

PART – 1
CHAPTER 01
ACCOUNTING FOR NOT-FOR-PROFIT
ORGANISATION

Question 1

State the meaning of ‘Not-for-Profit’ Organisations.

Answer: Not for profit organisation are referred to as the organisation which do not have the intention of earning profit for their owners. The objective of these kinds of organisations is to help the society and their revenues are thus earned mainly through the form of charity, donations, subscriptions, grants etc. These are thus created with the purpose of helping the society and thus they involved in various fields such as education, scientific, environment, animal safety etc.

Question 2

State the meaning of Receipt and Payment Account.

Answer:

The preparation of the receipt and payment account is made from the cash book at the end of the accounting year. They are prepared at the end of the year from the given cash book. The heading of the Receipt and the Payment gives the summary of cash transactions which occur under their headings. While the receipts are recorded in the right hand side which is the debit side, the payments are recorded in the credit side which is the left hand side.

Question 3

State the meaning of Income and Expenditure Account.

Answer:

The Income and Expenditure Account are prepared by the Non-profit organisations which are just like Profit and loss account. They display the incomes on the side of credit side while the expenditures are showcased in the debit side. The Income and the Expenditure Account is a nominal account and is thus prepared to ascertain the profits and the losses by recording the of the which the losses and expenses are debited while expenditures made by the organization are displayed on the debit side. It only records the transactions which are of revenue nature and they thus does not record the transactions which are of capital nature. Thus, they record the Income and the Expenditure of the current accounting year of the organization in the accrual basis.

Question 4

What are the features of Receipt and Payment Account?

Answer: Following are the features of the Receipt and Payment Account:

1. The receipt and the payment account is a real account and can be said to be the summarized version of Cash Book.
2. They are prepared at the end of the accounting period from the cash book.
3. It does not make distinction of the Capital and the Revenue items as it merely records the cash and the bank receipts and the payment of both the revenue and the capital nature.

4. It is prepared for the purpose of revealing the cash position of the organization by helping to ascertain the total amount paid and received by the organization.

5. It has an opening and the closing balance of the cash and the bank in the starting and the end of the accounting year respectively.

Question 5

What steps are taken to prepare Income and Expenditure Account from a Receipt and Payment Account?

Answer: The steps that are involved in the preparation of the Income and Expenditure Account from the Receipt and Payment Account are as follows:

1. All the payments of the revenue nature of the current accounting period is transferred from the side of Payment of Receipt and Payment Account to the Expenditure side of the Income and Expenditure account.

2 All the receipts of the revenue nature of the current accounting period is transferred from the side of Receipts of Receipt and Payment to the Revenue side of the Income and Expenditure account.

3. All the expenses which are either outstanding or paid in advance are required to be adjusted in the preceding accounting periods to their related expenses during the calculation of the Step 1.

4. All the incomes which are either outstanding or paid in advance are required to be adjusted in the preceding accounting periods to their related expenses during the calculation of the Step 2.

5. All the non-cash items such as Depreciation, Appreciation etc. of the current accounting period are required to be adjusted in the Income and Expenditure Account.

6. After when all the adjustments of the Income and Expenditure Account are passed, the totalling of the Income and the Expenditure Account should be done. If the side of the Income is greater than the side of the Payment in terms of the sum total of both the sides, the figure which is balanced out is known as surplus. While on the other hand if the sum total of the Income side is less than the sum total of the Payments side, then the amount which will be balanced out will be termed as deficit.

Question 6

What is subscription? How is it calculated?

Answer: Subscription is referred to as the source of income for the organisation in which the organisations collect the money from their members as the fees for their membership. It is recorded in the income side of the Income and the Expenditure Account which suggests the total income earned by the organisations for the current accounting period.

Below given is the Statement which showcases that how the subscription received in the current year is calculated:

Calculation of Subscription	
Particulars	Amount
Subscription (received during the year)	-
(+) Outstanding subscription at the end of the year	-

(-) Outstanding subscription at the beginning of the year	(-)
(+) Advance received in the beginning of the year	-
(-) Advance received at the end of the year	(-)
Subscription to be shown in Income and expenditure account	-

Question 7

What is Capital Fund? How is it calculated?

Answer: The Capital fund is referred to as the accumulated fund which arrives out of the excess of assets over the liabilities during the end of the accounting period. All the surpluses which are attained from the Income and the Expenditure Account is added to the Capital Fund which is also called the Accumulated Fund.

Below given is the statement that suggests the calculation of the Capital Fund:

Calculation of Capital Fund	
Particulars	Amount
Capital Fund at the beginning of the year	-
(+) Surplus from Income and Expenditure A/c	-
(+) Subscription Amount (Capitalized Amount)	-
(+) Life Membership Fee	-
(-) Deficit from Income and Expenditure A/c	(-)
Capital Fund at the end of the year	-

Question 8

Explain the statement: “Receipts and Payment Account is a summarised version of Cash Book”.

Answer: The receipts and payment account is made out from the cash book in which the cash and the bank transactions of the organization are recorded. It has an opening balance and the closing balance at the beginning and the end of the accounting period respectively. It maintains the records of the transactions which are of cash and bank only and therefore such transactions cannot be of either revenue or of capital nature. Hence the Receipts and the Payments Account helps the organisation to determine their position of cash in the organisation.

Following are the similarities between Receipts and Payment Account and Cash Book

1. Nature: Both are the cashbook and the receipt and payment account and the cashbook are the real accounts which provide the summary of the cash and the bank transactions of the organisation.
2. Nature of transaction: Only the cash and the bank transactions are recorded in this account which is similar to function of a cash book.
3. Capital and Revenue items: The transactions which are recorded in the cashbook and the receipt and the payment account are of both the capital and the revenue nature.
4. Opening and Closing balance: Both the cashbook and the receipts and the payment accounts begin with the opening balance of the cash and the bank transactions and the ends

with the closing balance of the cash and the bank at the end of the accounting period.

5. Purpose: Both the cashbook and the receipts and the payments account helps in assessing and determining the cash position of the organisation which helps it to know the total amount paid and received during the end of the accounting year.

Question 9

“Income and Expenditure Account of a Not-for-Profit Organisation is akin to Profit and Loss Account of a business concern”. Explain the statement.

Answer: The preparation of the Income and the Expenditure account is done by the Non-profit organisations which are just like the Profit and the Loss Account which is prepared by the profit earning entities. All the incomes and the gains are recorded in the credit side of the account and while the expenses and the losses are recorded in the debit side of the account which is similar to the methodology of the Profit or the Loss Account. Both the Profit and the Loss account and the Income and the Expenditure account strictly follows the double entry system of accounting. Further both the accounts prepared on the accrual basis and the balancing figure of both the accounts leads to the determination of the surplus or the deficit for the accounting year and the net profit or loss for the accounting year respectively. .

