

Level 3 Certificate in Bookkeeping and Accounting (RQF)  
Study Text Book Model Answers

**Lesson 12 – Prepare Financial Statements for a Not for Profit Club or Society**

**Question 12.1**

Which **one** of the following, prepared from the financial records of a club or society, is the equivalent of the profit and loss account prepared for a business organisation?

	✓
<b>Receipts and payments account</b>	
<b>Balance sheet</b>	
<b>Income and expenditure account</b>	✓

**Question 12.2**

Which **one** of the following represents a current asset to a club or society.

	✓
<b>Membership subscriptions received in advance</b>	
<b>Membership subscriptions receivable in arrears</b>	✓

**Question 12.3**

The following is a list of three terms commonly used in accounting for not for profit clubs and societies:

- Deficit
- Accumulated fund
- Surplus

In the table below you are given the equivalent terms to those above, but which are used in accounting for business organisations.

Using the column in the table 'equivalent accounting terms not for profit club or society', match the terms on the list above to those in the column in the table headed-up 'accounting terms business organisations'.

<b>ACCOUNTING TERMS BUSINESS ORGANISATIONS</b>	<b>EQUIVALENT ACCOUNTING TERMS NOT FOR PROFIT CLUB OR SOCIETY</b>
<b>Capital</b>	<b>Accumulated fund</b>
<b>Profit</b>	<b>Surplus</b>
<b>Loss</b>	<b>Deficit</b>

### **Question 12.4**

You are provided with the following information by the Treasurer of a local bowling club for which you are to prepare financial statements at the year-end 31 December 201Y:

#### **201Y**

- 31 Dec Subscriptions received in the year and paid into the clubs bank account £3,240
- 31 Dec Membership subscriptions received in advance £440
- 31 Dec Membership subscriptions receivable in arrears £40

Provided below is a subscriptions account which shows subscriptions received in advance and receivable in arrears at the beginning of the year already recorded in the account. You are to complete the account to clearly show the subscriptions income which would be transferred from the account at the year-end to the income and expenditure account. You are also provided with a prepaid income account and accrued income account to be used for accounting for the adjustments of subscriptions received in advance and receivable in arrears at the year-end.

The subscriptions account should be closed off at the year-end following the transfer of subscriptions income to the income and expenditure account. The prepaid income and accrued income accounts must be balanced of the show balances carried down (Balance c/d) at 31 December 201Y, and brought down (Balance b/d) at 1 January 201Z.

DR			Subscriptions		CR	
201Y	Details	£	201Y	Details	£	
1 Jan	Subscriptions in arrears	60	1 Jan	Subscriptions in advance	320	
<b>31 Dec</b>	<b>Income &amp; expenditure account</b>	<b>3,100</b>	<b>31 Dec</b>	<b>Bank</b>	<b>3,240</b>	
<b>31 Dec</b>	<b>Subscriptions in advance</b>	<b>440</b>	<b>31 Dec</b>	<b>Subscriptions in arrears</b>	<b>40</b>	
		<b>3,600</b>			<b>3,600</b>	

DR			Accrued Income		CR	
201Y	Details	£	201Y	Details	£	
<b>31 Dec</b>	<b>Subscriptions in arrears</b>	<b>40</b>	<b>31 Dec</b>	<b>Balance c/d</b>	<b>40</b>	
		<b>40</b>			<b>40</b>	
<b>201Z</b>	<b>Details</b>	<b>£</b>	<b>201Z</b>	<b>Details</b>	<b>£</b>	
<b>1 Jan</b>	<b>Balance b/d</b>	<b>40</b>				

DR			Prepaid Income		CR	
201Y	Details	£	201Y	Details	£	
<b>31 Dec</b>	<b>Balance c/d</b>	<b>440</b>	<b>31 Dec</b>	<b>Subscriptions in advance</b>	<b>440</b>	
		<b>440</b>			<b>440</b>	
<b>201Z</b>	<b>Details</b>	<b>£</b>	<b>201Z</b>	<b>Details</b>	<b>£</b>	
			<b>1 Jan</b>	<b>Balance b/d</b>	<b>440</b>	

### Question 12.5

The following information relates to the assets and liabilities of the Sprinters Athletics Club at 1 May 201Y:

