

Rajeev Bansal's
SBPD



Year 2015

Chapterwise

Question Bank

WITH SOLUTIONS

INCLUDING SAMPLE/MODEL PAPER

Accountancy



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Class XII

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Chapterwise

Question Bank

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ACCOUNTANCY

Class XII

- Based upon the new abridged and amended pattern of question papers of the new curriculum and scheme for giving marks.
- Important questions have been included chapterwise and unit-wise.
- Question Papers of exams conducted by the CBSE and different State Boards during the past few years have been incorporated.
- Solved Model Test Papers for preparation for Board Examination for the year 2015 have been included.



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1

ACCOUNTING FOR NOT-FOR-PROFIT ORGANISATIONS

(This chapter is not for CBSE Students.)

Section-A

OBJECTIVE TYPE QUESTIONS

► Multiple Choice Questions

Instruction : In the following questions there are four options of which only one is correct. You have to choose the correct option and mark in the answer sheet :

- Income and Expenditure Account is :
(a) Personal Account
(b) Real Account
(c) Nominal Account
(d) None of these
- Life Membership Fees received by a club is shown in : (B.S.E.B., 2009, 10, 11)
(a) In Income & Expenditure A/c
(b) In Balance Sheet
(c) In Profit and Loss A/c
(d) None of these
- Receipts and Payments Account is a : (J.A.C., 2014)
(a) Personal Account
(b) Real Account
(c) Nominal Account
(d) None of these
- Income and Expenditure Account is prepared :
(a) By Business Organisation
(b) By Industrial Organisation
(c) By Not-for-Profit Organisation
(d) By All Organisations
- Payment of honorarium to secretary is treated as : (B.S.E.B., 2013)
(a) Capital expenditure
(b) Revenue expenditure
(c) Cash expenses
(d) None of these
- Outstanding subscription is a : (B.S.E.B., 2013)
(a) Income
(b) Asset
(c) Liability
(d) None of these
- Legacies should be treated as : (J.A.C., 2014)
(a) A Liability
(b) A Capital Receipt
(c) A Revenue Receipt
- The excess of assets over liabilities in non-trading concerns is termed as : (B.S.E.B., 2010)
(a) Capital Fund
(b) Capital
(c) Profit
(d) Net Profit
- For a non-trading concern, honorarium is : (B.S.E.B., 2011)
(a) An Income
(b) An Asset
(c) An Expense
(d) None of these
- Entrance fees, unless otherwise stated, is treated as :
(a) A Capital Receipt
(b) A Revenue Income
(c) A Liability
(d) None of these
- Specific donation is :
(a) Capital Receipt
(b) Revenue Receipt
(c) Asset
(d) None of these
- Income and Expenditure Account records :
(a) Capital items
(b) Revenue items
(c) a and b both
(d) None of these
- Life membership fee received by a club is :
(a) Revenue Receipt
(b) Capital Receipt
(c) a and b both
(d) None of these
- All receipts of capital nature are shown in :
(a) Income and Expenditure A/c
(b) Balance Sheet
(c) P. & L. A/c
(d) None of these
- All items of revenue in nature are shown in :
(a) Income and Expenditure A/c
(b) Balance Sheet
(c) a and b both
(d) None of these
- Which of the following is not a not-for-profit organisation ?
(a) School
(b) Hospital
(c) Club
(d) Partnership Firm
- Subscriptions received in advance by a club are shown on side of the Balance Sheet :
(a) Assets Side
(b) Liabilities Side
(c) Debit Side
(d) Credit Side
- Which of the following is not an income ?
(a) Subscription
(b) Donation
(c) Sale of Ticket
(d) Endowment Fund
- Most transactions in non-trading concerns are :
(a) Cash
(b) Credit
(c) Both (a) and (b)
(d) None of these
- The main object of non-profit organization is :
(a) To earn the Profit
(b) To Serve the Society
(c) To Prepare Profit & Loss A/c
(d) All the above