Question 10

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

Answer:

Basis of Difference	Receipts and Payment Account	Income and Expenditure Account
1. Nature and type of account	The receipt and the payment account is the real cash account of any non-profit organisation.	This account is made with the concern to determine the profitability of the organisation and is considered to be a nominal account.
2. Revenue and Capital	This account records the receipts and payments of both the revenue and capital nature.	This account records the income and expenditure of the revenue nature only.
3. Debit Side	The receipts and the payments of both the revenue and the capital nature are recorded in this account.	In this account the debit side records the expenses and losses which are incurred by the organisation in their current accounting period.
4. Credit Side	The credit side of this account records all the payments which	The credit side of this account records all the gains and income

	are made in cash and cheques.	of the current accounting period.
5. Period	It deals with the accounting period of current year, the past year and the subsequent period by recording the receipts and the payments during the particular year.	It deals with recording of the income and the expenditure which is whether received/paid or not received/paid during the current accounting period.
6. Balance	It being a cash balance always has the debit balance.	It may have the debit or the credit balance because it records both the profit and the loss in the respective manner.
7. Opening Balance	The opening balance or the balance in the beginning is cash-in-hand.	There is no opening balance in this type of account.
8. Closing Balance	The cash-in-hand is the balancing figure which is derived at the end of the accounting period.	The balancing figure of this account is expressed in term of surplus or deficit.
9. Non-cash items Depreciation, bad debts	This account does not record any non-cash items such as	It includes of all the non-cash items such as depreciation, bad-debts, etc.

	depreciation bad debts etc.	
10. System	It is prepared on cash basis.	It is prepared on accrual basis.

Question 11

Explain the basic features of Income and Expenditure Account and of Receipt and Payment Account.

Answer: Following are the basic features of the Income and Expenditure Account:

1. Nature: It is a nominal account, whose debit side records all the expenses and the losses and the credit side all the incomes and the gains which is related to the current accounting period.
2. Basis: The basis of the preparation of it is the receipts and the payments accounts as all the revenue items which includes of both the incomes and the capital are transferred from the payments and the receipts account.
3. Excludes Capital Transactions: It includes of the transactions which are of the revenue nature only and thus they exclude the transactions which are of the capital nature.
4. Similar to Profit and Loss Account: The Income and Expenditure account is very much similar to the profit and loss account as the income and expenditure a/c is prepared to determine the surplus or deficit which occurs during an accounting period which can further lead to the calculation of the net profit or net loss incurred by the organisation during an accounting period.

5. Record only Current Year's Items: It records only the transactions which are of the current financial nature of the organisation.

6. Adjustments: The various cash and the non-cash items such as the outstanding expenses, prepaid expenses, income due but not yet received, depreciation, etc. are to be duly adjusted in this account.

7. Balancing Figure: The surplus or the deficit of the account is derived from the balancing figure of this account where the amount of surplus balance is added in the capital fund and the amount of deficit balance is deducted from the capital fund in the balance sheet of the current year.

Following are the basic features of the Receipts and Payments Account are as follows:

1. Nature: The Receipts and the Payment account is a real account which is primarily the summary of the cash book.

2. Nature of Transactions: The transactions of the cash and bank are recorded primarily in this account and all other non-cash transactions such as the depreciation, loss/profit are not recorded in this account.

3. It does not make any distinction between the Capital and Revenue items: It records all cash receipts and bank transactions and payments of both capital type and revenue type.

4. Opening and Closing Balance: It has a opening balance and the closing balance of the bank and cash where the opening of the account is made through the opening balance and the end of the accounting period is done through the closing balance.

5. Purpose: The purpose of the preparation of this account is to find out the position of the cash of the organization which thus helps the organisation to determine the total amount to be paid and received in an accounting period.

Question 12

Show the treatment of the following items by a not-for-profit organization:

- i. Annual subscription
- ii. Specific donation
- iii. Sale of fixed assets
- iv. Sale of old periodicals
- v. Sale of sport materials
- vi. Life membership fee

Answer:

(i) Annual Subscription:

a. All the subscriptions which are received during a particular accounting year is reflected on the debit side of the Receipts and the Payments Account which is prepared for a particular accounting period.

b. The amount received through subscription has their relation with the current accounting year of the organisation only. These either received or yet to be received are recorded in the credit side of the Income and the Expenditure Account.

c. The subscriptions which are received in advance for the next accounting year is shown in the Liabilities side of the Balance Sheet.

d. On the other hand the subscriptions which are due but not received are recorded in the side of the Assets of the Balance Sheet.

(ii) Specific Donation:

a. Specific Donation are referred to as the amount which is received for some specific purpose and hence are shown in the debit side of the Receipts and Payment Account as they are the liability for the organisation.

(iii) Sale of Fixed Assets:

a. The amount which is received after the sale of the fixed assets is shown in the debit side of the Receipts and Payment Account.

b. The Profit (or loss) which occurs with the sale of the fixed assets is either credited or debited in the Income and Expenditure Account.

c. In the balance sheet there is the reduction in the book value of the fixed asset with the value of the respective asset sold.

(iv) Sale of Old Periodicals:

a. The sale of the old periodicals is shown in the debit side of the Receipts and the Payment Account and is considered to be the revenue receipts of the organisation thus further appearing on the credit side of the Income and the Expenditure Account.

(v) Sale of Sports Material:

a. The sale of the sports material is debited in the Receipts and Payment Account and credited in the Income and the Expenditure Account as it is considered to be the revenue income of the organisation.

(vi) Life Membership Fees:

a. The life membership is the amount which is paid by any person who has to become a member of an organisation. It is the non-recurring in nature and hence it is debited in the Receipts and the Payment Account being the receipt for the Non-for-profit organisation.

Question 13

Show the treatment of items of Income and Expenditure Account when there is a specific fund for those items.

Answer: A Not for Profit organisations receive the receipts in the forms of donations, subscriptions, grants etc. While some of these receipts are of general nature, the other receipts are of specific nature. For example, if the donation is received for the construction of any building than this fund can be utilised for the purpose of construction of building only. Thus, these specific receipts are not considered to be their income for the organisation and hence they not recorded in the Income and Expenditure Account. For a matter of fact these receipts are considered to be the liabilities for the organisation and hence such receipts are shown in the Liabilities side of the Balance Sheet and they remain there until and unless the purpose of achieving these funds is not solved. In the cases when these funds are invested outside, the interest or the gains earned through it are also not recorded in the Income and Expenditure Account but they are debited to the particular Fund Account. In the cases when there is an excess of the difference between the amounts of related expense over the related receipts of the fund, such differences are recorded in the Income and Expenditure Account.

The Treatment for the same is given below:

(Tournament/Match/Prize, etc.) Fund Account							
Date	Particulars	L. F.	Amount	Date	Particulars	L. F.	Amount
	Expenses (expenses incurred like match expenses, tournament expenses)				Balance b/d		
	Balance c/d (see explanation)		(a)		Incomes (income or interest earned on funds invested in the form of donation, interests, dividends, etc.) Income and Expenditure A/c (see		(b)

					explanatio n)		

Explanation (a):

Balance Sheet			
Specific Fund (i.e.) Tournament, Match, Prize Fund, etc.)		Tournament Fund Investment	

Explanation (b): If the expenses exceed the receipts for the specific purpose then the difference between the two is shown in the expenditure side of the Income and Expenditure Account.

Income and Expenditure Account			
Expenditure	Amount	Income	Amount
Expenses (i.e. Tournament, Match, Prize Expenses, etc. Except capital expenditure like, i.e. Expenses on construction of building)			

Question 14

What is Receipt and Payment Account? How is it different from Income and Expenditure Account?

Answer: Receipts and Payment account is basically the summary of cash transactions. It is classified under the suitable headings which includes the opening and closing balances. Not-for-Profit organisation also prepares the receipts and payments account at the year end. This account cannot disclose the right position of not-for-profit organisation.