	£
Club premises	75,000
Fixtures and fittings (NBV)	4,000
Sports equipment (NBV)	3,000
Minibus (NBV)	7,500
Subscriptions received in advance	280
Subscriptions receivable in arrears	80
Heat and light (accrued)	220
Clubhouse rates prepaid	820
Bank	2,180

#### REQUIRED:

Calculate the accumulated fund of the club members at 1 May 201Y. The following is provided for your use in completing this task:

<b>Sprinters Athletics Club</b>		
<b>Members Accumulated Fund at 1 May 201Y</b>		
	£	£
<b>Assets</b>		
Club premises	75,000	
Fixtures and fittings (NBV)	4,000	
Sports equipment (NBV)	3,000	
Minibus (NBV)	7,500	
Subscriptions receivable in arrears	80	
Clubhouse rates prepaid	820	
Bank	2,180	
<b>Total assets</b>		92,580
<b>Liabilities</b>		
Subscriptions received in advance	280	
Heat and light accrued	220	
<b>Total liabilities</b>		500
<b>Members accumulated fund at 1 May 201Y</b>		<b>92,080</b>

## Question 12.6

The Curlew Bird Watching Society currently has more than one-hundred members.

The following are the assets and liabilities of the society at 1 January 201Y:

	<b>£</b>
Subscriptions in arrears	100
Subscriptions in advance	250
Minibus (NBV)	4,800
Equipment (NBV)	2,000
Meeting room rent (accrued due)	350
Bank	1,200

The following receipts and payments account for the year ended 31 December 201Y has been prepared from the basic records kept by the Treasurer of the club:

### **Curlew Bird Watching Society Receipts and Payments Account for the Year Ended 31 December 201Y**

<b>Receipts</b>	<b>£</b>	<b>Payments</b>	<b>£</b>
Bank balance b/d 1 Jan 201Y	1,200	Meeting room rent	570
Subscriptions	3,600	Postage and stationery	90
Fund raising raffles	1,500	Raffle prizes	620
		Minibus running costs	1,960
		Donation to RSPB	500
		Visiting speakers expenses	120
		Equipment	1,000
		Sundry expenses	40
		Bank balance c/d 31 Dec 201Y	1,400
	<u>6,300</u>		<u>6,300</u>
Bank balance b/d 1 Jan 201Z	1,400		

The club Treasurer has also provided the following information:

1. Meeting room rent of £400 is due but unpaid at 31 December 201Y.
2. Subscriptions of £60 were in arrears at 31 December 201Y, subscriptions of £300 for the year ended 31 December 201Z, had been received in the year ended 31 December 201Y.
3. At the year-end 31 December 201Y the minibus is to be depreciated by £500, equipment is to be depreciated by £300 (the depreciation on equipment includes depreciation on the new equipment purchased in the year ended 31 December 201Y).

**REQUIRED:**

- A) Calculate the accumulated fund of the members of the Curlew Bird Watching Society at 1 January 201Y. The following is provided for your use in completing this task:

<b>Curlew Bird Watching Society</b>		
<b>Members Accumulated Fund at 1 January 201Y</b>		
	<b>£</b>	<b>£</b>
<b>Assets</b>		
Subscriptions in arrears	100	
Minibus (NBV)	4,800	
Equipment (NBV)	2,000	
Bank	1,200	
<b>Total assets</b>		<b>8,100</b>
<b>Liabilities</b>		
Subscriptions received in advance	250	
Meeting room rent accrued	350	
<b>Total liabilities</b>		<b>600</b>
<b>Members accumulated fund at 1 January 201Y</b>		<b>7,500</b>

- B) Using the income and expenditure account provided below, complete the income and expenditure account of the Curlew Bird Watching Society for the year ended 31 December 201Y.

<b>The Curlew Bird Watching Society Income and Expenditure Account for the Year Ended 31 December 201Y</b>			
	£	£	£
<b>Income</b>			
Subscriptions		3,510	
Raffles income	1,500		
<b>Less</b> raffle prizes	620		
Surplus on raffles		880	
Total income			4,390
<b>Expenditure</b>			
Meeting room rent		620	
Postage and stationery		90	
Minibus running costs		1,960	
Donation to RSPB		500	
Visiting speakers expenses		120	
Sundry expenses		40	
Depreciation charges		800	
Total expenditure			4,130
Surplus of income over expenditure			260

The following workings accounts are provided for your use when completing the income and expenditure account.

