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LESSON NOTES

WORKSHEET 7

School: Ba Sangam College

Year: 1201

Name: _____

Subject: Accounting

Strand	4- Accounting Reports
Sub Strand	Non- Profit Organisation
Content Learning Outcome	Explore Non – Profit Organisations and their financial reporting

CLUBS

INCORPORATED CLUBS

Are organisations that are registered under the Charitable Trusts Act.

Features of Incorporated Clubs

- It has limited liability and is a separate legal entity.
- The account has to be audited.
- Need to keep adequate accounting records at all times.

UNINCORPORATED CLUBS

Are organisations that are not registered under the Charitable Trusts Act [Cap 67].

Features of Unincorporated Clubs

- Does not require accounts to be audited.
- It has unlimited liability and is not a separate legal entity.

Reasons for auditing Financial Reports of Registered Clubs

- To get a true and fair picture of the day to day running of the club.
- To check the accuracy of the financial reports for decision making purposes.
- To meet the objective of *accountability and transparency* as the donors and other stakeholders would want to know how their resources have been utilised.

The Financial Reports of a Club At the end of the financial year the treasurer of the club prepares the following financial statements:

1. Statement of Receipts and Payments.
2. Trading Activity Statement.
3. Income and Expenditure Statement.
4. Statement of Financial Position (Balance Sheet)

Subscriptions

Is a major form of revenue for the club. It is an annual fees (levy) paid by members to be part of the club or to become bona fide members of a club.

Subscriptions in Arrears (Subscriptions Due)

Means members did not pay or clear the dues on the balance day. These are treated as **current assets** in the Statement of Financial Position.

Subscriptions Received In Advance

Means subscriptions received on the balance day which relates to future accounting periods. It represents a **current liability**.

Subscriptions Written off

when subscriptions are not recoverable from members, they are written off as bad debts. Subscriptions written off is an **expense** to the club and therefore must be shown in the **subscriptions account** as well as in the Income and Expenditure Statement as expenditure.

Fixed Membership

□ Some clubs have fixed membership. The number of members and their annual subscriptions is given in their annual reports. For instance, there are 60 members in a club and the annual subscription is \$10 per member. The total subscriptions for the year is (60 x \$10 = \$600). This amount will represent the subscriptions for the current year and will appear in the Income and expenditure statement as income from subscriptions.

Activity

1. Subscription due at the end of the current accounting period is classified as

A. Income.

C. Expenditure.

B. Current Assets.

D. Current Liabilities.

(1 mark)

2. State three procedures for forming a club.

(3 marks)

3. State the two Features of Incorporated Clubs

4. State the two Features of unincorporated Clubs

(4 marks)

5. Define the following terms.

a. Subscriptions

b. Subscriptions in Arrears (Subscriptions Due)

c. Subscriptions Received In Advance

d. Subscriptions Written off

(4 marks)

6. State the two Financial Reports prepared by a Club.

(2 marks)

THE END