

- 1 The treasurer of the Ocean Fishing Club has prepared the following receipts and payments account for the year ended 31 March 2014.

Receipts		Payments	
	\$		\$
Balance at 1 April 2013	6 570	Payments to trade payables	2 974
Subscriptions received	7 400	Shop wages	3 670
Donations	1 450	Administration expenses	2 790
Receipts from annual family day	2 300	New equipment	5 600
Shop takings	7 690	Repairs to equipment	2 500
		Transfer to deposit account	7 000
		Balance c/d	876
	<u>25 410</u>		<u>25 410</u>

	1 April 2013	31 March 2014
	\$	\$
Shop inventory	975	859
Trade payables for shop	560	784
Deposit account	6 000	13 000
Equipment at cost	9 800	?
Provision for depreciation	2 940	?
Repairs to equipment owing	420	370
Shop wages due	250	195
Shop fittings at net book value	750	640

### Additional information

- 1 The donations are to be capitalised.
- 2 There are 350 members who pay an annual subscription of \$20.

At 1 April 2013, 30 members had paid in advance for the coming year but 24 members had not yet paid for the year ended 31 March 2013.

At 31 March 2014, 10 members had yet to pay and some members had paid in advance but the treasurer has not yet calculated how many.

- 3 Interest of 5% per annum is credited to the deposit account by the bank on 31 March each year. This has not yet been entered in the books.

The transfer of \$7000 to the deposit account was made on the 31 March 2014.

- 4 Equipment is depreciated at 15% per annum using the reducing (diminishing) balance method. A full year's depreciation is charged in the year of purchase.

## REQUIRED

**(a)** Prepare the shop trading account for the year ended 31 March 2014.

[4]

[6]

[11]

### Additional information

The club wishes to buy a new boat for use by members. It will cost \$12 500.

### REQUIRED

(d) Suggest **three** ways the club could raise the finance to purchase the new boat.

- 1 .....
- .....
- 2 .....
- .....
- 3 .....
- ..... [3]

(e) State **one** advantage and **one** disadvantage of each method you have suggested.

- 1 Advantage
- .....
- .....
- .....
- .....
- Disadvantage
- .....
- .....
- .....
- .....