

CHAPTER – 9

FINANCIAL STATEMENTS OF NOT-FOR-PROFIT ORGANIZATIONS



<p>NOT-FOR PROFIT ORGANIZATIONS</p>	<p>A non-profit organization is a legal and accounting entity that is operated for the benefit of the society as a whole, rather than for the benefit of a sole proprietor or a group of partners or shareholders</p>
<p>NATURE OF RECEIPTS AND PAYMENTS ACCOUNT</p>	<p>A Receipts and Payments Account is a summary of the cash book without date column. It is an elementary form of account commonly adopted by not for profit making concerns such as hospitals, clubs, societies, Temples, churches etc., for presenting periodically the result of their working.</p>
<p>INCOME AND EXPENDITURE ACCOUNT</p>	<p>The income and expenditure account is equivalent other Profit and Loss Account of a business enterprise. It is an account which is widely adopted by not for profit making concerns and is prepared by following accrual principle.</p>

BALANCE SHEET	A Balance Sheet is the statement of assets and liabilities of an accounting unit at a given date. In not for profit organizations, the excess of total assets over total outside liabilities is known as Capital Fund
RECEIPT AND EXPENDITURE ACCOUNT	A Receipts and Payments Account is a summary of the cashbook.
ITEMS	Donations, Entrance and Admission Fees, Subscription, Life Membership Fee are some of the sources of incomes for the non-profit organizations. These items have separate treatments with some being while others being treated on accrual basis, as told before.



Question 1

States the name of financial statements made under Non-profit Organisation.

Answer:

A non-profit organization is a legal and accounting entity that is operated for the benefit of the society as a whole, rather than for the benefit of a sole proprietor or a group of partners or shareholder's financial statements made under Receipts and Payments Account Income and expenditure account Balance sheet

Question 2

Explain Receipt and payment account states its feature.

Answer:

A Receipts and Payments Account is a summary of the cash book. It is an elementary form of account commonly adopted by non-profit making concerns such as hospitals, clubs, societies, etc., for presenting periodically the result of their working. It consists of a classified summary of cash receipts and payments over a certain period together with the cash balances at the beginning and close of the period. The receipts are entered on the left-hand side, and payments on the right hand side i.e., same sides as those on which they appear in Cash Book.

Features:

- It is the summary of the cash and bank transactions like cashbook,
- all the receipts(capital or revenue) are debited, similarly,
- All the expenditures (capital or revenue)are credited.
- It starts with opening cash and bank balances and also ends with their closing balances.
- This account is usually not a part of the double entry system.
- It includes all cash and bank receipts and payments, whether they are related to current, past or future periods.
- Surplus or deficit for an accounting period cannot be ascertained from this account, since,
- It shows only the cash position an excludes all non-cash items.

Question 3

How to Prepare Income and Expenditure Account from Receipt and Payment account.

Answer:

Preparation of Income and Expenditure Account from Receipts and Payments Account.

Often problems set in examinations require compilation of Income and Expenditure Account and the Balance Sheet from the Receipts and Payments Account after making adjustments in respect of Income accrued but not collected and expenses outstanding. The preparation of Balance Sheet in such a case is also necessary since an Income and Expenditure Account must always be accompanied by a Balance Sheet.

The procedure which should be followed in this regard is briefly outlined below.

- Compute the opening balance of the Accumulated Fund, or Capital Fund of the Institution. It will be excess of the total value of the assets over that of the liabilities at the commencement of the period.
- Open ledger accounts in respect of various items of income and expenditure (e.g. subscription, rents, printing, purchase of sports materials etc.) in which accruals or outstanding at the beginning or at the end of period have to be adjusted.
- Enter therein any accrual or outstanding at the end of the period as well as amounts which relate to an earlier period or the following period.
- The balance of the ledger accounts therefore will represent the amounts or income or expenditure pertaining to the period. These should be transferred to the Income and Expenditure Account.
- Post from the debit of the Receipts & Payments Account to the credit of the Income and Expenditure Account other items of income wherein accruals and outstanding amount have to be adjusted. Likewise, post item of expenses in which no adjustment is to be made directly to debit of income and Expenditure Account.
- Transfer the balance of Income and Expenditure Account to the Accumulated Fund Account.
- Post the receipts and payments of capital nature from the Receipts and Payments Account to the appropriate asset or liability account for incorporating in the Balance Sheet. If a part or whole of an asset has been sold, the capital profit/loss, if any, is credited / debited in the Income and Expenditure Account.

- The balance of Income and Expenditure Account should be transferred to the Accumulated Fund Account.

Prepare a Balance Sheet by including therein all the balances left over after transfers to the Income and Expenditure Account have been made.

Question 4

Distinction between Receipt and Payment Account and Income and Expenditure Account.

Answer:

Non-profit making organisation such as public education institutions, clubs, hospital etc. Prepare receipt and payment account and income and expenditure account to show the performance for a particular accounting period. There are points of distinction between Receipt and Payment Account and Income and expenditure Account

Basics	Receipt and Payment Account	Income and Expenditure Account
1. Nature	It is a real account	It is a nominal account
2. Object	It shows only cash transactions of the entity for a particular period	It shows the operation result for a particular period.
3. Similarity	It is same as Cash Book of profit-Making Organisation	It is same as the P&L Account of a profit-making organisation
4 Basis	It is prepared on the basis of actual cash transactions.	It is prepared on accrual basis
5. Contain	For this purpose, no distinction is made between revenue and capital items of any period.	For this purpose, only revenue items of current year are taken in consideration.

Question 5

Write Short note on Income and Expenditure Account.

Answer:

This account is more or less prepared in the same manner as profit and loss account. It includes the income and expenditure of current year only. Therefore, all the nontrading institution whether professional firms or educational institutions prepare this account to know the excess of income over expenditure or expenditure over income.

