



**Leaving Cert**  
Accounting Higher Level  
Club Accounts  
Marking Schemes



# Accounting Higher Level Club Accounts Marking Schemes



2013 Paper – Section 1 – Question 4 – Marking Schemes

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(a)

<b>Accumulated Fund 1/1/2012</b>			
<b>Assets</b>		€	€
Clubhouse		680,000	
Bar stock		2,200	
Equipment		23,000	
Bar debtors		421	
Investments	W 1	30,000	
Bank current account		11,300	
Levy due (80 x15)		<u>1,200</u>	748,121
<b>Less Liabilities</b>			
Life membership		25,000	
Bar creditors		1,600	
Levy reserve fund		12,000	
Wages due		2,800	
Loan		40,000	
Loan interest due	W 2	3,300	
Subscriptions prepaid		<u>1,400</u>	<u>86,100</u>
Accumulated Fund/Capital 1/1/2012	[1]		<u>662,021</u> [2]

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(b)

<b>Income &amp; Expenditure Account for year ended 31/12/2012</b>			
<b>Income</b>		€	€
Bar profit	W 1	13,999	
Investment interest	W 2	1,200	
Arena rent		15,000	
Catering profit	[12,400 - 9,900]	2,500	
Annual sponsorship		73,000	
Lotto	[52,500 - 7,600]	44,900	
Subscriptions	W 4	45,800	
Life membership	W 5	<u>6,000</u>	202,399
<b>Less Expenditure</b>			
Sundry expenses	[103,600 - 2,800]	100,800	
Coaching expenses		4,600	
Loan interest	W 3	1,500	
Depreciation - Equipment		12,800	
Depreciation – Clubhouse and arena		<u>13,600</u>	<u>(133,300)</u>
<b>Surplus of Income over Expenditure for the year</b>			<u>69,099</u> [2]

# Accounting Higher Level Club Accounts Marking Schemes



(c) (i) [3]

Sometimes non-profit making organisations such as a club prepare a profit and loss account for activities that are carried out to make a profit e.g. running a club lotto, dances, bar, restaurant etc. 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.

(ii) [7]

The proposed levy would raise €150,000 over the next 5 years [200 x 150 x 5]

The club has funds amounting to:

Investments	30,000
Building society	28,000
Cash	<u>4,310</u>
	<u>62,310</u>

As a member I would make the case:

The proposed levy of €200 [120 + 80] amounts to 66% of the annual subscription.

An increased levy would discourage new members and perhaps cause a drop in membership.

The club is capable of generating enough income from within as it has a surplus of income amounting to €69,099 and it is financially sound as it has a cash balance of €4,310, building society investment of €28,000 and 4% government investments €30,000 totalling €62,310.

Although a sizeable proportion of the surplus is provided by sponsorship of €73,000 and it cannot be guaranteed in future years it should be noted that this figure is well below the non-recurring capital amount paid during the year i.e. equipment €41,000 and loan €44,800 amounting to €85,800.

The club should use the cash and investments totalling €62,310 and borrow the remainder of €90,000 approx or continue with current levy of €80 for 5 years plus use current funds and borrow €28,000 approx.

The improved facilities could:

- Increase the rent earned from the arena
- Increase membership
- Encourage increased advertising income

## Workings:

<b>1. Bar Trading Account</b>		€	€	
Sales	[42,410 + (190 - 421)]		42,179	
Less Cost of sales				
Stock 1/1/2012		2,200		
Add Purchases [28,700 + (1,330 - 1,600)]		<u>28,430</u>		
		30,630		
Less Closing Stock		<u>(2,450)</u>	<u>(28,180)</u>	
Bar Profit				= 13,999
<b>2. Investments</b>	[4% = 1,200]	100%		= 30,000
Investment interest	[900 + 300]			= 1,200
<b>3. Loan interest due 1/1/2012</b>	[4,800 - 1,500]			= 3,300
<b>4. Subscriptions</b>	[65,000 + 1,400 - 5,000 - 2,400 - 1,200 - 12,000]			= 45,800
<b>5. Life membership</b>	1/5 [25,000 + 5,000]			= 6,000

# Accounting Higher Level Club Accounts Marking Schemes



2011 Paper – Section 2 – Question 6 – Marking Scheme

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(a)