21. Subscription received by an organisation is :
 (a) Capital Receipt
 (b) Revenue Receipt
 (c) Both 'a' and 'b'
 (d) None of the above
22. Receipts and Payments A/c is a summary of :
 (a) All Capital Receipts and Payments
 (b) All Revenue Receipts and Payments
 (c) All Revenue and Capital Receipts and Payments
 (d) None of the above
23. Subscription received during the year ₹ 50,000; Subscriptions outstanding at the end of the year ₹ 8,000; Subscription outstanding at the beginning of the year ₹ 6,000. Net Income from subscription will be :
 (a) ₹ 48,000 (b) ₹ 64,000
 (c) ₹ 52,000 (d) ₹ 36,000
24. Subscription received during the year ₹ 1,80,000; Subscriptions outstanding at the end of the year ₹ 20,000; Subscriptions received in advance at the end of the year ₹ 10,000. The amount of subscription to be credited to Income and Expenditure account will be :
 (a) ₹ 2,10,000 (b) ₹ 1,90,000
 (c) ₹ 1,70,000 (d) ₹ 2,00,000
25. In case specific fund is maintained, the expenses exceeding the amount of the funds, should be recorded on :
 (a) Liabilities Side of the Balance Sheet
 (b) Debit side of the Income and Expenditure Account
 (c) Credit Side of the Income and Expenditure Account
 (d) Assets Side of the Balance Sheet
26. All receipts from sale of consumable items are treated as :
 (a) Capital Receipts (b) Revenue Receipts
 (c) Both 'a' and 'b' (d) None of these
27. Subscriptions received in cash during the year ₹ 5,000, Amount received in advance for the next year is ₹ 300. Amount outstanding for current year was ₹ 400. The amount to be credited to the Income and Expenditure Account is :
 (a) ₹ 4,000 (b) ₹ 5,100
 (c) ₹ 4,200 (d) ₹ 4,600
28. If income is ₹ 16,000 and 'deficit' debited to capital fund is ₹ 4,300, then expenditure is :
 (a) ₹ 16,000 (b) ₹ 4,300
 (c) ₹ 20,300 (d) None of these
29. Balance of Income and Expenditure Account shows :
 (a) Cash in hand
 (b) Capital Fund
 (c) Net Profit
 (d) Excess of Income over Expenditure or Vice Versa
30. Property received as a result of the will of the deceased person is called :
 (a) Legacy (b) Honorarium
 (c) Donation (d) Subscription
31. Receipts and Payments Account usually indicates :
 (a) Surplus (b) Capital Fund
 (c) Debit Balance (d) Credit Balance
32. Income and Expenditure Account generally indicates :
 (a) Surplus/Deficit (b) Cash Balance
 (c) Capital Fund (d) Net Profit/Loss
33. Donation received for specific objective will be shown :
 (a) In Income and Expenditure A/c
 (b) On Liability side of B/S
 (c) On Assets side of B/S
 (d) None of these
34. In not-for-profit organisations, excess of expenditure over income is called :
 (a) Loss (b) Profit
 (c) Deficit (d) Surplus
- [Ans. 1. (c), 2. (b), 3. (b), 4. (c), 5. (b), 6. (b), 7. (b), 8. (a), 9. (c), 10. (b), 11. (a), 12. (b), 13. (b), 14. (b), 15. (a), 16. (d), 17. (b), 18. (d), 19. (a), 20. (b), 21. (b), 22. (c), 23. (c), 24. (b), 25. (b), 26. (b), 27. (b), 28. (c), 29. (d), 30. (a), 31. (c), 32. (a), 33. (b), 34. (c).]