The important points related to this account are:

- There is no opening and closing balance.
- There are no capital receipts and expenses in these accounts.
- The assets are recorded in the Balance sheet supplemented to it.
- The depreciation and any reserve for bad and doubtful debts should be necessarily provided.

Question 6**What are the objectives of accounting for NPO?****Answer:**

- To assess financial performance of the organisation.
- To appraise the members about the financial affairs of the organisation.
- To evaluate the organisation's efficiency in spending money on some social cause.

Question 7 What are the main source of income in NPO?

The main sources of income of a not for profit organisation are :

- Membership subscription.
- Donations.
- Life membership fees.
- Profit from the sale of food in the club, restaurant or cafeteria.
- Profit from bar sales.

vi) Profit from social events, such as dinner – dance

vii) interest received on investment.

PRACTICAL CONTENT

Question 8

The receipts and payments for the Swaraj Club for the year ended December 31, 2014 were: Entrance fees ` 300; Membership Fees ` 3,000; Donation for Club Pavilion ` 10,000, Foodstuff sales ` 1,200; Salaries and Wages ` 1,200 Purchase of Foodstuff ` 800; Construction of Club Pavilion ` 11,000; General Expenses ` 600; Rent and Taxes ` 400; Bank Charges ` 160.

Cash in hand–Jan. 1st ` 200, Dec. 31st ` 350 Cash in Bank–Jan. 1st ` 400; Dec. 31st ` 590

Answer:

Kripa Club

Receipts and Payment Accounts for the year ended 31st December, 2014

Receipts	`	Payments	`
To Cash in hand b/d	200	By Salaries and Wages	1,200
To Cash with bank b/d	400	By Purchase of Foodstuff	800
To Entrance Fees	300	By Club Pavilion (Expenditure on its construction)	11,000
To Membership Fees	3,000	By General Expenses	600
To Donation of Account of Club Pavilion	10,000	By Rent and Taxes	400
To Sales of food stuff	1,200	By Bank Charges	160
		By Cash in hand c/d	350

		By Cash in bank c/d	590
	15,100		15,100

Question 10

During the year ended 31st March, 2012, Sachin Cricket Club received subscriptions as follows:

For year ending 31st March, 2011	12,000
For year ending 31st March, 2012	6,15,000
For year ending 31st March, 2013	18,000
Total	6,45,000

There are 500 members and annual subscription is ` 1,500 per member. On 31st March, 2012, a sum of ` 15,000 was still in arrears for subscriptions for the year ended 31st March, 2012

Ascertain the amount of subscriptions that will appear on the credit side of Income and Expenditure Account for the year ended 31st March, 2012. Also show how the items would appear in the Balance Sheet as on 31st March, 2011 and the Balance Sheet as on 31st March, 2012.

From the following information of M/s. Officers Sports Club (A non -profit organization) calculate (i) the total cost of sports material consumed in the club and (ii) Sale value of sports material during the year 2014-15.

Opening balance of sports material as on 1-4- 2014	56,800
Closing balance of sports material as on 31-3- 2015	32,900
Sports material purchased in cash	23,500
Payment made to creditors of sports material	64,300
Creditors for sports materials	
Opening	23,200
Closing	29,400

Out of the total sports material used during the year 40% was consumed by the club and the remaining was sold at a profit of 20% on cost.

The following information of M/s. TT Club are related for the year ended 31 st March, 2015:

Balances	As on 01-04-2014 (₹)	As on 31-3- 2015
Stock of Sports Material	75,000	1,12,500
Amount due for Sports Material	67,500	97,500
Subscription due	11,250	16,500
Subscription received in advance	9,000	5,250

Subscription received during the year ` 3,75,000 Payments for Sports Material during the year ` 2,25,000 You are required to: Ascertain the amount of Subscription and Sports Material that will appear in Income & Expenditure Account for the year ended 31.03.2015 and also show how these items would appear in the Balance Sheet as on 31.03.2015.

Solution:

(a) Amount of subscription for the year 2011-12

Income & Expenditure Account (An extract) of Sachin Cricket Club For the year ended 31st March, 2012

	₹		₹
		By Subscription (500 members × `1,500 per member)	7,50,000

Balance Sheet of Sachin Cricket Club as on

31st March 2011 (An extract)

Liabilities	₹	Assets	₹
		Subscription Receivable (15,000 + 12,000)	27,000

Balance Sheet of Sachin Cricket Club as on 31st

March 2012 (An extract)

Liabilities	`	Assets	`	
Unearned Subscription	18,000	Outstanding Subscription of 2010-11 of 2011-12 `(7,50,000 - 6,15,000)	15,000	
			1,35,000	1,50,000

Opening balance of sports material	56,800
Add: Purchases during the year (cash 23,500 + credit	94,000
	1,50,800
Less: Closing Stock	32,900
Sports material used	1,17,900
(i) Total cost of sports material consumed in the Club 40% of used material was consumed. (i.e. 40% of 1,17,900)	47,160
(ii) Sale value of sports material Cost of sports material sold (1,17,900-47,160)	70,740
Add: Profit @20% on cost	14,148
	84,888

**Balance Sheet of M/S TT club for the year
ended 31 march 2015 (AN Extract)**

Liabilities	`	Assets	`
Unearned Subscription	5,250	Subscription	16,500
Amount due for sports material	97,500	receivable Stock of sports material	1,12,500

March, 2011:

Expenses	Salaries	Electricity charge	Rent and tax	Newspapers and periodical
Paid during the year	15,000	600	5,400	1,080

Add: Outstanding	2,000	1,000	600	500
	<u>17,000</u>	<u>1,600</u>	<u>6,000</u>	<u>1,580</u>
Less: Outstanding	1,000	800	600	400
	16,000	800	5400	1,180

(1) Depreciation on Fixed assets

Assets	Book value	Additions during the year	Total	Rate of depreciation	Depreciation	W.D.V as on 31.3.2011
Furniture and fixtures	10,000	-	10,000	10%	1,000	9,000
Sports goods	8,000	2,000	10,000	20%	2,000	8,000
Library	10,000	10,000	20,000	10%	2,000	18,000

Question 11

Summary of receipts and payments of Bombay Medical Aid society for the year ended 31.12.2011 are as follows:

Opening cash balance in hand ` 8,000, subscription ` 50,000, donation ` 15,000, interest on investments @ 9% p.a. ` 9000, payments for medicine supply ` 30,000 Honorarium to doctor ` 10,000, salaries ` 28,000, sundry expenses ` 1,000, equipment purchase ` 15,000, charity show expenses ` 1,500, charity show collections ` 12,500.