Distinguish between Receipts and Payment Account and Income and Expenditure Account

Basis of Difference	Receipts and Payment Account	Income and Expenditure Account
1. Nature and type of account	It is a cash account of a non-profit organisation and is a real account	It is a profit and loss account of a profit making concern and is a nominal account.
2. Revenue and Capital	It records receipts and payments of both revenue and capital types.	It records income and expenditure of only revenue type.
3. Debit Side	The debit side of this account records the cash and bank receipts during an accounting period.	The debit side of this account records the expenses and losses which are incurred by the business in the current accounting period.

4. Credit Side	The credit side of this account records the payments made by the business in cash and through cheques.	The credit side of this account records the income and the gains which is earned by the business in the current accounting period.
5. Period	It records receipts and payments made during the year that may be related to the current accounting period, past period or subsequent period.	It only records income and expenditure whether received or not received/paid during the current accounting period.
6. Balance	As this is a cash account, it is always a debit balance.	This account may have a debit or credit balance i.e. loss or profit respectively.
7. Opening Balance	The balance in the beginning is cash in hand.	There is no opening balance.
8 Closing Balance	The balancing figure of this account is cash in hand at the end.	The balancing figure is expressed in term of either surplus or deficit.
9 Non-cash items Depreciation, bad debts	It does not include non-cash items like depreciation, bad debts, etc.	It includes non-cash items like depreciation, bad-debts, provisions, etc.

10. System	It is prepared on cash basis.	It is prepared on an accrual basis.
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Question 15

From the following particulars taken from the Cash Book of a health club, prepare a Receipts and Payments Account.

Particulars	Rs
Opening balance:	
Cash in Hand	5,000
Cash at Bank	25,000
Subscriptions	1,65,000
Donations	35,000
Investment Purchased	80,000
Rent Paid	20,000
General Expenses	21,500
Postage and stationery	2,000
Courier charges	1,000
Sundry Expenses	2,500
Closing Cash in Hand	12,000

Answer:

Receipts and Payment A/c			
Receipts	Amount	Payment	Amount
To Balance b/d:		By Investment purchased	80000
Cash in hand	5000	By Rent paid	20000
Cash at bank	25000	By General Expenses	21500
To Subscriptions	165000	By Postage and Stationary	2000

To Donations	35000	By Courier Charges	1000
		By Sundry Expenses	2500
		By Balance c/d:	
		Cash in hand	12000
		Cash at bank	91000
	230000		230000

Question 16

The Receipt and Payment Account of Harimohan charitable institution is given:

Receipt and Payment Account for the year ending March 31,
2015

Receipts	Amount Rs	Payments	Amount Rs
Balance b/d:		Furniture	3,000
Cash at Bank	22,000	Investments	55,000
Cash in Hand	8,800	Advance for building	20,000
Donations	32,000	Charities	60,000
Subscriptions	50,200	Salaries	10,400
Endowment Fund	60,000	Rent and Taxes	4,000
Legacies	24,000	Printing	1,000
Interest on Investment	3,800	Postage	300
Interest on Deposits	800	Advertisements	1,100
Sale of old newspapers	500	Insurance	4,800
		Balance c/d:	
		Cash at Bank	32,000

		Cash in Hand	10,500
	2,02,100		2,02,100

Prepare the Income and Expenditure Account for the Year ended on March 31, 2015 after considering the following:

- (i) It was decided to treat Fifty per cent of the amount received on account of Legacies and Donations as income.
- (ii) Liabilities to be provided for are:
Rent Rs 800; Salaries Rs 1,200; advertisement Rs 200.
- (iii) Rs 2,000 due for interest on investment was not actually received.

Answer:

Income and Expenditure A/c for the year ending March 31, 2007					
Expenditure		Amount	Income		Amount
To Charities		60000	By Donations		16000
To Salaries	10400		By Subscriptions		50200
(+) O/s Salary	1200	11600	By Legacies		12000
To Rent and Taxes	4000		By Interest on Investment	3800	
(+) O/s Rent	800	4800	(+) Accrued Interest	2000	5800
To Printing		1000	By Interest on Deposits		800

To Postage		300	By Sale of Old Newspapers	500
To Advertisement	1100			
(+) O/s Advertisement	200	1300		
To Insurance		4800		
To Surplus (BF)		1500		
		85300		85300

Working:

(i) Legacies = 50% of 24000 = 12000

Donations = 50% of 32000 = 16000

Question 17

From the following particulars, prepare Income and Expenditure account:

Details	Amount Rs
Fees collected, including Rs 80,000 on account of the previous year	5,20,000
Fees for the year outstanding	30,000
Salary paid, including Rs 5,000 on account of the previous year	68,000
Salary outstanding at the end of the year	3,000
Entertainment expenses	8,000
Tournament expenses	25,000
Meeting Expenses	18,000

Traveling Expenses	7,000
Purchase of Books and Periodicals, including Rs 31,000 for purchase of Books	40,000
Rent	15,000
Postage, telegrams and telephones	6,000
Printing and Stationery	18,000
Donations received	25,000

Answer:

Income and Expenditure A/c					
Expenditure		Amount	Income		Amount
To Salaries	68000		By Fees	520000	
(-) O/s Salary of PY	5000		(-) O/s Fees of PY	80000	
	63000			440000	
(+) O/s Salary of CY	3000	66000	(+) Fees Receivable	30000	470000
To Entertainment Expense		8000	By Donation Received		25000
To Tournament Expense		25000			
To Meeting Expense		18000			
To Travelling Expense		7000			

To Purchase of Periodicals	9000		
To Rent	15000		
To Postage, Telegram, Telephones	6000		
To Printing and Stationary	18000		
	32300		
To Surplus	0		
	49500		49500
	0		0

Working:

Purchase of Periodicals = 40000 – 31000 = 9000

Question 18

Following is the information given in respect of certain items of a Sports Club. Show these items in the Income and Expenditure Account and the Balance Sheet of the Club:

Particulars	Rs
Sports Fund as on 1.4.2015	35,000
Sports Fund Investments	35,000
Interest on Sports Fund	4,000
Donations for Sports Fund	15,000
Sports Prizes awarded	10,000
Expenses on Sports Events	4,000
General Fund	80,000
General Fund Investments	80,000

Interest on General Fund Investments	8,000
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Answer:

Income and Expenditure A/c			
Expenditure	Amount	Income	Amount
		By Interest on General Fund Investment	8000

Balance Sheet				
Liabilities		Amount	Assets	Amount
Sports Fund	35000		Sports Fund Investment	35000
(+) Interest on Sports Fund	4000		General Fund Investment	80000
(+) Donation for Sports Fund	15000			
	54000			
(-) Expenses on Sports Event	4000			
(-) Prize Awarded	10000	40000		
General Fund		80000		

Question 19

How will you deal with the following items while preparing for the Bombay Women Cricket Club its income and

expenditure account for the year ending 31.3.2017 and its Balance Sheet as on 31.3.2017:

	Rs
(a) Donation received during the year for the construction of a permanent Pavilion	12,25,000
Expenditure incurred up to 31.3.2017 on its construction	10,80,000
The total estimated expenditure on construction of Pavilion being	25,00,000
(b) Tournament Fund:	
Balance as on 1.4.2016	10,700
Subscriptions for tournament received during the year	65,800
Expenditure incurred during the year on conducting tournaments	72,400
(c) Life Membership fee received during the year	28,000

Give reasons for your answers

Answer: a.