Section-B

NON-OBJECTIVE TYPE QUESTIONS

► Short Answer Type Questions

Q. 1. Distinguish between Receipts and Payment Account and Cash Book.

Ans. Difference between Receipts and Payments Account and Cash Book are as follows :

| Basis | Receipts & Payments A/c | Cash Book |
|------------------------|--|--|
| 1. <i>Date</i> | Entries are not made date wise. | All entries are made date wise. |
| 2. <i>Entries</i> | Entries are made in classified form. | Entries are made in chronological order. |
| 3. <i>Period</i> | This account is prepared at the end of accounting year. | Cash book is recorded on daily basis. |
| 4. <i>Ledger folio</i> | There is no column of ledger folio. | This has a separate column for ledger folio. |
| 5. <i>Side</i> | Left side is receipts side and right side is payment side. | Left side is debit side and right side is credit side. |

Q. 2. State four characteristics of Receipts and Payments Account.

Ans. Four characteristics of Receipts and Payments Account are :

- Nature* : It is a real account because it is a summary of cash and bank transactions.
- Debit Side* : It records revenue and capital receipts in the debit side.
- Credit Side* : It records revenue and capital payments in the credit side.
- Non-cash Items* : No non cash items are recorded.

Q. 3. State four characteristics of Income and Expenditure Account.

Ans. Four characteristics of Income and Expenditure Account are :

- It is a nominal account.
- It shows income and expenditure related to current year only.
- The balances at the end are known as 'surplus' or 'deficit'.
- It shows income and expenditure in accrual basis.

Q. 4. Distinguish between Receipts and Payments Account and Income and Expenditure Account.

Ans. Difference between Receipts and Payments Account and Income and Expenditure Account are as follows :

| Basis | Receipts and Payments A/c | Income and Expenditure A/c |
|-------------------------------|---|--|
| 1. <i>Nature of Account</i> | It is a real account. | It is a nominal account. |
| 2. <i>Form of account</i> | It is like a cash account. | It is like a P & L account. |
| 3. <i>Beginning</i> | It begins with opening cash balances. | It does not begin with opening balances. |
| 4. <i>Items</i> | It records only cash items. | It records both cash and non-cash items. |
| 5. <i>Transfer of Balance</i> | Closing Balance of this accounts transferred to Receipts and Payments A/c of next year. | Closing Balance of this account transfer to Balance Sheet. |

Q. 5. What is fund basis accounting ?

Ans. Fund based accounting is a technique of book-keeping under which separate self balancing set of assets, liabilities, incomes and expenses are maintained for each fund for a specific purpose.

Q. 6. State four characteristics of fund based accounting.

Ans. Characteristics of Fund based Accounting are :

- A separate set of book is maintained under fund based accounting.
- If the organization receives a legally restricted fund, it has to set up a restricted fund for it.
- The financial resources of not for trading organizations includes grants, aid and contributions. These resources are used as per instructions.
- Interest or dividend received from such investment are credited to this fund not in income and expenditure account.

Q. 7. Mention items to be added or deducted while calculating subscription of the current year.

Solution.

| | |
|---|-------|
| Subscription received during the year | |
| Add : Subscription outstanding at the end of the year | |
| Add : Opening advance/prepaid subscriptions | |

Less : Subscription outstanding at the beginning of the year

Less : Subscription received in advance at the end of the year
 Net subscription to be shown in the credit side of Income and Expenditure Account

Q. 8. Rotary club has kept its accounts on cash basis and figures for the last year are given. Now prepare Receipts and Payments Account for the year.

| | |
|--|-------|
| Entrance Fees Received | 500 |
| Subscription: Received during the year | 3,960 |
| Mr. X's fees received during the year | 120 |
| Expenses paid during the year | 5,450 |
| Expenses unpaid during the year | 294 |
| Surplus on Bar Account | 1,500 |
| Secretary's honorarium | 300 |
| Cash in hand (beginning of the year) | 470 |
| Locker Rent received | 100 |
| Investment during the year | 220 |

Solution.