	1.1.2011	31.12.2011
Subscription due	1,500	2,200
Subscription received in	1,200	700
Stock of medicine	10,000	15,000
Amount due for medicine	9,000	13,000
Value of equipment	21,000	30,000

Value of building	50,000	48,000
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You are required to prepare receipts and payments account and income and expenditure account for the year ended 31.12.2011 and balance sheet as on 31.12.2011.

Solution:

Receipts and payments Account of Bombay Medical and Society

For the year ended 31st December, 2011

Receipts	`	Payments	`
To Cash in hand (opening)	8,000	By Medicine supply	30,000
To Subscription	50,000	By Honorarium to doctors	10,000
To Donation	15,000	By Salaries	28,000
To Interest on investment	9,000	By Sundry expenses	1,000
To Charity show collections	12,500	By Purchases of equipment	15,000
		By Charity show expenses	1,500
		By Cash in hand (Closing)	9,000
	94,500		94,500

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Income and Expenditure Account of Bombay Medical Aid Society

For the year ended 31stDecember, 2011

Expenditure	`	Income	`
To Medicine Consumed	29,000	By Subscription	51,200
To Honorarium to doctors	10,000	By Donation	15,000
To Salaries	28,000	By Interest on investments	9,000
To Sundry expenses	1,000	By Profit on charity show: Show collections: 12,500 Less: Show expenses(1,500)	11,000

To Depreciation on Equipment 6,000 Building 2,000	8,000		
To Surplus – excess of income over expenditure	10,200		

Balance Sheet of Bombay Medical Aid Society
As on 31st December, 2011

Liabilities	`	Assets	`	
Capital fund:		Building	50,000	
Opening balance 1,80,300		Less: Depreciation	(2,000)	48,000
Add: Surplus 10,200	1,90,500	Equipment	21,000	
Subscription received in advance	700	Add: Purchase	15,000	
Amount due for medicine Supply	13,000		36,000	
		Less: Depreciation	(6,000)	30,000
		Stock of medicine		15,000
		Investments		1,00,000
		Subscription		2,200
		receivable		
		Cash in hand		9,000
	2,04,200			2,04,200

Subscription for the year ended 31st December		`
Subscription received during the year		50,000
Less: Subscription receivable on 1.1.2011	1,500	
Less: Subscription received in advance on	700	(2,200)
		47,800

Add: Subscription receivable on 31.12.2011	2,200	
Add: Subscription received in advance on 1.1.2011	1,200	3,400
		51,200
Purchase of medicine:		
Payment for medicine supply		30,000
Less: Amounts due for medicine supply on		(9,000)
		21,000
Add: Amounts due for medicine supply on		13,000
		34,000
Medicine consumed:		
Stock of medicine on 1.1.2011		10,000
Add: Purchase of medicine during the year		34,000
		44,000
Less: Stock of medicine on 31.12.2011		(15,000)
		29,000
Depreciation on equipment:		
Value of equipment on 1.1.2011		21,000
Add: Purchase of equipment during the year		15,000
		36,000
Less: Value of equipment on 31.12.2011		(30,000)
Depreciation on equipment for the year		6,000

Question 12

Smith Library Society Showed the following position on 31st March, 2010

Balance Sheet as on 31stMarch, 2010

Liabilities	\	Assets	
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Capital fund:	7,93,000	Electrical fittings	1,50,000
Expenses Payable	7,000	Furniture	50,000
		Books	4,00,000
		Investment in Security	1,50,000
		Cash at Bank	25,000
		Cash in hand	25,000
	8,00,000		8,00,000

The receipts and payment account or the year ended on 31st March, 2011 is given below:

To Balance b/d		By Electric Charges	7,200
Cash at bank	25,000		
Cash in hand	25,000		
	50,000		
To Entrance fee	30,000	By Postage and stationery	5,000
To Membership Subscription	2,00,000	By Telephone Charges	5,000
To Sale proceeds of old papers	1,500	By Books purchased	60,000
		By Outstanding expenses paid	7,000
		By Rent	88,000
To Hire of lecture hall	20,000	By Investment in Securities	40,000
To Interest on Securities	8,000	By Salaries	66,000
		By Balance c/d	
		Cash at Bank	20,000
		Cash in hand	11,300
	3,09,500		3,09,500

You are required to prepare income and expenditure account for the year ended 31st March, 2011 and a balance sheet as at 31st, March, 2011 after making the following adjustment

- i. Membership subscription included 10,000 received in advance
- ii. Provide for outstanding rent 4,000 and Salaries 3,000

- iii. Books to be depreciated @ 10% including additions. Electrical fittings and Furniture are also to be depreciated at the same rate.
- iv. 75% of the entrance fees is to be capitalized.
- v. Interest on Securities is to be Calculated @ 5% p.a including Purchases made on 1.10.2010 for 40,000.