Balance Sheet as on March 31, 2007				
Liabilities		Amount	Assets	Amount
Donation for Pavilion	1225000		Construction of Pavilion in Progress	1080000

(-) Expenses on Construction of Pavilion	108000 0	145000		
Capital				
(+) Pavilion Construction	108000 0	108000 0		

Reason:

Donation for construction of Pavilion is a donation for specific purpose.

Expense on construction on Pavilion is a Capital Expenditure.

b.

Balance Sheet as on March 31, 2007				
Liabilities		Amount	Assets	Amount
Tournament Fund	1070 0			
(+) Subscription for Tournament	6580 0			
	7650 0			
(-) Tournament Expenses	7240 0	4100		

Reason:

All fund received are treated as capital receipts and expenses related to any fund are reduced from the concerned funds.

c.

Balance Sheet

as on March 31, 2007			
Liabilities	Amount	Assets	Amount
Life Membership Fee	28000		

Reason:

Life Membership Fees are considered as capital receipts and are shown on the Liabilities side on the Balance Sheet, if nothing is specified about its treatment. But if it is to be treated as revenue item, then it is shown on the credit side of the Income and Expenditure account.

Question 20

From the following receipts and payments and information given below, Prepare Income and Expenditure Account and opening Balance Sheet of Adult Literacy Organisation as on December 31, 2017.

Receipt and Payment Account for the year ending
as on December 31, 2017

Receipts	Amount Rs	Payments	Amount Rs
Balance b/d		General Expenses	3,200
Cash in hand	4,000	News paper	1,850
Cash at Bank	15,550	Electricity	3,000
Subscriptions		Fixed deposit	18,000
2016	1,200	with bank	
		(on	
		31.06.2017) @	
		10% p.a.	
2017	26,500	Books	7,000

2018	500	28,200	Salary	3,600
Sale of old newspapers		1,250	Rent	6,500
Govt. grant		12,000	Postage charges	300
Sale of old furniture (book value Rs 5,000)		3,700	Furniture (purchased)	10,500
Interest received on FD		450	Balance c/d	
			Cash in Hand	3,000
			Cash at Bank	8,200
		65,150		65,150

Information:

- (i) Subscription outstanding as on 31.12.2016 Rs 2,000 and on December 31, 2017 Rs 1,500.
- (ii) On December 31, 2017 Salary outstanding Rs 600, and one month Rent paid in advance.
- (iii) On Jan. 01, 2016 organisation owned Furniture Rs 12,000, Books Rs 5,000.

Answer:

Income and Expenditure A/c for the year ending December 31, 2006				
Expenditure	Amount	Income		Amount
Loss on sale of old furniture	1300	Subscription	2650	0

General Expenses		3200	(+) O/s for 2006	1500	28000
Newspaper		1850	Sale of old newspaper		1250
Electricity		3000	Government Grant		12000
Salary	3600		Interest received on FD	450	
(+) O/s Salary for 2006	600	4200	(+) Accrued interest	450	900
Rent	6500				
(-) Prepaid for 2007	500	6000			
[6500 x (1/3)]					
Postage Charges		300			
Surplus		22300			
		42150			42150

Balance Sheet as on December 31, 2005			
Liabilities	Amount	Assets	Amount
Capital Fund (BF)	38550	Subscription Outstanding	2000
		Cash in hand	4000
		Cash at bank	15550
		Furniture	12000
		Books	5000

	38550		38550
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Balance Sheet as on December 31, 2006					
Liabilities		Amount	Assets		Amount
Capital	38550		Prepaid Rent		500
(+) Surpluses	22300	60850	Books	5000	
Salary O/s		600	(+) Purchases	7000	12000
Subscription received in advance		500		1200	
			Furniture	0	
				1050	
			(+) Purchases	0	
				2250	
				0	
			(-) Sale	5000	17500
				1800	
			Fixed Deposit	0	
			(+) Accrued Interest	450	18450
			Cash in hand		3000
			Cash at bank		8200
			O/s Subscription for 2006	1500	
			(+) O/s for 2005	800	2300

	61950		61950
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Question 21

The following is the account of cash transactions of the Nari Kalayan Samittee for the year ended December 31, 2017:

Receipts	Amount Rs	Payments	Amount Rs
Balance from last year	2,270	Rent	6,600
Subscriptions	32,500	Electric charges	3,200
Life membership fee	3,250	Lecturer's fee	730
Donation	2,500	Office expenses	1,480
Profit from entertainment	7,250	Printing and Stationery	1,050
Sale of old Books (books value Rs 1,000)	750	Legal fee	1,870
Interest	350	Books	6,500
		Furniture purchased	8,600
		Expenses on nukar drama	1,300
		Cash in hand	8,040
		Cash at bank	9,500
	48,870		48,870

You are required to prepare an Income and Expenditure Account after the following adjustments:

- (a) Subscription still to be received are Rs 750, but subscription include Rs 500 for the year 2018.
- (b) In the beginning of the year the Sangh owned building Rs 20,000 and furniture Rs 3,000 and Books Rs 2,000.
- (c) Provide depreciation on furniture @ 5% (including purchase), books @ 10% and building @ 5%.

Answer:

Income and Expenditure A/c for the year ending December 31, 2006					
Expenditure		Amount	Income		Amount
Rent		6600	Subscription	32500	
Electric Charge		3200	(+) O/s for 2006	750	
Lecture's fee		730		33250	
Office Expenses		1480	(-) Advance for 2007	500	32750
Depreciation on:			Donation		2500
Books	750		Profit from Entertainment		7250
Furniture	580		Interest		350
Building	1000	2330			

Printing and Stationary	1050		
Legal fee	1870		
Expenses on Nukar Drama	1300		
Loss on sale of books	250		
Surplus	24040		
	42850		42850

Balance Sheet as on December 31, 2005			
Liabilities	Amount	Assets	Amount
Capital Fund (BF)	27270	Building	20000
		Furniture	3000
		Books	2000
		Cash and Bank	2270
	27270		27270

Balance Sheet as on December 31, 2006					
Liabilities		Amount	Assets		Amount
Capital Fund	27270		Building	20000	
(+) Life Membership Fees	3250		(-) 5% Depreciation	1000	19000

	2404				
(+) Surplus	0	54560	Furniture	3000	
Advance Subscription for 2007		500	(+) Purchase	8600	
				11600	
			(-) 5% Depreciation	580	11020
			Books	2000	
			(+) Purchase	6500	
				8500	
			(-) Sales	1000	
				7500	
			(-) 10% Depreciation	750	6750
			Cash in hand		8040
			Cash at bank		9500
			O/s Subscription		750
		55060			55060

Question 22

Following is the Receipt and Payment Account of Indian Sports Club, prepared Income and Expenditure Account, Balance Sheet as on December 31, 2017:

Receipt and Payment Account
for the year ending December 31, 2017

Receipts	Amount Rs	Payments	Amount Rs
Balance b/d	7,890	Salary	11,000
Subscriptions	52,000	Electric charges	5,500
Life member ship fee	2,200	Billiard Table	17,500
Entrance fee	3,200	Office expenses	4,100
Tournament fund	26,000	Printing and Stationery	2,300
Locker Rent	1,250	Tournament expenses	18,500
Sale of old sports goods (Costing Rs 2,200)	2,500	Repair of ground	2,000
Sale of Old Newspaper	750	Furniture purchased	7,700
Legacy	37,500	Sports equipments	12,000
		Cash in Hand	12,690
		Cash at Bank	10,000
		Fixed Deposit (on 1.10.17 for 10% p.a)	30,000
	1,33,290		1,33,290

Other Information:

Subscription outstanding was on December 31, 2016 Rs 1,200 and Rs 3,200 on December 31, 2017. Locker rent outstanding on December 31, 2017 Rs 250. Salary outstanding on December 31, 2017 Rs 1,000. On January 1, 2017, club has Building Rs 36,000, furniture Rs 12,000, Sports equipments Rs 17,500. Depreciation charged on these items @ 10% (including Purchase).

