

Tips on Book Keeping and Reporting on the Club Financial Affairs

Annually a report must be presented to the members on the clubs money affairs and financial position. The form of the report presented will depend on the size of the club and the volume of its activities. In the case of a club with a few members, and of which all transactions are for cash, a statement of receipts and payments will be sufficient, but in the case of a big club an income and expenditure statement and also a balance sheet are desirable. The size of the club and the volume of its transactions will also determine whether a complete set of books must be kept or not. In the case of a small club with cash transactions only it will be sufficient to enter all transactions in an analysis cash book or in separate cash receipts and cash payments journal and then prepare a statement of receipts and payments from it. In a larger club complete ledger accounts will be opened from the nature of the transactions, a cash receipts Journal, a Cash Payments Journal and a General Journal will normally be used. It is essential that a complete list of members will be kept on which will be recorded that membership fees are paid.

Accounting Procedures

The accounting procedures to be followed:

1. Documents must be issued or obtained for the various transactions. Receipts must be issued for all cash receipts, for membership fees a receipt issued separately to each member. The amounts deposited must correspond with the receipts issued, for payments the necessary purchase vouchers must be submitted and each payment should be authorised by two persons if a current account is kept two persons usually the secretary and the chairman. When only a savings account is kept as is often the case, the withdrawal slip must be signed jointly by two authorised persons.
2. The documents the transactions are entered in the appropriate journals. These journals will entail the following, the Cash Receipts Journal, the Cash Payments Journal and the General Journal. Sometimes a petty Cash Journal is also used. As the transactions of a club are usually not so voluminous the journals are closed off annually at the end of the accounting period.
3. The journals posting is done to the ledger, accounts are cast and pencil footings written in. A trial balance is extracted to test the posting and arithmetical correctness of the work. At the end of the accounting period the necessary journal entries are made for the adjustments and posted. A post adjustment trial balance is prepared.
4. The closing journal entries are made and posted, in the case of clubs posting is done to an income and expenditure account in which the surplus or deficit is calculated and posted. Income and expenditure account is closed off to the accumulated fund account instead of the capital account. A post closing trial balance is extracted. The financial statements are drawn up.

Depending on the size of the club and the volume of the transactions, the abovementioned procedures are often departed from as a short cut can be followed to attain the final result to report to the members. Instead of working according to a complete system of book keeping with all the ledger accounts as described in the paragraph on accounting procedures, clubs often write up only Cash Receipts and Payments Journals or an analysis cash book and then prepare the financial statements for the members from the information found in them. First of all it is necessary to note how an analysis cashbook is adapted for recording the transactions of clubs. In analysis cash book the bank account is kept in the cash book itself. Suitable analysis columns are used to enter the various receipts and expenses and the total of each column is found. At clubs the cash book is closed off only at the end of the year, from the Cash Book a summary of the receipts and payments can be made for the year.

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