### Accounts Worksheet

<b>DR</b>		<b>Subscriptions</b>		<b>CR</b>	
<b>201Y</b>	<b>Details</b>	<b>£</b>	<b>201Y</b>	<b>Details</b>	<b>£</b>
1 Jan	Subscriptions in arrears	100	1 Jan	Subscriptions in advance	250
<b>31 Dec</b>	<b>Income &amp; expenditure account</b>	<b>3,510</b>	<b>31 Dec</b>	<b>Bank</b>	<b>3,600</b>
<b>31 Dec</b>	<b>Subscriptions in advance</b>	<b>300</b>	<b>31 Dec</b>	<b>Subscriptions in arrears</b>	<b>60</b>
		<b>3,910</b>			<b>3,910</b>



DR			Minibus (NBV)		CR	
201Y	Details	£	201Y	Details	£	
1 Jan	Balance b/d	4,800	31 Dec	Depreciation charge	500	
			31 Dec	Balance c/d	4,300	
		<b>4,800</b>			<b>4,800</b>	
201Z	Details	£	201Z	Details	£	
1 Jan	Balance b/d	4,300				

DR			Equipment (NBV)		CR	
201Y	Details	£	201Y	Details	£	
1 Jan	Balance b/d	2,000	31 Dec	Depreciation charge	300	
31 Dec	Bank	1,000	31 Dec	Balance c/d	2,700	
		<b>3,000</b>			<b>3,000</b>	
201Z	Details	£	201Z	Details	£	
1 Jan	Balance b/d	2,700				

DR			Depreciation Charges		CR	
201Y	Details	£	201Y	Details	£	
31 Dec	Minibus	500	31 Dec	Income & expenditure account	800	
31 Dec	Equipment	300				
		<b>800</b>			<b>800</b>	

C) Using the balance sheet provided below, complete the balance sheet of the Curlew Bird Watching Society at 31 December 201Y.

<b>The Curlew Bird Watching Society Balance Sheet at 31 December 201Y</b>			
	£	£	£
<b>Fixed Assets</b>			
Minibus (NBV)		4,300	
Equipment (NBV)		2,700	
			7,000
<b>Current Assets</b>			
Subscriptions in arrears	60		
Bank	1,400		
		1,460	
<b>Less Current Liabilities</b>			
Subscriptions in advance	300		
Meeting room rent accrued	400		
		700	
Working capital			760
Total assets less current liabilities			7,760
<b>Financed by:</b>			
Opening accumulated fund		7,500	
Add surplus in year		260	
Closing accumulated fund			7,760

## Question 12.7

Shuttlecocks Badminton Club meets twice a week when the club hires badminton courts for use by its members at the local sports centre. Members pay an annual subscription and a further subscription of £5 each time they play at the sports centre. The club also runs its own competitions and once a year a presentation-cum-disco evening is held. The club Treasurer has provided you with the following information:

### 1 Club assets and liabilities at 1 January 201Y:

	<b>£</b>
Membership subscriptions received in advance	180
Membership subscriptions receivable in arrears	20
Court hire (fees accrued)	260
Bank	1,350

### 2 Shuttlecocks Badminton Club Receipts and Payments Account for the Year Ended 31 December 201Y

<b>Receipts</b>	<b>£</b>	<b>Payments</b>	<b>£</b>
Bank balance b/d 1 Jan 201Y	1,350	Court hire	3,350
Subscriptions	4,070	Sundry expenses	120
Sale of disco tickets	750	Trophies	260
		League affiliation fee	25
		Minibus hire	650
		Disco expenses	300
		Stationery and postage	40
		Balance c/d	1,425
	<u>6,170</u>		<u>6,170</u>
Bank balance b/d at 1 Jan 201Z	1,425		

The club Treasurer has also provided the following information:

1. At 31 December 201Y some members have paid their member ship subscription for the following year. Subscriptions of £220 have been received in advance.
2. At 31 December 201Y membership subscriptions in arrears total £30.

3. The club pays for the use of the courts it uses at the sports centre monthly in arrears. At 31 December 201Y the club owes £240 to the sports centre for the hire of courts.

**REQUIRED:**

- A) Calculate the accumulated fund of members of Shuttlecocks Badminton Club at 1 January 201Y. The following is provided for your use in completing this task.

