

- (a) Show the Club's Accumulated Fund (Capital) on 01/01/2015. (30)
 (b) Show the Club's Income and Expenditure Account for the year ended 31/12/2015. (35)
 (c) Show the Club's Balance Sheet on 31/12/2015. (20)

Accumulated Fund of East Coast Golf Club as at 1/1/2015			Income and Expenditure Account of East Coast Golf Club for year ended 31/12/2015		
	€	€		€	€
<u>Assets</u>			<u>Income</u>		
Clubhouse and course	780,000 (1)		Bar profit W1	103,660 (8)	
Equipment	65,000 (1)		Interest from investments W2	3,200 (2)	
Bar stock	13,700 (2)		Subscriptions W3	156,900 (6)	
Bar debtors	650 (2)		Annual sponsorship	15,000 (1)	
Wages prepaid	800 (2)		Life membership w/o (1) W4	5,000 (2)	283,760
Subscriptions due	600 (2)				
Bank	4,250 (2)		<u>Expenditure</u>		
4% Investments (1) W2	80,000 (2)		Loss on catering W5	2,900 (2)	
Levies due	900 (2)	945,900	Loss on sale of equipment W6	1,700 (2)	
			Sundry expenses W7	170,000 (2)	
<u>Liabilities</u>			Coaching expenses	5,700 (1)	
Bar creditors	7,900 (2)		Travel expenses	14,000 (1)	
Life membership	40,000 (2)		Loan interest (1) W8	3,200 (2)	
Levy Reserve Fund	45,000 (2)		Depreciation:		
Loan	80,000 (2)		Equipment W10	17,000 (1)	
Loan interest due (1) W8	4,400 (2)	177,300	Clubhouse and course W11	15,600 (1)	230,100
Accumulated Fund/Capital at 01/01/2015		768,600 (2)	Surplus of Income over Expenditure		53,660 (2)

- Accept correct figure only.
- Allow 1 mark for correct word(s) if figure is incorrect or omitted.

Balance Sheet of East Coast Golf Club as at 31/12/2015			
	€	€	€
	Cost	Dep.	NBV
<u>Fixed Assets</u>			
Clubhouse and course W11	780,000 (1)	•15,600 (1)	764,400
Equipment W9, 10	85,000 (3)	•17,000 (1)	68,000
	<u>865,000</u>	<u>32,600</u>	832,400
<u>Investments</u>			
4% Investments W2			•80,000 (1)
			<u>912,400</u>
<u>Current Assets</u>			
Bar stock		18,700 (1)	
Bar debtors		780 (1)	
Bank		29,480 (1)	
Investment interest due		400 (2)	
Prize bonds		3,500 (1)	
		<u>52,860</u>	
<u>Creditors: amounts falling due within 1 year</u>			
Bar creditors	5,800 (1)		
Subscriptions prepaid	2,200 (1)	(8,000)	
Working Capital			44,860
Total Net Assets			<u>957,260</u>
<u>Financed by:</u>			
<u>Creditors: amounts falling due after more than 1 year</u>			
Life membership W4			45,000 (1)
<u>Accumulated Fund</u>			
Balance at 01/01/2015		•768,600 (1)	
Surplus of Income for year		•53,660 (1)	
Levy Reserve Fund W12		90,000 (2)	912,260
Capital Employed			<u>957,260</u>

- Allow full marks for student's own figure if consistent with previous work.