Answer:

Income and Expenditure A/c for the year ending December 31, 2006					
Expenditure		Amount	Income		Amount
Salary	11000		Subscription	52000	
(+) O/s Salary for 2006	1000	12000	(+) O/s for 2006	3200	
Electric Charge		5500		55200	
Office Expenses		4100	(-) O/s for 2005	1200	54000
Depreciation on:			Locker Rent	1250	
Furniture	1970		(+) O/s for 2006	250	1500
Building	3600		Entrance Fees		3200

Sports Equipment	2730	8300	Profit on sale of sports equipment	300
Printing and Stationary		2300	(2500 - 2200)	
Repair of Ground		2000	Sale of Old Newspaper	750
Surplus		26300	Accrued Interest	750
		60500		60500

Balance Sheet as on December 31, 2005			
Liabilities	Amount	Assets	Amount
Capital Fund (BF)	74590	Subscription O/s	1200
		Building	36000
		Furniture	12000
		Books	17500
		Cash and Bank	7890
	74590		74590

Balance Sheet as on December 31, 2006				
Liabilities		Amou nt	Assets	Amou nt
Salary O/s		1000	Subscription O/s	3200
Tournament Fund	2600 0		Locker Rent O/s	250

(-) Tournament Expenses	1850 0	7500	Building	3600 0	
Capital Fund	7459 0		(-) 10% Depreciatio n	3600	32400
(+) Life Membership Fees	2200		Furniture	1200 0	
(+) Legacy	3750 0		(+) Purchase	7700	
(+) Surplus	2630 0	14059 0		1970 0	
			(-) 10% Depreciatio n	1970	17730
			Sports Equipment	1750 0	
			(+) Purchase	1200 0	
				2950 0	
			(-) Sales	2200	
				2730 0	
			(-) 10% Depreciatio n	2730	24570
			Billiard Table		17500

		Cash in hand		12690
		Cash at bank		10000
		Fixed Deposit	3000 0	
		(+) Accrued Interest	750	30750
	14909 0			14909 0

Question 23

From the following Receipt and Payment Account of Jan Kalyan Club, prepare Income and Expenditure Account and Balance Sheet for the year ending March 31, 2017.

Receipt and Payment Account *for the year ending March 31, 2017*

Receipts	Amount Rs	Payments	Amount Rs
Cash in hand as on 1.4.16	6,800	Salaries	24,000
Subscription	60,200	Traveling Expenses	6,000
Donation	3,000	Stationery	2,300
Sale of furniture (Book value Rs 6000)	4,000	Rent	16,000

Entrance fee	800	Repair	700
Life membership fee	7,000	Books purchased	6,000
Interest on investment (@ 5% for full year)	5,000	Building purchased	30,000
		Cash in hand as 31.3.2017	1,800
	86,800		86,800

Additional Information:

		<i>As on</i> 1.04.2016	<i>As on</i> 31.03.2017
(i)	Subscription received in advance	1,000	3,200
(ii)	Outstanding subscription	2,000	3,700
(iii)	Stock of stationery	1,200	800
(iv)	Books	13,500	16,500
(v)	Furniture	16,000	8,000
(vi)	Outstanding rent	1,000	2,000

Answer:

Income and Expenditure A/c for the year ending December 31, 2006			
Expenditure	Amount	Income	Amount

Salary		24000	Subscription	6020 0	
Loss on sale of Furniture		2000	(+) O/s for 2006	3700	
(6000 - 4000)				6390 0	
Travelling Expense		6000	(-) O/s for 2005	2000	
Depreciation on:				6190 0	
Furniture	2000		(+) Advance in 2005	1000	
Books	3000	5000		6290 0	
Stationary	2300		(-) Advance in 2006	3200	59700
(+) Opening Stock	1200		Donation		3000
	3500		Entrance Fees		800
(-) Closing Stock	800	2700	Interest on Investments		5000
Repairs		700			
Rent	1600 0				
(-) O/s for 2005	1000				
	1500 0				

(+) O/s for 2006	2000	17000		
Surplus		11100		
		68500		68500

Balance Sheet as on December 31, 2005			
Liabilities	Amount	Assets	Amount
Advance Subscription	1000	Cash in hand	6800
O/s Rent	1000	Investment [5000 x (100/5)]	100000
Capital Fund (BF)	137500	O/s Subscription	2000
		Stock of Stationary	1200
		Books	13500
		Furniture	16000
	139500		139500

Balance Sheet as on December 31, 2006				
Liabilities		Amou nt	Assets	Amou nt
Advance Subscription		3200	Subscription O/s	3700
O/s Rent		2000	Stock of Stationary	800
Capital Fund	13750 0		Investments	10000 0

(+) Life Membership Fees	7000		Furniture	16000	
(+) Surplus	11100	155600	(-) Sales	6000	
				10000	
			(-) Depreciation	2000	8000
			Books	13500	
			(+) Purchase	6000	
				19500	
			(-) Depreciation	3000	16500
			Building		30000
			Cash in hand		1800
		160800			160800

Question 24

Receipt and Payment Account of Shankar Sports club is given below, for the year ended March 31, 2017

Receipt and Payment Account
for the year ending March 31, 2017

Receipts	Amount	Payments	Amount
----------	--------	----------	--------

	Rs		Rs
Opening Cash in hand	2,600	Rent	18,000
Entrance fees	3,200	Wages	7,000
Donation for building	23,000	Billiard table	14,000
Locker rent	1,200	Furniture	10,000
Life membership fee	7,000	Interest	2,000
Profit from entertainment	3,000	Postage	1,000
Subscription	40,000	Salary	24,000
		Cash in hand	4,000
	80,000		80,000

Prepare Income and Expenditure Account and Balance Sheet with help of following Information:

Subscription outstanding on March 31, 2016 is Rs 1, 200 and Rs 2,300 on March 31, 2017, opening stock of postage stamps is Rs 300 and closing stock is Rs 200, Rent Rs 1,500 related to 2015 and Rs 1,500 is still unpaid.

On April 01, 2016 the club owned furniture Rs 15,000, Furniture valued at Rs 22,500

On March 31, 2017. The club took a loan of Rs 20,000 (@ 10% p.a.) in 2017.