<b>Shuttlecocks Badminton Club</b>		
<b>Members Accumulated Fund at 1 January 201Y</b>		
	<b>£</b>	<b>£</b>
<b>Assets</b>		
Subscriptions in arrears	20	
Bank	1,350	
<b>Total assets</b>		<b>1,370</b>
<b>Liabilities</b>		
Subscriptions received in advance	180	
Court hire fees accrued	260	
<b>Total liabilities</b>		<b>440</b>
<b>Members accumulated fund at 1 January 201Y</b>		<b>930</b>

B) Prepare the club's income and expenditure account for the year ended 31 December 201Y. The following income and expenditure account and accounts worksheet are provided for your use in completing this task.

<b>Shuttlecocks Badminton Club Income and Expenditure Account for the Year Ended 31 December 201Y</b>			
	£	£	£
<b>Income</b>			
<b>Subscriptions</b>		4,040	
<b>Disco tickets</b>	750		
<b>Less disco expenses</b>	300		
<b>Surplus on raffles</b>		450	
Total income			4,490
<b>Expenditure</b>			
<b>Court hire</b>		3,330	
<b>Sundry expenses</b>		120	
<b>Trophies</b>		260	
<b>League affiliation fees</b>		25	
<b>Minibus hire</b>		650	
<b>Stationery and postage</b>		40	
Total expenditure			4,425
<b>Surplus of income over expenditure</b>			65

### Accounts Worksheet

<b>DR</b>		<b>Subscriptions</b>		<b>CR</b>	
<b>201Y</b>	<b>Details</b>	<b>£</b>	<b>201Y</b>	<b>Details</b>	<b>£</b>
<b>1 Jan</b>	<b>Subscriptions in arrears</b>	<b>20</b>	<b>1 Jan</b>	<b>Subscriptions in advance</b>	<b>180</b>
<b>31 Dec</b>	<b>Income &amp; expenditure account</b>	<b>4,040</b>	<b>31 Dec</b>	<b>Bank</b>	<b>4,070</b>
<b>31 Dec</b>	<b>Subscriptions in advance</b>	<b>220</b>	<b>31 Dec</b>	<b>Subscriptions in arrears</b>	<b>30</b>
		<b>4,280</b>			<b>4,280</b>

DR			Accrued Income		CR
201Y	Details	£	201Y	Details	£
31 Dec	Subscriptions in arrears	30	31 Dec	Balance c/d	30
		30			30
<b>201Z</b>	<b>Details</b>	<b>£</b>	<b>201Z</b>	<b>Details</b>	<b>£</b>
1 Jan	Balance b/d	30			

DR			Prepaid Income		CR
201Y	Details	£	201Y	Details	£
31 Dec	Balance c/d	220	31 Dec	Subscriptions in advance	220
		220			220
<b>201Z</b>	<b>Details</b>	<b>£</b>	<b>201Z</b>	<b>Details</b>	<b>£</b>
			1 Jan	Balance b/d	220

DR			Court Hire		CR
201Y	Details	£	201Y	Details	£
31 Dec	Bank	3,350	1 Jan	Court hire fees accrued	260
31 Dec	Court hire fees accrued	240	31 Dec	Income & expenditure account	3,330
		3,590			3,590

DR			Accrued Expenses		CR
201Y	Details	£	201Y	Details	£
31 Dec	Balance c/d	240	31 Dec	Court hire fees accrued	240
		240			240
<b>201Z</b>	<b>Details</b>	<b>£</b>	<b>201Z</b>	<b>Details</b>	<b>£</b>
			1 Jan	Balance b/d	240

- C) Using the balance sheet provided below, complete the balance sheet of the Shuttlecocks Badminton Club at 31 December 201Y.

<b>Shuttlecocks Badminton Club Balance Sheet at 31 December 201Y</b>			
	£	£	£
<b>Current Assets</b>			
<b>Subscriptions in arrears</b>	30		
<b>Bank</b>	1,425		
		1,455	
<b>Less Current Liabilities</b>			
<b>Subscriptions in advance</b>	220		
<b>Court hire fees accrued</b>	240		
		460	
Working capital			995
Total assets less current liabilities			995
<b>Financed by:</b>			
<b>Opening accumulated fund</b>		930	
<b>Add surplus in year</b>		65	
<b>Closing accumulated fund</b>			995