## Accumulated Fund at 1/1/2010

### Assets

Clubhouse and Grounds	250,000	[1]	
Equipment	75,000	[1]	
Bar stock	15,000	[2]	
Bar debtors	1,280	[2]	
Wages prepaid	400	[2]	
Subscriptions due	500	[2]	
Bank	1,140	[2]	
4% Government investments	50,000	[3]	
Levies due	<u>800</u>	[2]	394,120

### Less Liabilities

Bar creditors	8,400	[2]	
Life membership	24,000	[2]	
Levy Reserve	20,000	[2]	
Loan	30,000	[2]	
Loan Interest due	<u>1,584</u>	[3]	(83,984)
Accumulated Fund/Capital 1/1/2010			<u>310,136</u> [2]

(b)

## Income and Expenditure Account for the Year ending 31/12/2010

### Income

Bar profit	W 1	32,620	[6]	
Interest from investments		2,000	[3]	
Subscriptions	W 2	56,400	[6]	
Annual sponsorship		7,500	[1]	
Life membership written off	W 3	<u>6,000</u>	[2]	104,520

### Expenditure

Catering Loss	W 4	3,100	[2]	
Loss on sale of equipment		1,500	[2]	
Sundry expenses	W 5	24,400	[2]	
Coaching lessons		3,500	[1]	
Travel expenses		10,000	[1]	
Loan Interest		2,376	[2]	
Depreciation Equipment		19,750	[2]	
Depreciation Clubhouse and grounds		<u>5,000</u>	[2]	(69,626)
Surplus of income				<u>34,894</u> [3]

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# Accounting Higher Level Club Accounts Marking Schemes



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(c)

## Balance Sheet as at 31/12/2010

	€	€	€
<b>Fixed Assets</b>			
Clubhouse and Courts	250,000 [1]	5,000 [1]	245,000
Equipment	<u>79,000 [2]</u>	<u>19,750 [1]</u>	<u>59,250</u>
	<u>329,000</u>	<u>24,750</u>	304,250
<b>Investments</b>			
4% Government Investments			<u>50,000 [1]</u>
			354,250
<b>Current Assets</b>			
Closing Stock	13,300 [1]		
Debtors	300 [1]		
Bank	45,180 [2]		
Investment Interest due	500 [2]		
Prize Bonds	<u>4,400 [1]</u>	63,680	
<b>Less Creditors: amounts falling due within 1 year</b>			
Creditors	8,600 [1]		
Subscriptions prepaid	<u>300 [1]</u>	<u>(8,900)</u>	<u>54,780</u>
Total Net Assets			<u>409,030</u>
<b>Financed by</b>			
<b>Creditors: amounts falling due after more than 1 year</b>			
Life membership			24,000 [1]
<b>Accumulated Fund</b>			
Balance at 1 January 2010		310,136 [1]	
Add surplus of income		<u>34,894 [1]</u>	345,030
Levy Reserve			<u>40,000 [2]</u>
Capital Employed			<u>409,030</u>

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(d) (i)

### Limitations of a Receipts and Payments Account. [6]

- does not show whether the club is raising enough funds to cover its running costs
- amounts due but unpaid at the end of the accounting period are not included
- only shows an increase or decrease in cash although there could be outstanding bills
- does not take into account losses such as depreciation
- does not show whether the club bar or restaurant are profitable
- does not distinguish between receipts for the current year and other years



# Accounting Higher Level Club Accounts Marking Schemes



(d) (ii) [9]

Yes I would advise the treasurer to go ahead and install the floodlights. The improved facilities would allow longer use of club courts resulting in added income from usage. This could enable the club to increase its membership and thereby increase the annual surplus of income as well as greater usage of restaurant and bar.

The club is in a strong financial position: It has a surplus of income over expenditure of €3,894 in the current year. At this rate of surplus enough funds would be generated in little over two years.

The club has increased its bank balance to €45,180 after paying off a loan of €30,000 during the year. [includes levy €20,000]

To fund the expenditure of €70,000 the club could use the cash balance of €45,180, the prize bonds of €4,400 and withdraw €20,420 from the investment fund.

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

**Funds available without Reserve Fund**

Investments	50,000
Prize bonds	4,400
Bank balance	<u>45,180</u>
	99,580
Less Levy	<u>(40,000)</u>
Net available	<u>59,580</u>

Borrow the remainder in the short term as the club is capable of paying back quickly through its regular income sources.