| Dr. Receipts and Payments Account | | Cr. | |
|-----------------------------------|--------|------------------------------|--------|
| Receipts | Amount | Payments | Amount |
| | ₹ | | ₹ |
| To Balance b/d | 470 | By Expenses | 5,450 |
| To Entrance Fee | 500 | By Secretary's Honorarium | 300 |
| To Subscriptions | 3,960 | By Investment | 220 |
| To Mr. X's Fee | 120 | By Balance c/d (Bal. Fig. 1) | 680 |
| To Locker Rent | 100 | | |
| To Surplus on Bar Account | 1,500 | | |
| | 6,650 | | 6,650 |

Q. 9. From the following information, prepare Income and Expenditure Account.

| | |
|---|----------|
| | ₹ |
| Income from subscription | 2,20,000 |
| Salary paid | 20,000 |
| Outstanding salary at the end of the year | 6,000 |
| Printing and Stationery | 4,500 |
| Entrance Fees | 20,000 |
| Donation received | 10,000 |
| Office expenses | 15,600 |
| Miscellaneous expenses | 34,000 |

Solution.

| Dr. Income and Expenditure Account | | Cr. | |
|------------------------------------|--------|------------------------|----------|
| Expenditure | Amount | Income | Amount |
| | ₹ | | ₹ |
| To Salary Paid 20,000 | | By Subscription Income | 2,20,000 |
| Add : O/s at the end 6,000 | 26,000 | By Entrance Fees | 20,000 |
| To Printing & Stationery | 4,500 | By Donation Received | 10,000 |
| To Office Expense | 15,600 | | |

| | | | |
|--|----------|--|----------|
| To Miscellaneous Expense | 34,000 | | |
| To Surplus : Excess of Income of Expenditure | 1,69,900 | | |
| | 2,50,000 | | 2,50,000 |

Q. 10. From the following statements, calculate the amount of subscriptions to be shown in income and expenditure account for 2012-13 :

Receipts and Payments Account

| Receipts | Amount | Payments | Amount |
|------------------|----------|----------|--------|
| | ₹ | | ₹ |
| Subscription : ₹ | | | |
| 2011-12 20,000 | | | |
| 2012-13 1,80,000 | | | |
| 2013-14 16,000 | 2,16,000 | | |
| | 2,16,000 | | |

- (i) Outstanding subscription 31.3.2012.
- (ii) Outstanding subscription 31.3.2013.
- (iii) Subscription received in advance for 2011-12 for 2012-13.

Solution.

Calculation of Subscription for 2012-13 ₹

| | |
|---|----------|
| Subscription received in 2012-13 | 1,80,000 |
| Add: Subscription received in 2011-12 | 26,000 |
| Add: Outstanding subscription for 2012-13 | 40,000 |
| | 2,46,000 |

Q. 11. From the following information, calculate the amount of salaries chargeable to Income and Expenditure Account for the year 31st December, 2013 : ₹

- (i) Salaries paid during the year 30,000
- (ii) Outstanding salaries on 31st December, 2012 1,000
- (iii) Outstanding salaries on 31st December, 2013 1,500
- (iv) Salaried paid in advance on 31st December, 2013 2,000

Solution.

| | |
|--|----------|
| Salaries paid during the year | ₹ 30,000 |
| Add : Outstanding salaries on 31.12.2013 | 1,500 |
| | 31,500 |

| | |
|---|---------|
| Less : Outstanding Salaries on 31.12.2012 | ₹ 1,000 |
| Less : Prepaid salaries on 31.12.2013 | 2,000 |
| | 3,000 |

| | |
|---|--------|
| Salaries chargeable to Income and Expenditure A/c | 28,500 |
|---|--------|

Q. 12. On 1.4.2013 assets of the a Club were as follows :

| | |
|-------------------|----------|
| Land and Building | 2,00,000 |
|-------------------|----------|

| | |
|--|--------|
| Furniture | 25,000 |
| Cash in hand | 15,000 |
| Subscription Outstanding or Receivable | 30,000 |
| Liabilities on 1.4.2013 : | |
| Bank overdraft | 10,000 |
| Outstanding salary | 15,000 |

Find out capital fund.