Solution:**Smith Library Society**

Income and Expenditure Account

For the year ended 31st March, 2011

Dr.					Cr.
Expenditure			Income		
To Electric charges		7,200	By Entrance fee (25% of 30,000)		7,500
To Postage and stationery		5,000	By Membership Subscription	2,00,000	1,90,000
To telephone charges		5,000	Less: Received in advance	10,000	
To Rent Add: Outstanding	88,000 4,000	92,000	By Sale proceeds of old papers		1,500
To Salaries Add: Outstanding	66,000 3,000	69,000	By Hire of lecture hall		20,000
To Depreciation			By Interest on Securities (W.N.2) Add: Receivable	8,000 500	8,500
Electrical fittings	15,000		By Deficit- excess of Expenditure over income		16,700
Furniture	5,000				
Books	46,000	66,000			
		2,44,200			2,44,200

Balance Sheet of Smith Library Society

As on 31st March, 2011

Liabilities		Assets	
Capital Fund	7,93,000	Electrical fittings	1,50,000
Add: Entrance fees	22,500	Less: Depreciation	(15,000)
	8,15,500	Furniture	50,000
		Less Depreciation	(5,000)
Less: Excess of expenditure over income	(16,700)	Books	4,60,000
	7,98,800	Less: Depreciation	(46,000)
		Investment Securities	1,90,000
		Accrued Interest	500
Outstanding expenses:		Cash at Bank	20,000
Rent	4,000	Cash in hand	11,300
Salaries	3,000		
Membership Subscription in advance			
	10,000		
	8,15,800		8,15,800

Question 14

A doctor, after retiring from govt. service, started private practice on 1st April, 2010 with ` 20,000 of his own and ` 30,000 borrowed at an interest of 15% per annum on the security of his life policies. His accounts for the year were kept on a cash basis and the following is his summarized cash account:

Own capital	20,000	Medicines purchased	24,500
Loan	30,000	Surgical equipment	25,000
Prescription fees	52,500	Motor car	32,000
Gifts from patients	13,500	Motor car expenses	12,000
Visiting fees	25,000	Wages and salaries	10,500
Fees from lectures	2,400	Rent of clinic	6,000
Pension received	30,000	General charges	4,900

		Household expenses	18,000
			2,500
		Household Furniture	
		Expenses on daughter'	21,500
		Interest on loan	4,500
		Balance at bank	11,000
		Cash in hand	1,000
	1,73,400		1,73,400

You are required to prepare his capital account and income and expenditure account for the year ended 31st March, 2011 and balance sheet as on that date. One-third of the motorcar expense may be treated as applicable to the private use of car and ` 3,000 of the wages and salaries are in respect of domestic servants. The stock of medicines in hand on 31st March, 2011 was valued at ` 9,500.

Solution:

Capital Account

for the year ended 31st March, 2011

To Drawings:		By Cash/bank	20,000
Motor car expenses	4,000	By Cash bank (pension)	30,000
(One-third of ` 12,000)		By Net income from practice	47,500
Household expenses	18,000	(Derived from income and expenditure a/c)	
Daughter's marriage	21,500		
Wages of domestic servants	3,000		
Household furniture	2,500		
To Balance c/d	48,500		
	97,500		97,500

**Income and Expenditure Account for the year
ended 31st March, 2011**

To Medicines consumed		By Prescription fees	52,500
Purchases 24,500		By Gift from	13,500
Less: Stock on 31.3.11(9,500)	15,000	By Visiting fees	25,000
To Motor car expense	8,000	By Fees from	2,400
To Wages and salaries(10,500 – 3000)	7,500		
To Rent for clinic	6,000		
To General charges	4,900		
To Interest on loan	4,500		
To Net Income	47,500		
	93,400		93,400

Balance Sheet

Liabilities	`	Assets	`
Capital	48,500	Motor car	32,000
Loan	30,000	Surgical equipment	25,000
		Stock of medicines	9,500
		Cash at bank	11,000
		Cash in hand	1,000
	78,500		78,500

Question 15

The Receipts and payments account of trustwell Club prepared on 31st March, 2011 is as follows:

Receipts and Payments Account

Receipts	Amount	Payments	Amount.
To Balance b/d	450	By Expenses (including payment for sports	
To Annual income	4,590		

from Subscription Add: Outstanding of last year received this year	180		material 2,700)	
	4,770			6,300
Less: Prepaid of last year To Other fees	(90)	4,680 1,800	By loss on Sale of Furniture (Cost price 450)	180
To Donation		90,000	By Balance c/d	90,450
		96,930		96,930

Additional information:

Trust well Club had balances as o 1.4.2010

Furniture 1,800 investment at 5% 27,000

Sports material 6,600

Balance as on 31.3.2011; Subscription receivable 270

Subscription received in advance 90

Do you agree with above receipts and Payments account? If not prepare correct receipts and Payment's account and income and expenditure account for the year ended 31st March, 2011 and balance sheet as on that date.

Solution:

Receipts and Payments Account

Receipts		Amount	Payments	Amount.
To Balance b/d		450	By Expenses (` 6,300- `2,700)	3,600
To Subscription Annual income	4,590		By Sports material	2,700
Less: receivable as on	(270)		By Balance c/d (cash in hand and at bank)	90,720
Add: Advance received for year 2011-2012	90			

Add: Receivable as on	180			
Less: Advance received as on 31.3.2010	(90)	4,500		
To Other fees		1,800		
To Donation for building		90,000		
To Sale of furniture		270		
	97,020			97,020

Income and Expenditure Account of Trust well

Club for the year ended 31st March, 2011

Receipts		Amount	Payments	Amount.
To Sundry expenses		3,600	By Subscription	4,590
To Sports material			By Other fees	1,800
Balance as on 1.4.2010	6,660		By Interest on investment (5% on ` 27,000)	1,350
Add: Purchases	2,700		By Deficit: Excess of expenditure over income	3,600
Less: Balance as on 31.3.2011	(1,800)	7,560		
To Loss on sale of furniture		180		
		11,340		11,340

