Non-profit Organisations & Club Accounts

www.aslevelaccounts.com

Prepared by D. El-Hoss

For Examiner's Use

2 The Netherdale Sports Club's Receipts and Payments Account shows the following transactions for the year ended 30 April 2006.

	$		$
RECEIPTS		PAYMENTS	
Balance b/d	20 000	National club fees	3 000
Subscriptions	72 000	Restaurant supplies	51 000
Restaurant takings	108 000	Purchase of clubhouse	50 000
Annual dance	8 900	Loan interest	2 200
Sale of equipment	6 000	Purchase of equipment	14 000
Loan to purchase clubhouse	20 000	Restaurant wages	22 000
		Repairs and maintenance	12 400
		Annual dance	4 950
		Administration of annual dance	320
		Electricity	11 000
		General wages	60 000
		Balance c/d	4 030
	234 900		234 900
Balance b/d	4 030		

When the club's bank statements for the year ended 30 April 2006 were studied, the following were discovered.

(i) Bank interest of $100 for the year had been credited in the bank statement but no entry appeared in the receipts and payments account.

(ii) Electricity was paid by direct debit at $1000 per month but the entry for January 2006 had been omitted from the receipts and payments account.

www.aslevelaccounts.com

(iii) $4000 had been banked for restaurant takings on 30 April 2006. This had been entered in the receipts and payments account but did not appear on the bank statement.

(iv) A cheque for $2800 for repairs and maintenance, posted on 29 April 2006, was included in the receipts and payments account but had not yet been presented to the bank for payment.

7

For Examiner's Use

REQUIRED

(a) (i) Update the Netherdale Sports Club's Receipts and Payments Account.

.....

.....

.....

.....

.....

..... [2]

(ii) Prepare a bank reconciliation statement at 30 April 2006 to reconcile the bank statement with the updated receipts and payments balance.

.....

.....

.....

.....

www.aslevelaccounts.com

..... [2]

Prepared by D. El-Hoss

For Examiner's Use

Additional information:

(i) Net book value of the equipment owned on 1 May 2005 was $56 000 and the equipment sold during the year ended 30 April 2006 had a net book value of $4000.

(ii) Depreciation on equipment is provided at 20 % reducing (diminishing) balance, with a full year's depreciation written off in the year of purchase and none in the year of sale.

(iii) The club's other assets and liabilities were as follows:

	1 May 2005	30 April 2006
	$	$
Restaurant stock	7 600	9 400
Creditors for restaurant supplies	4 400	5 200
Subscriptions in arrears	-	1 800
Subscriptions in advance	2 000	1 400
Fixtures and fittings	21 400	20 800

There were no purchases or sales of fixtures and fittings during the year.

REQUIRED

(b) (i) Prepare a Restaurant Trading Account for the year ended 30 April 2006. Depreciation, repairs and maintenance and electricity are **not** to be included in this account.

www.aslevelaccounts.com

[5]

For Examiner's Use

(ii) Prepare an Income and Expenditure Account for the year ended 30 April 2006.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

.....

..... [18]

Prepared by D. El-Hoss

For Examiner's Use

(c) State **three** reasons why, for most clubs, a Receipts and Payments Account is not always a satisfactory record of the club's activities.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [3]

www.aslevelaccounts.com **[Total: 30]**

Prepared by D. El-Hoss

For Examiner's Use

2 The Welcome Cricket Club has the following assets and liabilities.

	30 April 2011	1 May 2010
	$	$
Equipment (at cost)	104 000	40 000
Equipment – depreciation provision	14 400	4 000
Café inventory	4 800	6 500
Cash at bank	?	12 800
Subscriptions outstanding	3 600	2 200
Subscriptions paid in advance	3 500	5 000
Café staff wages accrued	4 000	500
Loan from cricket association	20 000	–
Loan interest	?	–

The receipts and payments for the year ended 30 April 2011 are:

Receipts	$
Café revenue (sales)	90 000
Subscriptions	34 000
Loan from cricket association	20 000
Donations	450
Ticket sales	14 560

Payments	$
Equipment	64 000
Rent	21 000
Heating and lighting	18 000
Wages of café staff	28 800
Café purchases for resale	36 000

www.aslevelaccounts.com

Additional information:

1 Wages are a direct cost of the café and are charged to the trading account.

2 The rent and heating and lighting are apportioned 40% to the café and 60% to the rest of the club.

3 The loan from the cricket association was received on 1 November 2010. Interest is payable at 10% per year.

4 Depreciation is charged to the income and expenditure account.

5

REQUIRED

For Examiner's Use

(a) Prepare the café income statement to show the gross profit and the profit for the year (net profit) made by the café during the year ended 30 April 2011.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....[8]

Prepared by D. El-Hoss

6

(b) Prepare the income and expenditure account of the Welcome Cricket Club for the year ended 30 April 2011.

For Examiner's Use

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

.....

.....

