

- 3 The Favourite Book Club was formed several years ago. The subscription amount of \$52 per annum has remained unchanged since the club started. All subscriptions are paid by cheque or credit transfer.

The treasurer provided the following information.

	At 1 January 2022	At 31 December 2022
	\$	\$
Subscriptions in advance	260	156
Subscriptions in arrears	468	1040
Insurance paid in advance	348	366
Cash at bank	68	114

For the year to 31 December 2022:

Receipts	\$
Subscriptions received	5356
Payments	
Rent paid	2080
Insurance paid	732
General expenses paid	2498

The club had 128 members in 2021 and 120 in 2022. The treasurer is aware that 4 current members will not pay their subscriptions for 2022. She has decided to write these subscriptions off.

REQUIRED

- (a) Prepare the subscriptions account for the year ended 31 December 2022. Balance the account and bring down the balances on 1 January 2023.

Question	Answer						Marks
3(a)	Favourite Book Club Subscriptions account						7
	Date	Details	\$	Date	Details	\$	
	2022			2022			
	Jan 1	Balance b/d	*468	Jan 1	Balance b/d	* 260	
	Dec 31	Income & Expenditure		Dec 31	Bank	5356	
		(1) OF	6240		Income and expenditure		
		Balance c/d	156		subscriptions written off	(1) 208	
					Balance c/d	1040	
	2023		6864	2023		6864	
	Jan 1	Balance b/d	(1) 1040	Jan 1	Balance b/d	(1) 156	
	<p>* both balances b/d +(1) Correct dates including years</p>						

Question	Answer	Marks																																								
3(b)	<p style="text-align: center;">Favourite Book Club Income and Expenditure Account for the year ended 31 December 2022</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">\$</td> <td style="width: 10%;"></td> </tr> <tr> <td>Subscriptions</td> <td></td> <td></td> <td style="text-align: right;">6 240</td> <td style="text-align: right;">(1)OF</td> </tr> <tr> <td>Less expenses</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Rent</td> <td style="text-align: right;">2 080</td> <td style="text-align: right;">}</td> <td></td> <td></td> </tr> <tr> <td>General expenses</td> <td style="text-align: right;">2 498</td> <td style="text-align: right;">} (1)</td> <td></td> <td></td> </tr> <tr> <td>Insurance (732 + 348(1) – 366(1))</td> <td style="text-align: right;">714</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Subscriptions written off</td> <td style="text-align: right; border-top: 1px solid black;">208</td> <td style="text-align: right; border-top: 1px solid black;">(1)</td> <td style="text-align: right; border-top: 1px solid black;">5 500</td> <td></td> </tr> <tr> <td>Surplus for the year</td> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">740</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">(1)OF</td> </tr> </table>		\$		\$		Subscriptions			6 240	(1)OF	Less expenses					Rent	2 080	}			General expenses	2 498	} (1)			Insurance (732 + 348(1) – 366(1))	714				Subscriptions written off	208	(1)	5 500		Surplus for the year			740	(1)OF	6
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3(c)	<p>For – increasing subscriptions Subscriptions have remained unchanged for many years so increase should be expected (1) Only requires a small increase to raise \$400 (1) There would be no need to obtain outside funds / loan / loan interest (1) May result in the club being run more efficiently (1) Max (3)</p> <p>Accept other valid points</p> <p>Against – increasing subscriptions Increase in subscriptions may not be popular (1) May result in members leaving the club / join another club (1) Membership is already falling (1) May result in more subscriptions being written off (1) Subscriptions in arrears have increased from 2021 to 2022 (1) Could try to raise the money another way, e.g. reduce general expenses / obtain loan / fund-raising (1) Max (3)</p> <p>Accept other valid points</p> <p>Recommendation (1)</p>	5																																								
3(d)(i)	A summary of the cash book of a club or society usually prepared annually (1)	1																																								

Question	Answer	Marks
3(d)(ii)	Assets less liabilities of a club/society (1) OR accumulated surpluses less accumulated deficits of a club/society (1)	1