Balance sheet of Trust well club as on 31st march

Liabilities		Amount	Assets		Amount.
Capital fund	36,000		Furniture	1,800	
Less: Excess of expenditure over income	(3,600)	32,400	Less: Sold	(450)	1,350

Building fund		90,000	5% Investment		27,000
Subscription received in advance		90	Interest accrued on		1,350
			Sports material		1,800
			Subscription receivable		270
			Cash in hand and at bank		90,720
		1,22,490			1,22,490

Balance Sheet of Trust Well Club as on 1st April, 2011

Liabilities	Amount	Assets	Amount.
Subscription received in Capital Fund (balancing figure)	90 36,000	Furniture	1,800
		Investment	27,000
		Sports material	6,660
		Subscription receivable	180
		Cash in hand and at	450
	36,090		36,090

Question 16

The Accountant of Diana Club furnishes you the following receipts and payments account for the year ending 30th September, 2011:

Receipts	Amount	Payments	Amount.
Opening balance:		Honoraria to secretary	9,600
Cash and bank	16,760	Misc. expenses	3,060
Subscription	21,420	Rates and taxes	2,520
Sale of old	4,800	Ground man's wages	1,680

Entertainment fees	8,540	Printing and stationary	940
Bank interest	460	Telephone expenses	4,780
Bar receipts	14,900	Payment for bar purchases	11,540
		Repairs	640
		New car (Less sale proceeds of car ` 6,000)	25,200
		Closing balance:	
		Cash and bank	6,920
	66,880		66,880

Additional information:

	1.10.2010	30.9.2011
Subscription due (not received)	2,400	1,960
Cheques issued, but not presented for payment of printing	180	60
Club premises at cost	58,000	-
Depreciation on club premises provided so far	37,600	-
Car at cost	24,380	-
Depreciation on car	20,580	-
Value of Bar stock	1,420	1,740
Amount unpaid for bar purchases	1,180	860

Depreciation is to be provided @ 5% p.a. on the written down value of the club premises and @ 15% p.a. on car for the whole year.

You are required to prepare an income and expenditure account of Diana Club for the year ending 30th September, 2011 and balance sheet as on that date.

Solution:**Income and Expenditure Account of Diana Club****For the year ended 30thSeptember, 2011**

Expenditure	Amount	Income	Amount
To Honoraria to secretary	9,600	By Subscription (W.N.3)	20,980

To Misc. expenses		3,060	By Sale of old newspapers	4,800
To Rates and taxes		2,520	By Entertainment fees	8,540
To Groundman's Wages		1,680	By Bank interest	460
To Printing and stationary		940	By Bar receipts	14,900
To Telephone expenses		4,780	By Profit on sale of car (W.N.5)	2,200
To Bar expenses				
Opening bar stock	1,420			
Add: Purchases (W.N.2)	11,220			
	12,640			
Less: Closing bar Stock	(1,740)	10,900		
To Repairs		640		
To Depreciation				
Club premises (W.N.4)	1,020			
Car (W.N.6)	4,680	5,700		
To Excess of income over expenditure transferred to capital fund		12,060		
		51,880		51,880

A Complete KIT of Education
Balance Sheet of Diana Club

As on 30thSeptember, 2011

Liabilities	Amount	Assets	Amount
Capital fund (W.N.1)	43,600	Club Premises	19,380
Add: Excess of income over expenditure	12,060	Car	26,520
Outstanding liabilities for bar purchases		Bar Stock	1,740
		Outstanding Subscription	1,960
		Cash and Bank	6,920

		56,520		56,520
--	--	--------	--	--------

Working Notes:**1. Balance Sheet of Diana Club****As on 1st October, 2010**

Liabilities	Amount	Assets		Amount
Amount due for bar Purchases	1,180	Club premises	58,000	
		Less: Depreciation	(37,600)	20,400
Capital fund on 1.10.2010 (balancing figure)	43,600	Car	24,380	
		Less: Depreciation	(20,580)	3,800
		Bar Stock		1,420
		Outstanding Subscription		2,400
		Cash at bank		16,760
	44,780			44,780

2. Calculation of bar purchases for the year:

Bar payments as per receipts and payments account	11,540
Add: Amount due on 30.9.2011	860
	12,400
Less: Amount due on 1.10.2010	(1,180)
	11,220

3. Calculation of Subscriptions accrued during the year:

Subscription received as per receipts and payments account	21,420
Add: Outstanding on 30.9.2011	1,960
	23,380
Less: Outstanding on 1.10.2010	(2,400)
	20,980

4. Depreciation on club premises and written down value on 30th September, 2011:

Written down value on 1.10.2010 (58,000 – 37,600)	20,400
Less: Depreciation for the year 2010 – 2011 @ 5% p.a	(1,020)
	19,380

5. Calculation of profit on sale of car:

Sale proceeds of old car		6,000
Less: Written down value of old car:		
Cost of car on 1.10.2010	24,380	
Less: Depreciation upto 1.10.2020	(20,580)	(3,800)
		2,200

6. Depreciation on car and written down values on 30thSeptember, 2011:

Cost of new car Purchased (25,200 + 6,000)	31,200
Less: Depreciation for the year @ 15% p.a.	(4,680)
Written down value on 30.9.2011	26,520

Note: The Opening and Closing balance of cash and bank shown in the Receipts and Payments Account (given in the question) , include the bank balance as per cash book.

Therefore, no adjustment has been made in the above solution on account of cheques issued, but not presented for payment of printing.

Question 17

Income and Expenditure Account for the year ended 31st March, 2012 of South Asia Club is given below:

Expenditure	`	Income	`
To Salaries & wages	47,500	By Subscription	75,000
To Miscellaneous	5,000	By Entrance fee	2,500
To Audit fee	2,500	By Contribution for annual day (After deducting expenses ` 7,500)	7,500
To Executive's	10,000		
To Sports day expenses	5,000		
To Printing & stationary	4,500		
To Interest on bank loan	1,500		
To Depreciation on equipment	3,000		
To Excess of income over expenditure	6,000		
	85,000		85,000

Following additional information are also available:

	31.3.2011	31.3.2012
Subscription received in advance	4,500	2,700
Subscription outstanding	6,000	7,500
Salaries outstanding	4,000	4,500
Sports equipment	26,000	27,000

(1) Cash in hand on 31-3-12 was ` 16,000.