.....[14]

Prepared by D. El-Hoss

7

(c) Prepare the balance sheet of the Welcome Cricket Club at 30 April 2011.

For Examiner's Use

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....[8]

[Total: 30]

Prepared by D. El-Hoss

For Examiner's Use

1 The Gala Golf Club's accounts included the following balances.

at 31 December	2001	2002
	$	$
Fixed assets (net book value)	85 600	119 680
Amounts owed by the Club		
Wages – maintenance staff	2 060	2 500
– café	760	840
Electricity	220	260
Rent	1 440	1 640
Creditors – maintenance	3 040	4 200
– café	760	700
Stock – café	420	370
Subscriptions due and unpaid	31 800	33 200

20% of the cost of electricity and rent is charged to the café.

The Receipts and Payments Account for the year ended 31 December 2002 was as follows.

	$		$
Balance b/d	32 400	Wages – maintenance	102 800
Café takings	110 800	Wages – café	42 400
Subscriptions	313 600	Equipment	66 000
Sale of grasscutter	2 000	Fixtures	26 000
		Maintenance	94 200
		Electricity	19 000
		Rent	65 600
		Purchases for café	38 600
		Balance c/d	4 200
	458 800		458 800

www.aslevelaccounts.com

The grasscutter had been bought in 1999 for $4 000. Depreciation is calculated at 20% per annum on a straight line basis and is applied in the year of purchase but not in the year of sale. Show **all** workings.

REQUIRED

(a) Calculate the Accumulated Fund at 1 January 2002.

.....

.....

.....

.....

.....

.....

.....

.....

.....[4]

For Examiner's Use

(b) Prepare the Café Trading Account for the year ended 31 December 2002.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

.....

.....

.....[4]

[Turn over

For Examiner's Use

(c) Prepare the Club Income and Expenditure Account for the year ended 31 December 2002.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....[9]

For Examiner's Use

(d) Prepare the Club Balance Sheet as at 31 December 2002.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

.....

.....

.....[5]

(e) **(i)** State **two** accounting methods of treating donations received by the Club.

.....

.....

.....

.....

.....[4]

[Turn over

For Examiner's Use

(ii) Distinguish between a Receipts and Payments Account and an Income and Expenditure Account.

.....

.....

.....

.....

.....

.....

.....

.....

.....[4]

www.aslevelaccounts.com

For Examiner's Use

2 The following is the Receipts and Payments account of the Outerspace Sports and Social Club for the year ended 31 October 2005.

	$		$
Balance b/fwd	5 950	Clubhouse	65 000
Subscriptions	17 600	Equipment	7 400
Restaurant sales	62 100	Wages	23 400
Loans from members	60 000	Equipment repairs	4 320
		Restaurant supplies	35 500
		Annual dance	3 750
		General expenses	5 420
		Balance c/fwd	860
	145 650		145 650

Additional information

	31 October 2004 $	31 October 2005 $
Subscriptions in arrears	550	650
Subscriptions in advance	100	450
Restaurant stock	6 390	7 520
Restaurant creditors	4 235	4 785
Annual dance costs owing	50	125
Clubhouse at cost		65 000
Equipment at cost	8 000	15 400
Loan from members		60 000
Provision for depreciation on equipment	2 000	?

REQUIRED

(a) Calculate the Club's accumulated fund at 1 November 2004.

www.aslevelaccounts.com

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....[4]

For Examiner's Use

The original equipment was purchased on 1 November 2003, the date the club opened.
Depreciation is charged at 2% straight-line on the clubhouse and 25% reducing balance on equipment. Depreciation is charged for a complete year in the year of purchase.
Repairs were to original equipment.
All subscriptions owing in the year ended 31 October 2004 were paid during the year ended 31 October 2005.
Interest on the loan from members, which was received on 1 November 2004, is payable at the rate of 5% per annum.

$2200 of the new equipment is for use in the restaurant.
The general expenses include $2100 which should be charged to the restaurant.
One third of the wages are paid to restaurant staff.

REQUIRED

(b) Prepare the restaurant Trading account for the year ended 31 October 2005.

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....[6]

Prepared by D. El-Hoss

For Examiner's Use

(c) Prepare the club's Income and Expenditure account for the year ended 31 October 2005.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

.....

.....[20]

[Total: 30]

Prepared by D. El-Hoss

For Examiner's Use

2 The following is the receipts and payments account of the Rumbledethumps Bowling Club for the year ended 30 September 2009.