Solution. Balance Sheet

(as on 1st April, 2013)

| Liabilities & Capital | Amount | Assets & Properties | Amount |
|--------------------------|----------|--------------------------|----------|
| | ₹ | | ₹ |
| Bank Overdraft | 10,000 | Cash in hand | 15,000 |
| Outstanding Salary | 15,000 | Subscription Outstanding | 30,000 |
| Capital Fund (Bal. Fig.) | 2,45,000 | Furniture | 25,000 |
| | 2,70,000 | Land & Building | 2,00,000 |
| | | | 2,70,000 |

Long Answer Type Questions

1. From the following Receipts and Payments Account of a club, prepare an Income and Expenditure Account for the year ended 31.3.2013 :

Receipts and Payments Account

(for the year ended 31st March, 2013)

| Receipts | Amount | Payments | Amount |
|-----------------------------|----------|---------------------------|----------|
| | ₹ | | ₹ |
| To Balance b/d | 2,000 | By Salaries & Wages | 6,000 |
| To Subscriptions : | | By Rent Paid | 12,250 |
| 2012 21,000 | | By Telephone Exp. | 8,400 |
| 2013 1,22,000 | | By Equipment | 1,19,000 |
| To Donation (Revenue) | 18,500 | By Office Exp. | 22,750 |
| To Admission Fees (Capital) | 28,000 | By Secretary's Honorarium | 11,200 |
| | 1,91,500 | By Balance c/d | 11,900 |
| | | | 1,91,500 |

Adjustments :

- (i) ₹ 19,250 was due as Subscription for the year 2013.
- (ii) Outstanding Salaries amounted to ₹ 14,000.
- (iii) Equipment were to be depreciated @ 25%.

Solution. Income and Expenditure Account

(for the year ended 31.3.2013)

| Expenditure | Amount | Income | Amount |
|---------------------------|--------|----------------------------|----------|
| | ₹ | | ₹ |
| To Salary & Wages ₹ 6,000 | | By Subscription ₹ 1,22,000 | |
| Add : O/s 14,000 | 20,000 | Add : O/s 19,250 | 1,41,250 |
| To Rent Paid 12,250 | | By Donation 18,500 | |
| To Telephone exp. 8,400 | | | |
| To Office Exp. 22,750 | | | |

| | | | |
|---|-----------------|--|-----------------|
| To Secretary's Honorarium | 11,200 | | |
| To Dep. 25% on Equipment | 29,750 | | |
| To Surplus (excess of Income over Exp.) | 55,400 | | |
| | <u>1,59,750</u> | | <u>1,59,750</u> |

Q. 2. From the following information and Receipt and Payment Account of Raja Club, Pune, prepare an Income and Expenditure Account for the year ended 31st March, 2013 and Balance Sheet as on that date :

Receipts and Payments Account

| Receipts | Amount | Payments | Amount |
|--------------------------------|---------------|-----------------------|---------------|
| | ₹ | | ₹ |
| To Balance b/d | 1,025 | By Salaries | 5,500 |
| To Subscriptions : | | By General Exp. | 800 |
| 2011-12 | 400 | By Entertainment Exp. | 3,500 |
| 2012-13 | 20,500 | By Newspapers | 1,500 |
| 2013-14 | 600 | By Municipal Tax | 500 |
| To Donations | 9,500 | By Charity | 3,500 |
| To Proceeds from Entertainment | 5,400 | By 12% Investment | 20,000 |
| To Sale of Newspapers | 450 | By Electric Charges | 1,400 |
| | <u>37,875</u> | By Balance c/d | 1,175 |
| | | | <u>37,875</u> |

Other Informations :

(i) There are 500 members each paying an annual subscription of ₹ 50.