(2) The club took a 5% loan of ` 30,000 from a bank during 2010-11 for which interest was not paid in the financial year 2011-12.

Prepare Receipts and Payments account of South Asia Club for the year ending 31st March 2012.

Solution:

In the books of South Asia Club Receipt and Payment Account for the year ended 31st March, 2012

Receipt	Amount	Payment	Amount
To Balance b/d (Bal.fig.)	12,300	By Salaries & Wages (W.N.2)	47,000
To Subscription (W.N.1)	71,700	By Miscellaneous Expenses	5,000
To Entrance fee	2,500	By Audit fee	2,500
To Contribution for annual day (`7,500 + `7,500)	15,000	By Executive's honorarium	10,000
		By Sports Day Expenses	5,000
		By Printing & Stationary	4,500
		By Expenses of Annual Day	7,500
		By Sports	4,000
		By Cash in hand	16,000
	1,01,500		1,01,500

Working Notes:

(1) Subscription received during the year.

Subscription credited to Income and Expenditure		75,000
Add: Outstanding subscription at the beginning of the year		6,000
Advance subscription received at the end of the year		2,700
		83,700
Less: Outstanding subscription at the end of the year	(7,500)	
Advance subscription received at the beginning of the year	(4,500)	(12,000)
		71,700

(1) Salaries & wages paid during the year.

Salaries debited to Income and Expenditure Account	47,500
Add: Outstanding salaries at the beginning of the year	4,000
Less: Outstanding salaries at the end of the year	(4,500)
Salaries paid during the year	47,000

Sports Equipment A/C

Particulars	Amount	Particulars	Amount
To Balance b/d	26,000	By Depreciation A/c	3,000
To Cash (Bal.fig.)	4,000	By Balance c/d	27,000
	30,000		30,000

Question 18

The following is the Receipt and Payment Account of Park View Club in respect of the year ended 31st March, 2012.

Receipt	Amount (₹)	Payments	Amount (₹)
To Balance b/d	1,02,500	By Salaries	2,08,000
To Subscriptions		By Stationery	40,000
2010-11 4,500		By Rent	60,000
2011-12 2,11,000		By Telephone	10,000
2012-13 7,500	2,23,000	By Investment	1,25,000
To Profit on sports	1,55,000	By Sundry expenses	92,500
To Income from	1,00,000	By Balance c/d	45,000
	5,80,500		5,80,500

Additional information:

(1) There are 450 members each paying an annual subscription of ` 500. On 1st April, 2011 outstanding subscription was ` 5,000.

(2) There was an outstanding telephone bill for ` 3,500 on 31st March, 2012.

(3) Outstanding sundry expenses as on 31st March, 2011 totalled ` 7,000.

(4) Stock of stationery:

On 31st March, 2011 ` 5,000

On 31st March, 2012 ` 9,000

(5) On 31st March, 2011 building stood in the books at ` 10,00,000 and it was subject to depreciation @ 5% per annum.

(6) Investment on 31st March, 2011 stood at ` 20,00,000

(7) On 31st March, 2012, income accrued on the investments purchased during the year amounted to ` 3,750

Prepare an Income and Expenditure Account for the year ended 31 st March, 2012 and the Balance Sheet as at that date.

Solution:

Income and Expenditure Account

Expenditure	Amount	Income	Amount
To Salaries	2,08,000	By Subscription (W.N.2)	2,25,000
To Stationary consumed	36,000	By Profit on Sports meet	1,55,000
To Rent	60,000	By Income on investment 1,00,000 Add: Income accrued <u>3,750</u>	1,03,750
To Telephone expenses 10,000 Add: Outstanding on 31.3.12 <u>3,500</u>	13,500		
To Sundry expenses 92500 Less: Outstanding on 31.3.11 (7,000)	85,500		

To Depreciation of building	50,000		
To Surplus (excess of income over expenditure)	30,750		
	4,83,750		4,83,750

Balance Sheet as at 31st March, 2012

Liabilities	Amount	Assets	Amount
Capital fund (W.N.1) 31,05,500		Outstanding Subscriptions	14,500
Add: Surplus <u>30,750</u>	31,36,250	Investment (20,00,000 + 1,25,000) 21,25,000	
Subscription received in advance	7,500	Add: Interest accrued on Investment <u>3,750</u>	21,28,750
Outstanding telephone bills	3,500	Building 10,00,000	
		Less: Depreciation (50,000)	9,50,000
		Stock of Stationary	9,000
		Cash balance	45,000
			31,47,250
	31,47,250		

Working Notes:

(i) **Balance Sheet as at 31st March, 2011**

Liabilities	Amount	Assets	Amount
Outstanding Sundry expenses	7,000	Building	10,00,000
Capital fund (Bal fig.)	31,05,500	Investment	20,00,000

		Stock of Stationary	5,000
		Cash balance	1,02,500
		Outstanding Subscriptions	5,000
	31,12,500		31,12,500

(2) Calculation of Subscriptions accrued during the year

Subscription A/c

Particulars	Amount	Particulars	Amount
To Outstanding subscriptions (as on 1.4.11)	5,000	By Cash A/c	2,23,000
		By Outstanding Subscriptions (as on 31.3.12) (Bal. fig.)	14,500
To Income & Expenditure A/c	2,25,000		
To Subscriptions received in Advance for 2012-13	7,500		
	2,37,500		2,37,500

(3) Calculation of Stationary Consumed during the year

Stock of Stationary as on 31 March, 2011	5,000
Add: Purchased during the year 2011 - 12	40,000
	45,000
Less: Stock of Stationery as on 31 st March, 2012	(9,000)
Stationary Consumed	36,000

Question 19

City Bar Club was registered in a city and the accountant prepared the following Receipts and Payments Account for the year ended 31st March, 2012 and Showed a deficit of 14,520.