# Accounting Higher Level Club Accounts Marking Schemes



## Question 6 - Workings

### 1. Bar Trading account for the year ending 31/12/2010

Sales (74,000 + 300 – 1,280)		73,020
Less Cost of Sales		
Opening stock	15,000	
Purchases (38,500 + 8,600 – 8,400)	<u>38,700</u>	
	53,700	
Closing stock	<u>(13,300)</u>	<u>(40,400)</u>
Bar profit		<u>32,620</u>

### 2. Subscriptions

Received	84,000	
<u>Less</u> subs due 1/1/2010	(500)	
Life membership	(6,000)	
Levy 2010	(20,000)	
Levy 2009	(800)	
Subs prepaid 31/12/2010	<u>(300)</u>	56,400

### 3. Life Membership

1/1/2010	24,000	
Amount received	6,000	
<u>less</u> transferred to P&L account	<u>(6,000)</u>	24,000

### 4. Catering Loss

Receipts	12,700	
Costs	<u>(15,800)</u>	3,100

### 5. Sundry Expenses

Payments	24,000	
Add wages prepaid	<u>400</u>	24,400

# Accounting Higher Level Club Accounts Marking Schemes



2008 Paper – Section 1 – Question 3 – Marking Scheme

		<u>Accumulated Fund 1/1/2007</u>		
<u>Assets</u>		€		
Clubhouse		750,000	[1]	
Bar stock		7,000	[1]	
Equipment		26,000	[1]	
Bar Debtors		535	[1]	
Investments	W 1	24,000	[2]	
Investment interest due		400	[2]	
Bank current account		14,000	[2]	
Levy due (250x10)		<u>2,500</u>	[2]	824,435
<b>Less Liabilities</b>				
Life membership		40,000	[2]	
Bar creditors		6,000	[1]	
Levy reserve fund		50,000	[2]	
Wages due		2,500	[1]	
Loan		30,000	[1]	
Loan interest due	W 2	2,600	[2]	
Subscriptions prepaid		<u>1,600</u>	[2]	<u>132,700</u>
Accumulated Fund/Capital 1/1/2007				<u>691,735</u> [2]



# Accounting Higher Level Club Accounts Marking Schemes



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(b)

## Income & Expenditure Account for year ended 31/12/2007

### Income

Bar profit		35,980	[4]	
Investment interest	W 3	1,200	[2]	
Entrance fees		15,000	[1]	
Catering profit (14,000-8,000)		6,000	[1]	
Annual sponsorship		25,000	[1]	
Subscriptions	W 4	194,500	[5]	
Life membership		4,200	[2]	281,880

### Less Expenses

Sundry expenses (186,400-2,500)		183,900	[2]	
Golf lessons		4,600	[1]	
Loan interest		1,000	[2]	
Depreciation - equipment		14,200	[1]	
Depreciation - clubhouse		15,000	[1]	(218,700)
<b>Surplus of Income over Expenditure for the year</b>				<u>63,180</u> [2]

### Bar Trading Account

		€	€
Sales	[110,490 + 275 - 535]		110,200
<u>Less</u> Cost of goods sold			
Stock 1/1/2007		7,000	
<u>Add</u> Purchases	[78,500 + 3,220 - 6,000]	75,720	
		82,720	
<u>Less</u> Closing Stock		(8,500)	(74,220)
Bar Profit			<u>35,980</u>

# Accounting Higher Level Club Accounts Marking Schemes



## Workings:

1. Investments	$5\% = 1,200$	$100\%$	$=$	24,000
2. Loan interest due 1/1/2007	$3,600 - 1,000$		$=$	2,600
3. Investment interest	$1,600 - 400$			1,200
4. Subscriptions	$1,600 + 250,000 - 2,000 - 50,000 - 2,500 - 2,600$		$=$	194,500

(c)

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(i) [3]

Sometimes non profit making organisations such as a club prepare a Profit and Loss account for activities that are carried out to make a profit e.g. running a club lottery, dances, bar, restaurants etc. All expenses and revenues relating to that particular activity are entered in a special profit and loss account and the profit is then transferred to the income and expenditure account.

(ii) [7]

The proposed levy would raise €200,000 over 4 years [250 x 200 x 4]

Yes/No

As a member I would make the case that the club is capable of generating enough income from within as it has a surplus of income of €63,180. The club is financially sound as it has cash of €13,960, building society investment of €60,000 and 5% government investments €24,000 totalling €97,960 even after it has paid off a loan and interest of €33,600 and had purchased equipment for €45,000.

However a sizeable proportion of the surplus is provided by Entrance Fees of €15,000 and Sponsorship of €25,000. This income cannot be guaranteed in future years.