7. Club Accounts (cont'd.)

Workings:		€	€		€
W1	Bar profit			W5	Loss on catering
	Bar receipts		192,730 (1)		Catering costs
	– Bar debtors 01/01/2015		(650)(1)		– Catering receipts
	+ Bar debtors 31/12/2015		780 (1)		Figure transferred to Inc. & Exp. a/c
			<u>192,860</u>		2,900
	<i>Less Cost of Sales</i>			W6	Loss on sale of equipment
	Bar stock 01/01/2015	13,700 (1)			Cost of equipment
	+ Bar purchases	96,300 (1)			– Sale of equipment
	– Bar creditors 01/01/2015	(7,900)(1)			Figure transferred to Inc. & Exp. a/c
	+ Bar creditors 31/12/2015	<u>5,800 (1)</u>			1,700
		107,900		W7	Sundry expenses
	– Bar stock 31/12/2015	<u>(18,700)(1)</u>	(89,200)		+ Wages prepaid 01/01/2015
	Figure transferred to Inc. & Exp. a/c		<u>103,660</u>		Figure transferred to Inc. & Exp. a/c
					170,000
W2	Interest from investments		2,800 (1)	W8	Loan interest
	+ Investment interest due 31/12/2015		400 (1)		Interest payable [€87,600 – €80,000]
	Figure transferred to Inc. & Exp. a/c		<u>3,200</u>		7,600
	4% Investments				Loan Interest [€7,600 × 8/19]
	Value [€3,200 ÷ 4%]		80,000		Figure transferred to Inc. & Exp. a/c
	Figure transferred to Accumulated Fund		80,000 (2)		3,200
	Figure transferred to Balance Sheet		•80,000 (1)		Interest due 01/01/2015 [€7,600 × 11/19]
					Figure transferred to Accumulated Fund
					4,400
W3	Subscriptions			W9	Equipment
	Subscriptions receipts		215,600 (1)		Cost 01/01/2015
	– Subscriptions due 01/01/2015		(600)(1)		– Sale of equipment
	– New life memberships [€2,500 × 4]		(10,000)(1)		+ Purchase of equipment
	– Subscriptions prepaid 31/12/2015		(2,200)(1)		Figure transferred to Balance Sheet
	– 2015 Levy [€90 × 500]		(45,000)(1)		85,000
	– 2014 Levy [€90 × 10]		<u>(900)(1)</u>		
	Figure transferred to Inc. & Exp. a/c		<u>156,900</u>	W10	Depreciation: Equipment
					Charge for year [€85,000 × 20%]
					Figure transferred to Inc. & Exp. a/c
					Figure transferred to Balance Sheet
					17,000
					17,000 (1)
					•17,000 (1)
W4	Life membership			W11	Depreciation: Clubhouse and course
	Balance 01/01/2015		40,000		Charge for year [€780,000 × 2%]
	+ New life memberships [€2,500 × 4]		10,000		Figure transferred to Inc. & Exp. a/c
	Total life membership		<u>50,000</u>		Figure transferred to Balance Sheet
					15,600
					15,600 (1)
					•15,600 (1)
	Life membership w/o [€50,000 ÷ 10]		5,000	W12	Levy Reserve Fund
	Figure transferred to Inc. & Exp. a/c		<u>5,000 (2)</u>		Balance 01/01/2015
					+ 2015 Levy [€90 × 500]
					Figure transferred to Balance Sheet
					90,000
					45,000 (1)
					45,000 (1)
					90,000

- Allow full marks for student's own figure if consistent with previous work.

7. Club Accounts (cont'd.)

- (d) The club is considering course improvements at a cost of €90,000.
What advice would you give to the Treasurer of the club? (15)

① Overall (2)

- would recommend to the Treasurer to carry out the improvements

② Benefits (2)

- these improvements should increase membership/usage of the course, restaurant and bar (1)
and therefore increase the annual surplus of income (1)

③ Reasons (2 × 1)

- the club is in a strong financial position - it has a surplus of income over expenditure of *€53,660 in the current year (1)
- the club has increased its bank balance to €29,480 after paying off a loan of €80,000 during the year (1)

④ Scenarios (7)

- to fund the expenditure of €90,000, the club could use the bank balance of €29,480 (1), the prize bonds of €3,500 (1) and withdraw €57,020 from the investment fund (1)
- Funds available = Investments + Prize bonds + Bank balance – Levy Reserve Fund
= *€80,000 + €3,500 + €29,480 – €90,000
= *€22,980 (2)

balance required *€62,020 could be borrowed in the short-term (1) and repaid quickly by the club through its regular income sources (1)

⑤ Caution (2)

- the club should avoid using any of the funds raised through the levy (1) as this is more than likely earmarked for other future capital expenditure (1)

- Allow full marks for student's own figure if consistent with previous work.

- ** Figures in brackets show the breakdown of marks if answer incomplete.

- ** Accept student's own wording if equivalent meaning conveyed.

- ** For the purposes of presentation and clarity, headings and bullets are shown in this marking scheme but are not necessary in a student's answer.