

**DEB**

**PAST PAPER**

**THEORY**

**60 Marks**

1. What points would you make as an ordinary member make concerning the proposed 5 year levy scheme to fund a €200,00 extension (10)

2011

**100 Mark**

2. Explain what is meant by a Special Purpose Profit and Loss Account and use (5)
3. The club is considering course improvements at a cost of €100,000 - What advice would you give to the treasurer of the club? (10)

2018

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

2016

5. Explain what is meant by a 'Life membership'. (5)
6. The club is considering course improvements at a cost of €95,000. What advice would you give to the Treasurer of the club (10)

2014

7. Explain, with examples, the difference between a levy on members and subscriptions. (15)

2010

**2011**

**What points would you make as an ordinary member make concerning the proposed 5 year levy scheme to fund a €200,00 extension (10)**

- There is no longer a need for the levy (2)
- The surplus income over expenditure for the year is €60,125 which is twice the levy for that year (4)
- The club has a total of €119,700 available for the extension, made up of cash €39,700 and investment €80,000 (4)

**2018**

**Explain what is meant by a Special Purpose Profit and Loss Account and use (5)**

1. Sometimes non-profit making organisations such as clubs prepare a Profit and Loss Account for activities that are carried out to make a profit (2)
2. all expenses and revenues relating to the particular activity are entered in a Special Purpose Profit and Loss Account and the profit/loss is then transferred to the Income and Expenditure Account (2)

For Example - running a club lotto, dances, bar, restaurant, etc. (1)

**The club is considering course improvements at a cost of €100,000 - What advice would you give to the treasurer of the club? (10)**

**Overall (1)**

1. would recommend to the treasurer to carry out the improvements

**Benefits (2)**

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

**Reasons (2 × 2)**

1. the club is capable of generating income from within (1)
2. it had a surplus of income over expenditure of €14,618 in the last financial year (1)
3. the club's financial position has improved dramatically in the last financial year (1)
4. it has moved from a bank overdraft of €6,300 to a positive balance of €33,050 as well as repaying a loan and purchasing equipment in that period (1)

### Scenarios( 2)

1. to fund the expenditure of €100,000, the club could use the bank balance of €33,050 (1) and withdraw €66,950 from the 4% Investment fund (1)
2. Funds available = Bank balance + Investments – Levy Reserve Fund  
= €33,050 + €95,000 – €90,000 = □€38,050 (1)
3. Balance required €61,950 could be borrowed in the short term and repaid quickly by the club through its regular income sources (1)

### Caution (1)

the club should avoid using any of the Levy Reserve Fund as this is more than likely earmarked for other future capital expenditure (1)

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|-------------|
| <b>2016</b> |
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**The club is considering course improvements at a cost of €90,000. What advice would you give to the Treasurer of the club? (15)**

### Overall (2)

1. would recommend to the Treasurer to carry out the improvements

### Benefits (2)

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

### Reasons (2 × 1)

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)
2. the club has increased its bank balance to €29,480 after paying off a loan of €80,000 during the year (1)

### Scenarios (7)

1. 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)
2. Funds available = Investments + Prize bonds + Bank balance – Levy Reserve Fund

$$= \square \text{€}80,000 + \text{€}3,500 + \text{€}29,480 - \text{€}90,000 = \square \text{€}22,980 \text{ (2)}$$

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

### **Caution (2)**

1. 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)

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| <b>2014</b> |
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### **Explain what is meant by a 'Life membership'. (5)**

1. a single payment (1) which entitles the member to use the club facilities for life (1)
2. life membership is written off against income (1) over a number of years (1)
3. the balance is shown as a long-term liability (1)

### **The club is considering course improvements at a cost of €95,000. What advice would you give to the Treasurer of the club (10)**

#### **Overall**

1. would recommend to the Treasurer to carry out the improvements

#### **Benefit (2)**

1. these improvements may enable the club to increase membership/usage of the course (1) and therefore increase the annual surplus of income as well as greater use of the club's restaurant and bar (1)

#### **Reasons (2 × 1)**

1. the company is in a strong financial position - it has a surplus of income over expenditure of \*€69,660 in the current year (1)
2. the club has increased its bank account to €57,050 after paying off a loan of €60,000 and 18 months interest during the year (1)

#### **Scenarios (2 × 2)**

1. to fund the expenditure of €95,000, the club could use the bank balance of €57,050, the prize bonds of €3,800 (1) and withdraw €34,150 from the investment fund (1) – Funds available = Investments + Prize Bonds + Bank Balance – Levy  
 = \*€70,000 + €3,800 + €57,050 – €80,000 = \*€50,850 (1)
2. Balance required \*€44,150 could be borrowed in the short-term and could repay the loan within one year (1), if the annual sponsorship continues

**Caution (2)**

1. the club should avoid using any of the funds raised through the levy (1) as this is more than likely earmarked for other purposes and these funds may be needed for future capital expenditure (1)

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| <b>2010</b> |
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**Explain, with examples, the difference between a levy on members and subscriptions. (15)**

**Levy (8)**

1. money collected for the purchase of a fixed asset (3)
  2. entered in 'Financed by' section of the Balance Sheet (3)
- For Example - buildings (2)

**Subscriptions (7)**

1. money collected from members for the day to day running of the club (3)
  2. entered in the income and expenditure account (3)
- For Example - grounds man's wages (1)