Answer:

Income and Expenditure A/c for the year ending December 31, 2006			
Expenditure	Amount	Income	Amount

Salary		24000	Subscription	40000	
Wages		7000	(+) O/s for 2006	2300	
Depreciation on Furniture		2500		42300	
Interest		2000	(-) O/s for 2005	1200	41100
Rent	18000		Entrance Fees		3200
(+) O/s for 2006	1500		Locker Rent		1200
	19500		Profit from Entertainment		3000
(-) O/s for 2005	1500	18000	Deficit (BF)		6100
Postage	1000				
(+) Opening Stock	300				
	1300				
(-) Closing Stock	200	1100			
		54600			54600

Balance Sheet as on December 31, 2005			
Liabilities	Amount	Assets	Amount
10% Loan	20000	Cash in hand	2600

O/s Rent	1500	Stock of Postage Stamps	300
		O/s Subscription	1200
		Furniture	15000
		Capital Fund Deficit (BF)	2400
	21500		21500

Balance Sheet as on December 31, 2006					
Liabilities		Amount	Assets		Amount
10% Loan		20000	Subscription O/s		2300
O/s Rent		1500	Stock of Postage Stamps		200
Donation for Building		23000	Billiard Table		14000
Capital Fund	- 240 0		Cash in hand		4000
(+) Life Membership Fees	700 0			1500 0	
	610 0		(+) Purchase	1000 0	
(-) Deficit				2500 0	

		(-) Depreciation	2500	22500
		Capital Fund Deficit		1500
	44500			44500

Question 25

Prepare Income and Expenditure Account and Balance Sheet for the year ended December 31, 2016 from the following Receipt and Payment Account and Balance Sheet of culture club:

Receipt and Payment Account *for the year ending March 31, 2016*

Receipts	Amount Rs	Payments	Amount Rs
Opening cash balance	12,000	Furniture	4,000
Subscription		Telephone expenses	800
2014-2015 2,000		Salary	
2015-2016 <u>22,000</u>	24,000	2014-2015	1,000
Entrance fees	2,800	2015-2016	4,000
Locker rent	1,000	Newspapers	700
Life membership fee	1,200	Sundry expenses	1,000
Government grant	11,000	Defence bonds	18,000
		Land	20,000

		Closing cash balance	2,500
	52,000		52,000

Answer:

Income and Expenditure A/c for the year ending December 31, 2006				
Expenditure	Amount	Income		Amount
Salary	4000	Subscription	22000	
Telephone Expenses	800	(+) Advance in 2005	1000	23000
Newspaper	700	Locker Rent	1000	
Sundry Expenses	1000	(+) Advance in 2005	200	1200
Surplus	31500	Entrance Fees		2800
		Government Grants		11000
	38000			38000

Balance Sheet as on December 31, 2006			
Liabilities	Amount	Assets	Amount
Loan	10000	Subscription O/s for 2005	1000
O/s Salary for 2005	1000	(3000 - 2000)	

Capital Fund	3680 0		Furniture	4000
(+) Life Membership Fees	1200		Defence bonds	18000
(-) Deficit	3150 0	69500	Land	20000
			Building	35000
			Cash in hand	2500
		80500		80500

Question 26

From the following Receipt and Payment Account prepare final accounts of a Unity Club for the year ended March 31, 2017.

Receipt and Payment Accounts *for the year ending March 31, 2017*

Receipts	Amount Rs	Payments	Amount Rs
Balance b/d	15,000	Furniture	18,000
Sale of Old furniture (costing Rs 6,000)	4,000	Library books	10,000
Subscriptions:		Salaries	72,000
2015–16 18,000		General expenses	18,000
2016–17 60,000		Electric charges	12,000
2017–18 <u>12,000</u>	90,000	Newspapers	33,800
Sale of old newspapers	10,800	Postage	3,000

Profit from entertainment	44,000	Stationery	40,000
Rent	84,000	Audit fee	8,000
		Balance c/d	33,000
	2,47,800		2,47,800

Balance Sheet
as on March 31, 2016

Liabilities	Amount Rs	Assets	Amount Rs
Outstanding Salary	6,000	Cash	15,000
Capital Fund	6,94,000	Outstanding subscription	18,000
		Library Books	30,000
		Furniture	37,000
		Land and Building	6,00,000
	7,00,000		7,00,000

Additional Information:

1. The Club had 500 members each paying an annual subscription of Rs 150.
2. On 31.3.2016 salaries outstanding amounted to Rs 1,200 and salaries paid included Rs 6,000 for the year 2015–16.
3. Provide 5% depreciation on Land and Building.

Answer:

Income and Expenditure A/c for the year ending March 31, 2007				
Expenditure		Amount	Income	Amount
Loss on sale of Old Furniture		2000	Subscription	75000
(6000 - 4000)			(500 members at Rs.150 each)	
General Expenses		18000	Sale of Old Newspaper	10800
Electric Charges		12000	Profit from Entertainment	44000
Salaries	72000		Rent	84000
(+) O/s for 2005-06	1200		Deficit (BF)	200
	73200			
(-) O/s for 2006-07	6000	67200		
Newspaper		33800		
Postage		3000		
Stationary		40000		
Audit Fees		8000		
Depreciation on Land and Building		30000		
		214000		214000

Balance Sheet as on March 31, 2007

Liabilities		Amount	Assets		Amount
Advance Subscription for 2007-08		12000	Subscription O/s		15000
O/s Salaries		1200	Cash and Bank		33000
Capital Fund	694000		Furniture	37000	
(-) Deficit	200	693800	(+) Purchase	18000	
				55000	
			(-) Sales	6000	49000
			Library Books	30000	
			(+) Purchase	10000	40000
			Land and Building	600000	
			(-) 5% Depreciation	30000	570000
		707000			707000

Question 27

Following is the information in respect of certain items of a Sports Club. You are required to show them in the Income and Expenditure Account and the Balance Sheet.

Details	Amount
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	Rs
Sports Fund as on April 1, 2016	80,000
Sports Fund Investments	80,000
Interest on Sports Fund Investments	8,000
Donations for Sports Fund	30,000
Sports Prizes awarded	16,000
Expenses on Sports Events	7,000
General Fund	2,00,000
General Fund Investments	2,00,000
Interest on General Fund Investments	20,000

Answer:

Income and Expenditure A/c for the year ending March 31, 2006			
Expenditure	Amount	Income	Amount
		By Interest on General Fund Investment	20000

Balance Sheet as on March 31, 2006				
Liabilities		Amount	Assets	Amount
Sports Fund	80000		Sports Fund Investment	80000
(+) Interest on Sports Fund	8000		General Fund Investment	200000

(+) Donation for Sports Fund	30000			
	11800 0			
(-) Events	7000			
(-) Sports Prize Awarded	16000	95000		
General Fund		200000		

Question 28

Receipt and Payment Account of Maitrey Sports Club showed that Rs 68,500 were received by way of subscriptions for the year ended on March 31, 2017.

The additional information was as under:

1. Subscription Outstanding as on March 31, 2016 were Rs 6,500.
2. Subscription received in advance as on March 31, 2016 were Rs 4,100.
3. Subscription Outstanding as on March 31, 2017 were Rs 5,400.
4. Subscription received in advance as on March 31, 2017 were Rs 2,500.

Show how that above information would appear in the final accounts for the year ended on March 31, 2017 of Maitrey Sports Club.

