12/2015; bar stock €16,900, catering stock €600.
- (ii) Investment interest due on 31/12/2015 was €400.
- (iii) Equipment owned on 31/12/2015 is to be depreciated at the rate of 20% of cost.
- (iv) Clubhouse and course to be depreciated by 2%.
- (v) Subscriptions include:
 1. Two life memberships bringing total life membership to 10.
 2. Subscriptions for 2016 amounting to €800.
 3. Levy for 2015 of €50 each on all 500 members.
 4. Levy for 2014 of €50 each due from 20 members.
- (vi) The club has decided that life membership is to be credited to income over a 10 year period commencing in 2015.
- (vii) The dishonoured cheque was not subsequently recovered and was written off as a bad debt.
- (viii) Bar debtors and creditors on 31/12/2015 were €500 and €1,230 respectively.

Required:

- (a) Show the club's accumulated fund (capital) on 01/01/2015. (25)
- (b) Show the income and expenditure account for the year ending 31/12/2015. (27)
- (c) Distinguish between 'levy' and 'life membership'. Explain how both are treated in the accounts. (8)

(60 marks)