(ii) Subscription ₹ 500 is still in arrear for the year 2012.

(iii) Municipal taxes amounting to ₹ 400 p.a. have been paid up to 30th June, 2013.

(iv) ₹ 1,000 for salaries is Outstanding.

(v) Building stands in the books at ₹ 50,000. It is required to write off depreciation at 5% p.a.

(vi) Interest on investment accrued for 5 months.

Solution. RAJA CLUB, PURNEA

Income and Expenditure Account
(for the year ended 31 March, 2013)

| Expenditure | Amount | Income | Amount |
|-----------------------------|--------|-----------------------------------|--------|
| | ₹ | | ₹ |
| To Salary | 5,500 | By Subscription | 20,500 |
| Add : O/s | 1,000 | Add : O/s | 4,500 |
| To General Exp. | 800 | By Donation | 9,500 |
| To Entertainment Expenses | 3,500 | By Proceeds from Entertainment | 5,400 |
| To Newspapers | 1,500 | By Sale of Newspapers | 450 |
| To Municipal Taxes | 500 | By Accrued interest on Investment | 1,000 |
| Less : Prepaid | 100 | | |
| To Charity | 3,500 | | |
| To Electric Charges | 1,400 | | |
| To Depreciation on Building | 2,500 | | |

| | | | |
|------------------------|---------------|--|---------------|
| To Surplus (bal. fig.) | 21,250 | | |
| | <u>41,350</u> | | <u>41,350</u> |

Balance Sheet
(as on 31st March, 2012)

| Liabilities | Amount | Assets | Amount |
|--------------|---------------|--------------------------|---------------|
| | ₹ | | ₹ |
| Capital Fund | 51,925 | Cash in hand | 1,025 |
| | | Building | 50,000 |
| | | Outstanding Subscription | 900 |
| | <u>51,925</u> | | <u>51,925</u> |

Balance Sheet
(as on 31st March, 2013)

| Liabilities | Amount | Assets | Amount |
|----------------------------------|---------------|--------------------------------|---------------|
| | ₹ | | ₹ |
| O/s Salary | 1,000 | Cash in hand | 1,175 |
| Subscription received in advance | ₹ 600 | O/s Subscription (500 + 4,500) | 5,000 |
| Capital Fund | 51,925 | Prepaid Municipal Tax | ₹ 100 |
| Add : Surplus | 21,250 | Building | 50,000 |
| | <u>73,175</u> | Less : Dep. | 2,500 |
| | | Investment | 20,000 |
| | | Add : Accrued Interest | 1,000 |
| | | | <u>21,000</u> |
| | <u>74,775</u> | | <u>74,775</u> |

Q. 3. From the following Receipts and Payments Account of Satyam Club, prepare Income and Expenditure Account for the year ended 31st December, 2013 and Balance Sheet as on that date :

Receipts and Payments Accounts

(for the year ended 31.3.2013)

| Receipts | Amount | Payments | Amount |
|---------------------------|---------------|------------------------|---------------|
| | ₹ | | ₹ |
| To Balance b/d | 7,000 | By Bill. & Table | 4,000 |
| To Donation | 2,500 | By Salary | 1,000 |
| To Subscriptions | 6,000 | By Repair | 250 |
| To Entrance Fees | 500 | By Furniture Purchased | 3,000 |
| To Bank Interest | 200 | By Investment | 3,000 |
| To Interest on Investment | 50 | By Insurance Premium | 350 |
| To Sale of Drama Tickets | 600 | By Stationery | 75 |
| | | By Drama Expense | 250 |
| | | By Balance c/d | 4,925 |
| | <u>16,850</u> | | <u>16,850</u> |

(a) Subscription due for 2013 ₹ 450 and subscription received in advance for 2014 ₹ 175.

(b) Insurance Premium due ₹ 25.

(c) 50% of donation is to be capitalized.

(d) Entrance fee are to be treated as revenue income.