Answer:

Income and Expenditure A/c for the year ending March 31, 2006				
Expenditure	Amount	Income		Amount
		Subscription	68500	
		(-) O/s on March 31, 2005	6500	
			62000	
		(+) Advance on March 31, 2005	4100	
		(+) O/s on March 31, 2006	5400	
			71500	
		(-) Advance on March 31, 2006	2500	69000

Balance Sheet as on March 31, 2005			
Liabilities	Amount	Assets	Amount
Subscription in Advance	4100	Subscription Outstanding	6500

Balance Sheet as on March 31, 2006			
Liabilities	Amount	Assets	Amount
Subscription in Advance	2500	Subscription Outstanding	5400

Question 29

Following is the Receipt and Payment account of Rohatgi Trust :

Receipt and Payment Account *for the year ending December 31, 2017*

Receipts	Amount Rs	Payments	Amount Rs
Cash in hand	14,000	Rent	6,000
Cash at Bank	60,000	Salary	12,000
Subscriptions:		Postage	300
2016 5,000		Electricity	6,000
2017 83,000		charges	20,000
2018 3,000		Purchase of	3,000
	91,000	furniture	
	90,000	Books	
Sale of		Defence Bonds	1,50,000
Investment			
Interest on	2,000	Help to needy	22,000
investment		students	
Sale of furniture	3,200	Cash in hand	10,900
(book value Rs 3,000)		Cash at bank	30,000
	<u>2,60,200</u>		<u>2,60,200</u>

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Prepare Income and expenditure account for the year ended December 31, 2017, and a balance sheet as on that date after the following adjustments: Subscription for 2017, still owing were Rs 7,000. Interest due on defence bonds was Rs7,000, Rent still owing was Rs 1,000. The Book value of investment sold was Rs 80,000, Rs 30,000 of the investment were still in hand. Subscription received in 2017 included Rs 400 from a life member. The total furniture on January 1, 2017 was worth Rs 12,000. Salary paid for the year 2018 is Rs 2,000.

Answer:

Income and Expenditure A/c for the year ending December 31, 2006					
Expenditure		Amou nt	Income		Amou nt
Postage Charges		300	Subscription	8300 0	
Electricity		6000	(+) O/s for 2006	7000	
Help to needy students		22000		9000 0	
Salary	6000		(-) Life membership fees	400	89600
(+) O/s Salary for 2006	1000	7000	Interest Accrued on Defence Bonds		7000

Rent	1200 0		Profit on sale of investments	10000
(-) Prepaid for 2007	2000	10000	(90000 - 80000)	
Surplus		63500	Profit on sale of furniture	200
			(3200 - 3000)	
			Interest on Investments	2000
		10880 0		10880 0

Balance Sheet as on December 31, 2005			
Liabilities	Amount	Assets	Amount
Capital Fund (BF)	201000	Subscription Outstanding	5000
		Cash in hand	14000
		Cash at bank	60000
		Furniture	12000
		Investment (80000 + 30000)	110000
	201000		201000

Balance Sheet as on December 31, 2006			
Liabilities	Amount	Assets	Amount

Capital	20100 0		O/s Subscription	7000
(+) Surplus	63500		Defence Bonds	15000 0
(+) Life Membership Fees	400	26490 0	(+) Accrued Int. on Def. Bonds	7000
Subscription received in advance		3000	Furniture	12000
O/s Rent		1000	(+) Purchases	20000
				32000
			(-) Sale	3000
			Investments	30000
			Advance Salaries	2000
			Cash in hand	10900
			Cash at bank	30000
			Books	3000
		26890 0		26890 0

Question 30

Following Receipt and Payment Account was prepared from the cash book of Delhi Charitable Trust for the year ending December 31, 2017

Receipt and Payment Account
for the year ending December 31, 2017

Receipts	Amount Rs	Payments	Amount Rs
Balance b/d		Charity	11,500
Cash in hand	11,500	Rent and taxes	3,200
Cash at bank	12,600	Salary	6,000
Donation	9,000	Printing	600
Subscription	42,800	Postage	300
Legacies	18,000	Advertisements	4,500
Interest on investment	4,500	Insurances	2,000
Sale of old newspapers	200	Furniture	21,600
		Investment	23,000
		Balance c/d:	
		Cash in hand	9,900
		Cash at bank	16,000
	98,600		98,600

Prepare Income and expenditure account for the year ended December 31, 2017, and a balance sheet as on that date after the following adjustments:

- It was decided to treat one-third of the amount received on account of donation as income.
- Insurance premium was paid in advance for three months.
- Interest on investment Rs1,100 accrued was not received.
- Rent Rs600: salary Rs900 and advertisement expenses Rs1,000 outstanding as on December 31, 2017.

Answer:

Income and Expenditure A/c for the year ending December 31, 2007					
Expenditure		Amount	Income		Amount
Insurance	2000		Interest on Investments	4500	
(-) Prepaid [2000 x (3/15)]	400	1600	(+) Accrued Interest	1100	5600
Rent and Taxes	3200		Donation [9000 x (1/3)]		3000
(+) O/s Rent	600	3800	Subscription		42800
Salary	6000		Sale of Old Newspaper		200
(+) O/s Salary	900	6900			
Advertisement	4500				
(+) O/s	1000	5500			
Charity		11500			
Printing		600			
Postage		300			
Surplus		21400			
		51600			51600

Balance Sheet as on December 31, 2006			
Liabilities	Amount	Assets	Amount

Capital Fund (BF)	24100	Cash at hand	11500
		Cash at bank	12600
	24100		24100

Balance Sheet as on December 31, 2007					
Liabilities		Amou nt	Assets		Amou nt
Capital	24100		Prepaid Insurance [2000 x (3/15)]		400
(+) Surplus	21400		Investment s	23000	
(+)Legacies	18000		(+) Accrued Interest	1100	24100
(+) Donation [9000 x (2/3)]	6000	69500	Furniture		21600
O/s Rent		600	Cash in hand		9900
O/s Salary		900	Cash at bank		16000
O/s Advertisement Expenses		1000			
		72000			72000

Question 31

From the following Receipt and Payment Account of a club, prepare Income and Expenditure Account for the year ended March 31, 2017 and the Balance Sheet as on that date.

Receipt and Payment Account
for the year ending March 31, 2017

Receipts	Amount Rs	Payments	Amount Rs
Balance b/d	3,500	General expenses	900
Subscription:		Salary	16,000
2015-16 2,000		Postage	1,300
2016-17 70,000		Electricity	7,800
2017-18 3,000		charges	26,500
	75,000	Furniture	
Sale of old Books	2,000	Books	13,000
(Costing Rs 3,200)		Newspapers	600
Rent from use of hall	17,000	Meeting expenses	7,200
Sale of newspapers	400	T.V. set	16,000
Profit from entertainment	7,300	Balance c/d	15,900
	1,05,200		1,05,200

Additional Information:

- (a) The club has 100 members each paying an annual subscription of Rs 900. Subscriptions outstanding on March 31, 2016 were Rs 3,600.

- (b) On March 31, 2017, salary outstanding amounted to Rs 1,000, Salary paid included Rs 1,000 for the year 2012.
- (c) On April 1, 2017 the club owned land and building Rs 25,000, furniture Rs 2,600 and books Rs 6,200.

