



## WAITING LISTS - DEPOSITS

*(reviewed August 2011)*

Many clubs today operate a deposit scheme for those persons wishing to join the club in the future. One purpose of this operation is reduce the numbers on the Waiting List to those who actually want to join rather than hopefuls who will have their name on the lists of all the clubs within the area. If a person is asked to pay a deposit of say £50 then it is argued that he/she will only do this if they intend to take up membership when offered. It also enables the club Committee/Directors to have a very good idea of how many persons are waiting to join the club at any one time.

If you adopt a policy of asking for a deposit then the following guidelines may well be helpful in having a clear cut policy.

- ✎ Before accepting a deposit, the club should have interviewed the applicant to ascertain that they are suitable for membership.
- ✎ It should be clearly stated if the deposit is part of the entrance fee or not.
- ✎ If the deposit is non-returnable then this should be clearly stated in all correspondence with the person.
- ✎ The deposit, if it forms part of the entrance fee, should be adjusted according to the full entrance fee relating to the category of membership.
- ✎ You need to ask advice of your Auditors in relation to any interest on this money if it is held in a separate account pending the person being offered membership.
- ✎ In a private members club, it is probably best to include the deposit as part of the entrance fee to avoid any likelihood of VAT.
- ✎ Be extremely careful before allowing these persons any concessions such as playing golf which could later be claimed as membership rights.
- ✎ If a deposit is a fee to join the list, then it may well be liable for VAT so best to treat it as part of the entrance fee and clearly state this.
- ✎ If you do not interview prospective members first before accepting a fee, then beware of problems if a person is later rejected by the Membership Committee and no refund is offered. If it is part of the entrance fee and they do not join, they may well have a legal right for a refund of the full amount.

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