

UNIT 9 Clubs and Societies and Incomplete Records

Recommended Prior Knowledge Students should have a thorough understanding of the format of final accounts before starting this Unit. They will also find it helpful to have excellent double entry skills and good understanding of cash books, control accounts and the typical adjustments which feature in final accounts and balance sheets.

Context At this stage of their studies, students should be able to prepare final accounts of a variety of organisations beginning with a trial balance. This Unit challenges the understanding of candidates by looking at a variety of situations where a trial balance is unavailable.

Outline Although clubs and societies are a form of organisation and incomplete records describe a situation of limited information, the skills required are similar. Students will need to calculate amounts and reconstruct accounts and other statements to prepare relevant information to include in final accounts.

Syllabus Ref.	Learning Outcomes	Suggested Teaching Activities	Online Resources	Other resources
4.3	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> distinguish between receipts and payments accounts and income and expenditure accounts <ul style="list-style-type: none"> prepare accounts for the following - receipts and payments, revenue generating activities e.g. refreshments, and subscriptions prepare Income and Expenditure Accounts and Balance Sheets 	<p>Explain that receipts and payments are cash based measures. Income and expenditure are based on accruals (explain the concept and relate to accruals and prepayments).</p> <p>A receipts and payments account is the equivalent of a cash book in a club or society. An income and expenditure account is the club/society equivalent of a profit and loss account. Illustrate by example.</p> <p>Clubs and societies raise money from members by subscription and it is very common to have to prepare a subscription account. Illustrate and practice this showing how cash based measures and subscriptions in advance and arrears are included in ledger accounts. This is used by examiners as a thorough test of double entry skills.</p>	<p>http://accounting10.tripod.com/Slides25.1.ppt</p> <p>http://teachers.cie.org.uk/teacher_support/pdf/7110_w03_qp_1.pdf</p> <p>http://www.bized.ac.uk/stafsu/p/options/accounting/work09.htm</p> <p>http://teachers.cie.org.uk/teacher_support/pdf/7110_s02_qp_2.pdf</p>	<p>BKA 34 IGSCE 16 BM 56, 57, 58, 59, 60</p> <p>CIE Nov 2003 Paper 1 Q30</p> <p>CIE Jun 2002 Paper 2 Q4</p>

Syllabus Ref.	Learning Outcomes	Suggested Teaching Activities	Online Resources	Other resources
4.3	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> • prepare accounts for the following - receipts and payments, revenue generating activities e.g. refreshments, and subscriptions • prepare Income and Expenditure Accounts and Balance Sheets 	<p>Clubs and societies also generate income by activities which are similar to trading, one common example being through the provision of refreshments. In the same way as a conventional trading account, a refreshments account includes income from sales, expenditure on purchases (of refreshments for resale) and opening and closing stocks of refreshments.</p> <p>In the same way as with any type of business, the profit or loss on refreshments is brought into the Income and Expenditure Account (equivalent of the profit and loss account).</p> <p>Illustrate the similarities and differences between club and society final accounts and balance sheets with those of businesses. The main differences being:</p> <ul style="list-style-type: none"> • Calculation of surplus or deficit rather than profit or loss • Minor differences in terminology • A club or society has an Accumulated Fund rather than capital. <p>A common task in examinations is to calculate the opening accumulated fund as the difference between assets and liabilities. Practice is helpful to students in clarifying matters such as whether advance subscriptions are included as an asset or a liability in such a calculation.</p>	<p>http://www.accaglobal.com/publications/studentaccountant/772048?session=fffffffefffffffc28288ca40a137f0d9a9c4f8c6ad2017d5a4837ffa10d34f</p> <p>http://teachers.cie.org/teacher_support/pdf/7110_s03_qp_1.pdf</p>	<p>CIE Jun 2003 Paper 1 Q32</p>

Syllabus Ref.	Learning Outcomes	Suggested Teaching Activities	Online Resources	Other resources
4.1	Candidates should be able to: <ul style="list-style-type: none"> • prepare Income and Expenditure and Balance Sheets for clubs and societies including the various adjustments covered in Unit 3 	Students should practice preparing the accounts of clubs and societies including progressively more adjustments adding to the complexity of the final accounts.	http://teachers.cie.org.uk/teacher_support/pdf/7110_s02_qp_1.pdf	CIE Jun 2002 Paper 1 Q32, 33
4.4	<ul style="list-style-type: none"> • prepare opening and closing statements of affairs from incomplete records • calculate net profit/loss from change in capital over time • compute sales and purchases figures and gross profit from incomplete information 	<p>Reconstructing information requires a definite set of past figures. This often involves preparing statements of affairs. By illustrating these to students as being effectively balance sheets, the format will already be familiar and they can add to what they already know.</p> <p>In earlier Units students have seen how profits or losses can be calculated when computing capital. This skill is again used here and students who see this as revision of earlier work rather than new work may find it easier to apply.</p> <p>Sales and purchases may be calculated by using ledger accounts or control accounts. Again this is drawing on and revising earlier work and students are likely to find this more straightforward than taking an approach of making separate calculations as is seen in some texts.</p>	<p>http://www.accaglobal.com/publications/studentaccountant/35933?session=ffffffffffffffc28288ca40a137f0d9a9c4f8c6ad2017d5a4837ffa10d34f</p> <p>http://teachers.cie.org.uk/teacher_support/pdf/7110_w01_qp_2.pdf</p> <p>http://teachers.cie.org.uk/teacher_support/pdf/7110_w02_qp_1.pdf</p> <p>http://teachers.cie.org.uk/teacher_support/pdf/7110_s02_qp_1.pdf</p>	<p>BKA 33 IGSCE 15 BM 67, 68, 69</p> <p>CIE Nov 2001 Paper 2 Q2</p> <p>CIE Nov 2002 Paper 1 Q35</p> <p>CIE Jun 2002 Paper 1 Q34</p>

Syllabus Ref.	Learning Outcomes	Suggested Teaching Activities	Online Resources	Other resources
4.4	<p>Candidates should be able to:</p> <ul style="list-style-type: none"> • apply the following techniques to arrive at missing figures - mark up, margin, stock turnover <ul style="list-style-type: none"> • comment upon the importance of providing information on profitability and financial position of enterprises when the books of account are not compiled by the double entry system 	<p>Explain mark up and margin. Students often confuse the two. It may be useful to provide them with common equivalents to remember (e.g. 100% mark up is the same as a 50% margin; a 50% mark up is a $33\frac{1}{3}\%$ margin; $33\frac{1}{3}\%$ mark up is a 25% margin; 25% mark up is a 20% margin)</p> <p>Turnover is a term used in some text as sales so it is important that students understand what is meant by stock turnover, how it is calculated and expressed. Students should practice making stock turnover calculations in terms of times and in days/weeks/months.</p> <p>Students should be aware that final accounts and balance sheets are prepared to provide useful information and be ready to explain that usefulness. In class discussion can be useful to bring out relevant points.</p>	<p>http://www.accaglobal.com/publications/studentaccountant/11670?session=ffffffefffffffc28288ca40a137f0d9a9c4f8c6ad2017d5a4837ffa10d34f</p> <p>http://teachers.cie.org.uk/teacher_support/pdf/7110_s03_qp_2.pdf</p>	<p>CIE Jun 2003 Paper 2 Q2</p>