Answer:

Income and Expenditure A/c for the year ending December 31, 2006					
Expenditure		Amount	Income		Amount
Salary	16000		Subscription	70000	
(+) O/s for 2006	1000		(+) O/s for 2006	20000	90000
	17000		Rent from use of hall		17000
(-) O/s for 2005	1000	16000	Sale of Old Newspaper		400
General Expenses		900	Profit from Entertainment		7300
Loss on sale of Old Books		1200			
Electricity Charges		7800			
Newspaper		600			
Meeting Expenses		7200			
Postage		1300			
Surplus		79700			
		114700			114700

Balance Sheet as on December 31, 2005			
Liabilities	Amount	Assets	Amount
O/s Salary	1000	O/s Subscription	3600
Capital Fund (BF)	39900	Furniture	2600
		Books	6200
		Cash and Bank	3500
		Building	25000
	40900		40900

Balance Sheet as on December 31, 2006					
Liabilities		Amount	Assets		Amount
Capital	39900		O/s Subscription 2006	20000	
(+) Surplus	79700	119600	(+) 2005 Subscription still O/s	1600	21600
Advance Subscription		3000	Furniture	2600	
				26500	
O/s Salary		1000	(+) Purchase	0	29100
			Books	6200	
				13000	
			(+) Purchase	0	
				19200	

		(-) Sales	3200	16000
		Building		25000
		T.V. Set		16000
		Cash and Bank		15900
	12360			12360
	0			0

Question 32

Following is the Receipt and Payment Account of Women's Welfare Club for the year ended December 31, 2017:

Receipt and Payment Account
for the year ending December 31, 2017

Receipts	Amount Rs	Payments	Amount Rs
Balance b/d	7,250	Salary	12,500
Subscriptions	81,750	Stationery	1,700
Donations	3,000	Electricity charges	9,550
Grant from Government	15,000	Insurance	7,500
Sale of newspapers	300	Equipments	30,000
Proceeds of charity show	16,500	Petty expenses	500
Interest on investments @ 10% for full year	7,000	Expenses on charity show	12,900
Sundries income	400	Newspapers	1,000
		Lectures fee	16,500
		Honorarium to Secretary	12,000

		Balance c/d	27,050
	1,31,200		1,31,200

Additional Information:

	01.01.2017 Rs	31.12.2017 Rs
Outstanding salaries	1,200	1,800
Insurance prepaid	700	300
Subscription outstanding	3,750	2,500
Subscription received in advanced	1,750	1,000
Electricity charges outstanding	—	1,250
Stock of stationery	2,250	700
Equipments	25,600	50,200
Building	1,20,000	1,14,000

Question 33

Prepare Income and Expenditure Account for the year ended December 31, 2017 and Balance Sheet as on that date.

Answer:

Income and Expenditure A/c for the year ending December 31, 2007					
Expenditure		Amount	Income		Amount
Salary	12500		Subscription	81750	
(+) O/s for 2007	1800		(+) O/s for 2007	2500	

	143 00			84250	
(-) O/s for 2006	120 0	1310 0	(-) O/s for 2006	3750	
Stationary	170 0			80500	
(+) Opening Stock	225 0		(+) Advance on 2006	1750	
	395 0			82250	
(-) Closing Stock	700	3250	(-) Advance on 2007	1000	8125 0
Electric Charges	955 0		Donations		3000
(+) O/s for 2007	125 0	1080 0	Grant from Government		1500 0
Insurance	750 0		Sale of Newspaper		300
(+) Prepaid in 2006	700		Profit from Charity Show (16500 - 12900)		3600
	820 0		Interest on Investments		7000
(-) Prepaid in 2007	300	7900	Sundries Income		400
Dep. on Equipment		5400			
Petty Expenses		500			
Newspaper		1000			

Lecture Fees	16500		
Honorarium to Secretary	12000		
Dep. on Building	6000		
Surplus	34100		
	110550		110550

Balance Sheet as on December 31, 2006			
Liabilities	Amount	Assets	Amount
O/s Salary	1200	Insurance Prepaid	700
Subscription in Advance	1750	O/s Subscription	3750
Capital Fund (BF)	226600	Stock of Stationary	2250
		Equipment	25600
		Building	120000
		Cash and Bank	7250
		Investment [7000 x (100/10)]	70000
	229550		229550

Balance Sheet as on December 31, 2007					
Liabilities		Amount	Assets		Amount
Capital	226600		Equipment	25600	
(+) Surplus	34100	260700	(+) Purchase	30000	
Advance Subscription		1000		55600	
O/s Salary		1800	(-) Depreciation	5400	50200
O/s Electricity Charges		1250	Building	120000	
			(-) Depreciation	6000	114000
			Insurance Prepaid		300
			O/s Subscription		2500
			Stock of Stationary		700
			Cash and Bank		27050
			Investments		70000
		264750			264750

Question 34

As at March 31, 2017 the following balances have been extracted from the books of the Indian Chartered Accountants Recreation Club and you are asked to prepare (1) Trading Account for ascertaining gross profit derived from running restaurant and dining room and (2) Income and

Expenditure Account for the year ended March 31, 2017 (3)
and a Balance Sheet as at that date.

Debit Balances	Rs	Credit Balances	Rs
Stock-in-hand	1 170	Receipts Dining Room	87,660
Purchases	24,660	Subscriptions	9,450
Dining Room	32,370	Billiard's Receipts	7,300
Rent	10,470	Sunday Receipts	410
Wages	18,690	Interest on Fixed Deposit	270
Repairs and Renewals	5,400	Sundry Creditors	5310
Fuel and Light	5,280	Grant from Institute (permanent)	42,000
Misc. Expenses	4,050	Income and Exp. A/c (1.4.16)	1,380
Cash in hand	560	Suspense A/c (See note)	60
Cash at bank	2,760		
Fixed Deposit	8,500		
Sundry Debtors	2,250		
China glass, cutlery and linen	600		
Billiard Table	2,070		
Fixtures and Fittings	870		
Furniture	4,140		
Club Premises	30,000		

	1,53,840		1,53,840

On March 31, 2016 stock of restaurant consisted of Rs 900 and Rs 60 respectively. Provide depreciations Rs 60 on fixtures and fittings, Rs 390 on billiard table and Rs 560 on furniture.

Answer:

Note – The credit side on the Trial Balance is short by 60 Rs. Thus, we will be required to open the Suspense Account in this case.

Note – The closing stock should be Rs. 960 instead of Rs. 900

Books of Indian Chartered Accountants Recreation Club
Restaurant Trading Account

Dr.		Cr.	
Particulars	Amount Rs	Particulars	Amount Rs
Opening Stock	1,170	Receipts from Dining Room	87,660
Purchases	24,660	Closing Stock	960
Dining Room Exp.	32,370		
Profit from Restaurant	30,420		
	88,620		88,620

Income and Expenditure Account
As on March 31, 2017

Dr.

Cr.

Expenditure	Amount Rs	Income	Amount Rs
Rent	10,470	Subscriptions	9,450
Wages	18,690	Sundry Receipts	410
Repairs and Renewals	5,400	Interest on Fixed Deposits	270
Fuel and Light	5,280	Profit from Restaurant	30,420
Misc. Expenses	4,050	Billiards Receipts	7,300
Depreciation on Fixtures and Fittings 60			
Billiards Table 390			
Furniture <u>560</u>	1,010		
Surplus (Excess of Income over Expenditure)	2,950		
	<u>47,850</u>		<u>47,850</u>

Balance Sheet
As on March 31, 2017

Liabilities	Amount Rs	Assets	Amount Rs
Sundry Creditors	5,310	Cash in Hand	560
Grant from Institute	42,000	Cash at Bank	2,760
Suspense	60	Fixed Deposit	8,500
Capital			
Fund			
(Income and Exp. A/c as on Apr.01, 2016)	1,380	Sundry Debtors	2,250
<i>Add:</i>		China Glass, Cutlery and Linen	600
Surplus	<u>2,950</u>	Billiards Table	2,070
	4,330	<i>Less:</i>	
		Depreciation	<u>(390)</u>
			1,680
		Fixture and Fittings	870
		<i>Less:</i>	
		Depreciation	<u>(60)</u>
			810
		Furniture	4,140
		<i>Less:</i>	
		Depreciation	<u>(560)</u>
			3,580

		Club Premises	30,000
		Stock of Restaurant	960
	51,700		51,700