Receipts	$	Payments	$
Opening balances		Greenkeeper's wages	25 000
Cash	850	Insurance	3 450
Bank current account	12 150	Furniture for clubhouse	2 150
Bank deposit account	84 500	Secretary's honorarium	2 000
Subscriptions		General expenses	8 950
Ordinary	31 200	Clubhouse repairs	3 540
Life	10 000	Band for dinner dance	500
Café takings	94 320	Other dance expenses	4 730
Dinner dance	6 000	Café refreshments	43 500
		Café wages	23 500
		Clubhouse rates	4 500
		Closing balances	
		Cash	530
		Bank current account	10 980
		Bank deposit account	105 690
	239 020		239 020

The following information is also available:

Other assets and liabilities of the club at 30 September

	2008 $	2009 $
Clubhouse	120 000	120 000
Café refreshment stock	9 500	10 500
Creditors for café refreshments	6 700	7 900
Insurance prepaid	430	550
Rates accrued	900	950
Furniture and fittings	26 200	25 400
Subscriptions prepaid	2 200	2 400
Subscriptions due and unpaid	2 800	2 600

www.aslevelaccounts.com

Life membership was introduced on 1 October 2008 when five life members were admitted and paid $2000 each. It was decided that life membership should be accounted for separately and credited to ordinary revenue over twenty years, in equal amounts.

Interest on the bank deposit account of $4500 for the year ended 30 September 2009 had not been taken into account at the year end.

REQUIRED

For Examiner's Use

(a) Prepare the café trading account for the year ended 30 September 2009.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

.....

.....

.....

..... [4]

Prepared by D. El-Hoss

(b) Prepare the club income and expenditure account for the year ended 30 September 2009.

For Examiner's Use

www.aslevelaccounts.com

[10]

Prepared by D. El-Hoss

(c) Prepare the club balance sheet at 30 September 2009.

For Examiner's Use

www.aslevelaccounts.com

[12]

(d) State **two** advantages and **two** disadvantages of using a receipts and payments account instead of an income and expenditure account, in a non-trading organisation.

For Examiner's Use

.....

.....

.....

.....

.....

..... [4]

[Total: 30]

www.aslevelaccounts.com

Prepared by D. El-Hoss

2 The following information is given about the Schubert Music Club.

For Examiner's Use

Schubert Music Club
Balance Sheet at 31 December 2008

	Cost	Depreciation	Net Book Value
Non-current (Fixed) Assets	$	$	$
Clubhouse	50 000	10 000	40 000
Instruments	6 000	5 000	1 000
	56 000	15 000	41 000
Current Assets			
Inventory (stock) of cafe supplies		4 000	
Subscriptions in arrears		400	
Cash and cash equivalents (bank)		2 100	
		6 500	
Current Liabilities			
Trade payables (creditors) for cafe supplies	3 000		
Cafe expenses owing	1 200		
Subscriptions in advance	300		
		4 500	2 000
			43 000
Accumulated fund			41 000
Life subscriptions			2 000
			43 000

Schubert Music Club
Receipts and Payments Account for the year ended 31 December 2009

www.aslevelaccounts.com

	$		$
Balance b/d	2 100	Suppliers for cafe	8 400
Subscriptions – 2008	300	Cafe expenses	4 200
Subscriptions – 2009	2 200	Wages – cafe staff	5 000
Life subscriptions	4 000	Clubhouse repairs	6 000
Cafe takings	18 500	Sundries	2 500
		Balance c/d	1 000
	27 100		27 100

Additional information at 31 December 2009

1 Inventory (stock) for the cafe was $2 000.

2 Suppliers for cafe purchases were owed $2 200.

3 Cafe expenses of $50 were owing.

4 Depreciation is to be charged on a straight line basis:
Clubhouse: 4% on cost per annum
Instruments: $1 000 per annum

For Examiner's Use

5 Life subscriptions are available under a scheme which started 8 years ago. The cost remains at the original $500 per person. At 31 December 2008 there were six members with life subscriptions.

The life subscriptions are brought into income over 20 years commencing from the year in which payment of life subscription takes place.

6 The ordinary subscription rate for 2009 was $100 per person. This is to be increased by 50% in 2010.

No subscriptions are prepaid for 2010.

$300 remained owing from 2009 but these are expected to be received during January 2010.

Subscriptions owing at 31 December 2008, which were not received during 2009, are to be written off as bad debts.

REQUIRED

(a) Prepare a Subscriptions Account for ordinary members for the year ended 31 December 2009 (a life subscriptions account is **not** required).

.....

.....

www.aslevelaccounts.com

.....

.....

.....

.....

..... [7]

Prepared by D. El-Hoss

8

(b) Prepare a Cafe Trading Account for the year ended 31 December 2009.

For Examiner's Use

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

www.aslevelaccounts.com

..... [8]

(c) Prepare an Income and Expenditure Account for the year ended 31 December 2009.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

For Examiner's Use

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

..... [9]

The treasurer had suggested increasing cafe prices and the rate of lifetime subscriptions but the club committee refused to do this.

www.aslevelaccounts.com

Instead, the committee decided to raise the ordinary subscriptions by 50%.

REQUIRED

(d) Suggest **three** additional ways in which the club could try to minimise or eliminate the deficit in future years.

1 .....

.....

2 .....

.....

3 .....

..... [6]

[Total: 30]