

PENANG SANGAM HIGH SCHOOL

P. O BOX 44, RAKIRAKI

LESSON NOTES WEEK 9

SUBJECT: ACCOUNTING

YEAR/LEVEL: 12

Strand 4: ACCOUNTING REPORTS

Sub-strand 4.2: Non- Profit Organisations

Content Learning Outcome: Explore Non-profit organisations and their financial Reporting.

Lesson Notes:

After income and expenditure statement non-profit organisations prepare Statement of financial position (Balance sheet).

Statement of Financial Position (Balance Sheet)

Is prepared at the end of each accounting period to record assets, liabilities and accumulated funds of the club or society.

- Instead of capital account it is replaced by **Accumulated Funds**. (As there is no owner of non-trading concern)
- Total Assets – Total Liabilities = Accumulated Fund

Note: The surplus is added to Accumulated fund in the Statement of Financial Position while deficit is subtracted.

Example of Format:

XX Club Statement of Financial Position as at XXX			
<u>Current Assets</u>	\$	\$	\$
Cash at bank		xx	
Refreshment Debtors		xx	
Subscription in arrears/due		xx	
Prepaid expenses		xx	
Refreshment inventories(closing)		xx	
Income dues		<u>xx</u>	xx
<u>Add Non-Current Assets</u>			
Investments			xx
Fixed Assets			
Clubhouse at cost		xx	
Furniture and fittings	xx		
<u>Less</u> Provision for depreciation on furniture and fittings	<u>xx</u>	<u>xx</u>	xx

Intangible Assets (Goodwill/Patents/copyright)			<u>xx</u>
Total Assets			xxx
Less Liabilities			
Current Liabilities			
Refreshment Creditors	xx		
Subscription in advance	xx		
Bank overdraft	xx		
Expenses due/arrears	xx		
Income received in advance	<u>xx</u>	xx	
Long Term Liabilities			
Mortgage		<u>xx</u>	<u>xx</u>
Net Assets			<u>xxx</u>
Accumulated Fund			
Balance		xx	
Add Entrance Fees		xx	
Add Surplus/ Less Deficit		<u>xx</u>	
			<u>xxx</u>

ACTIVITY: Refer to the Notes and format given above to solve the following activity. The following information is taken from the books of Taria Social Club.

Balance Sheet as at 31 st December 2015			
<u>Assets</u>	\$	<u>Liabilities</u>	\$
Cash at bank	12 500	Accounts payable	12 800
Inventories	20 500	Wages due	800
Accounts receivable 6 700		Loan	9 000
Less: Provision for Doubtful Debts <u>500</u>	6 200		
Furniture 23 000			
Less Acc. Dep on Furniture 2000	21 000	Accumulated funds	55 000
Computer	17 400		
	<u>77 600</u>		<u>77 600</u>

During 2016, the following are their receipts and payments:

Receipts		Payments	
Subscription	21 000	Purchase of Computer	3 200
Entrance fees	800	Wages	700
Donations	2 000	General Expenses	700
Tournament fees	800	Electricity and Telephone	80
		Creditors	1 200

Additional Information:

1. Subscription due \$380.
2. Subscription received in advance at the end of the year \$200.
3. The wages of \$100 was unpaid on the balance day.
4. The cash at bank balance was \$14 900.
5. Furniture worth \$500 was sold for \$700.
6. The depreciation provided on furniture was 1 100.
7. The excess of income over expenditure was \$10 190.
8. Closing inventories was \$25 510.

Required:

Prepare in the Vertical form, a fully classified **Statement of Financial Position** of Taria Social Club as at 31st December, 2016.

We will discuss the activities in the next lesson.