

6. Club Accounts

Included in the assets and liabilities of Crest Wood Golf Club on 01/01/2018 were the following:

Clubhouse and course €550,000, bar stock €5,800, equipment at cost €26,000, investment interest due €400, bar debtors €480, life membership €45,000, bar creditors €750, wages due €1,640, levy reserve fund €30,000, subscriptions received in advance €1,900.

All fixed assets have 2 years accumulated depreciation on 01/01/2018.

The club treasurer has supplied the following account of the club's activities during the year ended 31/12/2018.

Receipts and Payments account for the year ended 31/12/2018

Receipts	€	Payments	€
Subscriptions	126,900	Balance 01/01/2018	7,300
Catering receipts	8,500	Bar purchases	38,700
Interest on 4% investments	2,800	Catering purchases	4,900
Bar receipts	66,200	Purchase of equipment on 01/04/2018	15,000
Entrance fees	12,000	Sundry expenses	81,500
Annual sponsorship	7,400	Competition prizes	20,100
National Lottery grant	15,500	Coaching expenses	5,600
Competition receipts	28,000	Bank loan and 18 months' interest at 3% per annum on 31/05/2018	20,900
Transfer from building society	<u>10,000</u>	Balance 31/12/2018	<u>83,300</u>
	<u>277,300</u>		<u>277,300</u>

You are given the following additional information and instructions:

- (i) Bar stock (including catering stock €400) on 31/12/2018 was €13,600.
- (ii) Bar debtors and bar creditors on 31/12/2018 were €500 and €1,230 respectively.
- (iii) Investment interest due on 31/12/2018 was €300.
- (iv) Subscriptions include:
 - 1. Five new life memberships in addition to the fifteen from 2017.
 - 2. Subscriptions for 2019 amounting to €900.
 - 3. Levy for 2018 of €50 each from 600 members.
 - 4. Levy for 2017 of €50 each due from 20 members.
- (v) The club has decided that life membership is to be credited to income over a 10 year period commencing in 2018.
- (vi) The grant from the National Lottery was received on a once-off basis to support the day-to-day activities of the club. It is to be treated as a revenue item.
- (vii) Equipment owned on 31/12/2018 is to be depreciated at the rate of 20% of cost per annum. Clubhouse and course are to be depreciated by 2% of cost.
- (viii) Wages due on 01/01/2018 were owed to the club coach. Provide for a further €2,500 wages due on 31/12/2018.

Required:

- (a) Show the club's accumulated fund (capital) on 01/01/2018. (30)
- (b) Show the income and expenditure account for the year ending 31/12/2018. (35)
- (c) Show the club's balance sheet as at 31/12/2018. (25)
- (d) The club would like to build a new driving range at a cost of €350,000.
Outline the options available to the club in funding this project with reference to the accounts.

(10)

(100 marks)