(e) 8% interest has accrues on investment for five months.

(f) Bill. and Table was purchased last year costing ₹ 15,000 and ₹ 11,000 were paid for it.

Solution.**Income and Expenditure Account**

(for the year ended 31.3.2013)

| Expenditure | Amount | Income | Amount |
|---------------|--------|-------------------------------|---------|
| | ₹ | | ₹ |
| To Salary | 1,000 | By Subscrip- tion | ₹ 6,000 |
| To Repairs | 250 | | |
| To Insurance | ₹ | Add : O/s | 450 |
| Premium | 350 | | 6,450 |
| Add : O/s | 25 | Less : Received in advance | 175 |
| To Stationery | 75 | | 6,275 |
| To Surplus | 7,025 | By Entrance Fee | 500 |
| | | By Interest on Investment | 50 |
| | | Add : Accrued | 100 |
| | | | 150 |
| | | By Bank Interest | 200 |
| | | By Sale of Drama Ticket | 600 |
| | | Less : Drama Exp. | 250 |
| | | | 350 |
| | | By Donation | 1,250 |
| | | | 8,725 |
| | 8,725 | | 8,725 |

Balance Sheet

(as on 1st January, 2013)

| Liabilities | Amount | Assets | Amount |
|-------------------------|--------|-----------------|--------|
| | ₹ | | ₹ |
| Creditors | 4,000 | Bill. and Table | 15,000 |
| Capital Fund (bal. fig) | 18,000 | Cash in hand | 7,000 |
| | 22,000 | | 22,000 |

Balance Sheet

(as on 31st December, 2013)

| Liabilities | Amount | Assets | Amount |
|-------------------|--------|-------------------------------|--------|
| | ₹ | | ₹ |
| Outstanding Exp. | 25 | Bill. and Table | 15,000 |
| Subscription adv. | 175 | Furniture | 3,000 |
| | ₹ | | |
| Capital Fund | 18,000 | Outstanding Sub- scription | 450 |
| Add : Surplus | 7,025 | Investment | 3,000 |
| Add : Donation | 1,250 | Accrued Interest | 100 |
| | 26,275 | Cash in hand | 4,925 |
| | 26,475 | | 26,475 |

Q. 4. Receipts and Payments Account of Maitree Club for the year ended March 31, 2013 shows that the subscriptions received were ₹ 25,000. Additional information are as follows :

| | | |
|---|-----------|-----------|
| | 31.3.2012 | 31.3.2013 |
| Outstanding Subscription | 5,000 | 3,500 |
| Subscription received in advance | 2,500 | 3,000 |
| Ascertain the amount of income from subscription for the year 2012-13 and show how relevant items of subscriptions affair in opening and closing balance. | | |

Solution.**Calculation of Subscription Income**

(for the year 2012-13)

| | |
|---|--------|
| Subscription received during the year | 25,000 |
| Add : O/s Subscription on 31.3.2013 | 3,500 |
| Add : Subscription received in advance on 1.4.2012 | 2,500 |
| | 31,000 |
| Less : O/s Subscription (1.4.2012) | 5,000 |
| | 26,000 |
| Less : Subscription received in advance (31.3.2013) | 3,000 |
| Income from Subscription for the year 2012-13 | 23,000 |

Balance Sheet

(as on March 31, 2012)

| Liabilities | Amount | Assets | Amount |
|----------------------------------|--------|-------------------------------|--------|
| | ₹ | | ₹ |
| Subscription received in Advance | 2,500 | Outstanding Sub- scription | 5,000 |
| | 2,500 | | 5,000 |

Balance Sheet

(as on March 31, 2013)

| Liabilities | Amount | Assets | Amount |
|----------------------------------|--------|-------------------------------|--------|
| | ₹ | | ₹ |
| Subscription received in Advance | 3,000 | Outstanding Sub- scription | 3,500 |
| | 3,000 | | 3,500 |

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