

6. Club Accounts

Included among the assets and liabilities of Pine Wood Golf Club on 01/01/2013 were the following:

Clubhouse and course €720,000; Equipment (at cost) €45,000; Bar stock €12,400; Bar debtors €860; Bar creditors €5,300; Life membership €27,000; Levy Reserve Fund €40,000; Wages prepaid €500; Subscriptions due €700.

The club treasurer has supplied the following account of the club's activities during the year ended 31/12/2013:

Receipts and Payments Account of Pine Wood Golf Club for year ended 31/12/2013

Receipts	€	Payments	€
Bank current account	3,150	Bar purchases	87,900
Interest from 5% investments	2,900	Sundry expenses	176,500
Bar receipts	182,200	Repayment of €60,000 loan on	
Catering receipts	12,900	30/07/2013 together with	
Subscriptions	226,200	18 months interest	64,500
Annual sponsorship	24,000	Equipment	32,000
Sale of equipment (cost €3,500)	2,300	Catering costs	15,100
		Prize Bonds	3,800
		Coaching expenses	4,800
		Travel expenses	12,000
		Balance	57,050
	<u>453,650</u>		<u>453,650</u>

You are given the following additional information and instructions:

- (i) Bar stock on 31/12/2013 was €16,100.
- (ii) Equipment owned on 31/12/2013 is to be depreciated at the rate of 20% of cost.
- (iii) Clubhouse and course to be depreciated by 2%.
- (iv) Bar debtors and bar creditors on 31/12/2013 were €920 and €6,200 respectively.
- (v) Subscriptions include:
 1. Three life memberships, bringing total life membership to nine
 2. Subscriptions for 2014 amounting to €1,900
 3. Levy for 2013 of €100 each on 400 members
 4. Levy of €100 on 11 members for 2012.
- (vi) Investment interest due on 31/12/2013 was €600.
- (vii) Life membership to be written off over a ten year period commencing in 2013.

You are required to:

- (a) Show the Club's Accumulated Fund (Capital) on 01/01/2013. (30)
- (b) Show the Income and Expenditure Account for the year ended 31/12/2013. (35)
- (c) Show the Club's Balance Sheet on 31/12/2013. (20)
- (d)
 - (i) Explain what is meant by 'Life membership'.
 - (ii) The club is considering course improvements at a cost of €95,000. What advice would you give to the Treasurer of the club? (15)

(100 marks)