Receipts	Amount	Payment	Amount
Subscription	62,130	Premises	30,000

Fair receipts	7,200	Honorarium to Secretary	12,000
Variety Show receipt (net)	12,810	Rent	2,400
Interest	690	Rates & taxes	3,780
Bar Collection	22,350	Printing & Stationary	1,410
Excess Cash Spent	1,000	Sundry expenses	5,350
Deficit	14,520	Wages	2,520
		Fair expenses	7,170
		Bar Purchases Payments	17,310
		Repair	960
		New car (Less proceeds of old car 9,000)	37,800
	1,20,700		1,20,700

The following additional information are:

	01-04-2011	31-03-2012
Cash in hand	450	-
Bank balances as per pass book	24,690	10,440
Cheque issued but not presented – for sundry expenses	270	90
Subscriptions due	3,600	2,940
Premises at Cost	87,000	1,17,000
Accumulated depreciation on Premises	56,400	-
Car at Cost	36,570	46,800
Accumulated depreciations on car	30,870	-
Bar Stock	2,130	2,610
Creditors for the bar purchases	1,770	1,290

Cash excess Spent represent honorarium to Secretary not withdrawn due to cash deficit. His annual honorarium is 12,000.

Depreciation on premises and car is to be provided at 5% and 20% on written down value method.

You are required to prepare the correct Receipts and Payments Account, Income and Expenditure Account and Balance Sheet as on 31st March, 2012

Solution:

In the books of Bear Bar Club

Receipts & payments Account for the year ended 31.03.2012

Receipts		Amount	Payment		Amount
To Balance b/d			By honorarium to Secretary (12,000 - 1,000)		11,000
Cash in hand	450		By Rent		2,400
Bank (W.N.6)	24,420	24,870	By Rates & taxes		3,780
To Subscription		62,130	By Printing & Stationary		1,410
To Fair receipts		7,200	By Sundry expenses		5,350
To Variety show receipts		12,810	By Wages		2,520
To Interest		690	By Fair expenses		7,170
To Bar Collection		22,350	By Bar Purchases		17,310
To Car Sold (Old)		9,000	By Repairs		960
			By Premises		30,000
			By Car (37,800 + 9,000)		46,800
			By Balance c/d Bank (W.N6)		10,350
		1,39,050			1,39,050

Income & Expenditure Account

For more Info Visit – www.KITest.in

For the year ended 31.03.2012

Expenditure	Amount	Income	Amount
To Honorarium to Secretary	12,000	By Subscription Less: Outstanding as on 1.4.11 Add: Outstanding as on 1.3.12	62,130 (3,600) 2,940 61,470
To Rent	2,400	By Fairs receipts Less: fair expenses	7,200 (7,170) 30
To Rates & taxes	3,780	By Variety show	12,810
To Printing & Stationary	1,410	By Interest	690
To Sundry expenses	5,350	By Profit from bar (W.N.3)	6,000
To Wages	2,520	By Profit on Sale of Car (W.N.5)	3,300
To Repairs	960		
To Depreciation on: Premises (1,530+1,500)	3,030		
Car	9,360		
To Surplus (excess of income over expenditure)	43,490		
	84,300		84,300

Balance Sheet as on 31.03.2012

Liabilities	Amount	Assets	Amount
Capital fund		Premises 87,000	
Opening balance (W.N.1) 65,130		Add: Addition in the year 30,000	
Add: Surplus 43,490	1,08,620	1,17,000	
Sundry Creditors	1,290	Less: Accumulates Depreciation (W.N.4) (59,430)	57,570
Outstanding Honorarium	1,000	Car 36,570 Add: Addition in the year 46,800	
		Less: Book value of the car sold (36,570)	

		Less: Depreciation of New car	(9,360)	37,440
		Bar Stock		2,610
		Subscription due		2,940
		Cash at bank(W.N.6)		10,350
	1,10,910			1,10,910

Working Notes:

1. **Balance Sheet as on 31.03.2011**

Liabilities		Amount	Assets		Amount
Capital fund (bal fig.)		65,130	Premises		87,000
Sundry Creditors for bar		1,770	Car		36,570
Accumulated depreciated on Premises	56,400		Bar Stock		2,130
Car	30,870	87,270	Subscription due		3,600
			Cash at bank		24,420
			Cash in hand		450
		1,54,170			1,54,170

2. Creditors for Bar Purchases

Liabilities		Amount	Assets		Amount
To bank		17,310	By Balance b/d		1,770
To Balance c/d		1,290	By Purchases (Bal. fig)		16,830
		18,600			18,600

Trading Account (of Bar)

Liabilities		Amount	Assets		Amount
To Opening Stock		2,130	By Bar collections (Cash)		22,350
To Purchases (W.N.2)		16,830	By Closing Stock		2,610
To Profit (Bal. fig)		6,000			
		24,960			24,960

Accumulated Depreciation on Premises

Opening Balance		56,400
Add: Depreciation on old premises $[(87,000 - 56,400) \times 5\%]$		1,530
Depreciation on new premises $(30,000 \times 5\%)$		1,500
		59,430

Profit on sale of Car

Sales price of car		9,000
Less: Book Value of old car sold	36,570	
Less: Accumulated depreciation	(30,870)	(5,700)
Profit on sale		3,300

Bank balance as per Cash book

Bank balance as per pass book	24,690	10,440
Less: Cheque issued but not presented for payment	(270)	(90)
Bank balance as per cash book		
	24,420	10,350

Question 21

As per Receipt and payment Account for the year ended on March 31, 2006, the Subscription received were Rs. 2,50,000. Additional information given is as follows:

1. Subscriptions Outstanding on 1.4.2005 Rs. 50,000
2. Subscriptions Outstanding on 31.3.2006 R. 35,000
3. Subscriptions Received in Advance as on 1.4.2005 Rs. 25,000
4. Subscriptions Received in Advance as on 31.3.2006 Rs. 30,000

Ascertain the amount of income from subscriptions for the year 2005-06 and show how relevant items of subscriptions appear in opening and closing balance sheets.

