

Q.6

Accumulated fund as at 01/01/2021

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Assets	€	€
Clubhouse – 6,880	365,120[4]	
Equipment -10,500	24,500[4]	
Bar stock	18,600[1]	
5% Investments	30,000[2]	
Bar debtors	400[1]	
Investment interest due	300[2]	
Levies due	<u>500[2]</u>	
		439,420
Liabilities		
Life membership	24,000[2]	
Bar creditors	8,300[1]	
Levy reserve fund	30,000[2]	
Wages due	900[1]	
Bank overdraft	13,900[2]	
Subs received in advance	1,500[1]	
Loan	30,000[2]	
Loan interest due W6	<u>1,500[2]</u>	
		<u>110,100</u>
Accumulated fund		<u>[1]329,320</u>

Income and Expenditure account for year ended 31/12/2021

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Income	€	€
Bar profit w1	55,500[6]	
Subscriptions w2	70,400[7]	
Life membership w3	3,200[3]	
Investment income w4	1500[3]	
Building society interest	720[2]	
Competition profit w5	9,500[2]	
Grant	<u>8,000[2]</u>	
		148,820
Expenditure		
Loan interest w6	900[3]	
Dep of equipment w7	12,450[3]	
Dep of Clubhouse w8	3,440[3]	
General expenses w9	<u>47,700[4]</u>	
		<u>64,490</u>
Surplus of income over expenditure		<u>84,330[2]</u>

Balance Sheet of Rock Rovers as at 31/12/2021

Fixed Assets	Cost	Dep.	NBV
Clubhouse and land	[1]372,000	[2]10320	361,680
Equipment	[1]83,000	[2]22,950	<u>60,050</u>
	455,000	33,270	421,730
4% Building society			[1]36,000
5% Investments			[1]30,000
			487,730
Current Assets			
Closing stock		17,000[1]	
Prize bonds		500[1]	
Bar debtors		800[1]	
Bank		4,100[1]	
Interest due		<u>720[2]</u>	
		23,120	
Current liabilities			
Creditors	6,400[1]		
Subscriptions prepaid	<u>2,000[1]</u>	<u>8,400</u>	
			<u>14,720</u>
Total net assets			<u>502,450</u>
Financed by			
Accumulated fund 01/01/2021		[1]329,320	
Surplus income over expenditure		[1]84,330	
		413,650	
Life membership		[1]28,800	
Levy reserve fund		[1]60,000	
			<u>502,450</u>

Workings			
1.	Bar trading a/c		
	Sales	$(120,500 + 800 - 400)$	120,900
	Cost of sales	$18,600 + 63,800 - 17,000$	65,400
	Gross profit		55,500
2.	Subscriptions	$109,400 + 1500 - 8,000 - 500 - 30,000 - 2,000$	70,400
3.	Life membership	$24,000 + 8,000$	32,000
4.	Investment income	$1,800 - 300$	1,500
5.	Competition profit	$28,400 - 18,900$	9,500
6.	Loan interest	$2400 \times \frac{9}{24} = 900$ I & E account $2400 - 900 = 1,500$ Acc Fund.	900 1,500
7.	Depreciation of equipment	$35000 \times .15 \times 2 = 10,500$ $(35,000 + 48,000) \times .15 = 12,350$	33,850
8.	Depreciation of clubhouse	$372,000 - 200,000 = 172,000 \times 2\%$	3,440 per year
9.	General expenses	$48,600 - 900$	47,700

(d) (i) Explain why some clubs charge levies.

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This is a charge made by a club to its members to fund a special project such as a clubhouse extension where the club does not wish to borrow. It must be used for the purpose for which it is collected.

(ii) Why are levies treated differently to annual subscriptions in the accounts?

A Levy receipt is a capital receipt (on a once off basis or for a specific number of years) and is credited to a Levy reserve fund. It is due to the members until it is used so it is treated as a long-term liability in the balance sheet until it has been used for the purpose it was intended.

Subscriptions is a revenue income (received annually) charged to members for the use of facilities provided by the club and is entered as income in the Income and Expenditure Account.