Solution:

Details	Amount (Rs.)
Subscriptions Received as per Receipt and payment A/c	2,50,000
Add: Subscriptions outstanding on 31.3.2006	35,000
Add: Subscriptions received In advance on 1.4.2005	25,000
	3,10,000
Less: Subscriptions Outstanding on 1.4.2005	50,000
	2,60,000
Less: Subscriptions received in advance on 31.3.2006	30,000
Income from subscription for the year 2005-06	2,30,000

Question 22

Extracts of Receipt and payments Account for the year ended March, 2006 are given below:

Receipt	(Rs.)
2004-05	2,500
2005-06	26,750
2006-07	1,000
	30,250

Amount of Subscriptions due for the year 2005-06 irrespective of cash Rs. 28,750 (i.e.Rs. 125 X Rs. 230).

Solution:

Details	Amount (Rs.)
Subscriptions received as per Receipts and payments Account	30,250
Add: Subscriptions outstanding on March 31, 2006	2,250
Add: Subscriptions received in advance on April 1, 2005	Nil
	32,500
Less: Subscriptions outstanding on April 1, 2005	2,750
	29,750
Less: Subscriptions received in advance on March 31, 2006	1,000
Income from Subscriptions for the year 2005-06, (125 X 230)	28,750

Note: The amount of Subscriptions outstanding as on 01-04-2005 has been ascertained as follows:

Details	(Rs.)	(Rs.)
(i) Outstanding as on 01-04-05	2,750	
Received for 2004 - 05	2,500	250
(ii) Due for 2005 - 06(125 X 230)	28,750	
Received for 2005-06	26,750	2,000
Outstanding as on 31-3-06		2,250

Question 23

Shiv - Narnia Education Trust provides the information in regard to Receipt and Payment Account and Income and Expenditure Account for the year ended March 31st 2007:

Solution:

Receipt and Payment Account for the year ending march 31, 2007

Receipts	Amount	Payments	Amount
Cash in hand as on April 1, 2006	3,000	Printing and Stationary	6,000
Cash at bank as on April 1, 2006	15,000	Lighting and Water	2,600
		Rent	21,000
		Advertisement	2,820
		Miscellaneous Expenses	4,400
Subscription:		Staff Salaries	85,000
2005-06	12,000	Furniture Purchased	28,000
2006-07	46,000	Honorarium	15,000
2007-08	<u>15,600</u>	Books	5,000
		Cash in hand as on	9,180
Entrance fees		March 31, 2007	
Tuition fees	90,000	Cash at bank as on	45,000
2006-07	80,000	March 31,2007	
2007-08	<u>10,000</u>		
Interest on Investment:	10,000		
2005-06	4,000		
2006-07	<u>6,000</u>		
Miscellaneous receipts			
	2,24,000		2,24,000

Question 24

High end Club appointed a new accountant for maintaining books of account. He prepared following Receipts and Payments A/c for the year ended as on 31st March, 2013.

Receipts		Amount	Payments	Amount
To Balance b/d		9,000	By Printing & Stationery	21,000
To Annual subscription for current year	9,18,000		By Telephone Expenses	45,000
Add: Outstanding of last received this year	9,54,00		By Repair & Maintenance	
			Expenses (including payment for sports 54,000)	1,26,000
Less: Subscription recd. In Advance as on 31-03-2012	(18,000)	9,36,000	By Garden Upkeep	55,000
To Sale of Old Newspaper		36,000	By Electricity Charged	36,000
To 5% Interest on		27,000	By Loss on sale of furniture (Cost as per books 90,000) By Balance c/d	36,000 25,57,000
Investments				
To Entrance Fees		68,000		
To Donation for building		18,00,000		
		28,76,000		28,76,000

Additional information:

Highend Club had following balances:

	01-04-2012	01-04-2013
Furniture	3,60,000	
Stock of Sports material	1,33,200	36,000
Subscription receivable		54,000
Subscription received in advance		18,000
Outstanding Printing & Stationery	1,500	2,500

Expenses		
Outstanding Electricity Charges		3,200

Do you agree with above Receipts and Payments Account? If not, prepare correct Receipts and Payments Account and Income and Expenditure Account for the year ended 31st March, 2013 and Balance Sheet as on that date.

Solution:

**Corrected Receipts and Payments Account of High-end Club
for the year ended 31st March, 2013**

Receipts	Amount	Payments	Amount
To bal. b/d	9,000	By Printing & Stationery	21,000
To annual subscription	9,18,000	By Telephone expenses	45,000
Less: Receivable on 31.3.2013	(54,000)	By Garden upkeep	55,000
Add: Advance received for year 2013-	18,000	By Electricity charges	36,000
Add: Receivable as on 31.3.2012	36,000	By Repairs and maintenance (1,26,000 - 54,000)	72,000
Less: Advance received on 31.3.2012	(18,000)	By Sports material	54,000
To sale of furniture (90,000 - 36,000)	54,000	By bal. c/d	26,11,000
To Sale of old newspaper	36,000		
To Entrance fee	68,000		
To Donation for building	18,00,000		
To Interest on investments	27,000		
	28,94,000		28,94,000

Income & Expenditure Account of Highend Club

for the year ended 31stMarch, 2013

Expenditure	Amount	Income	Amount
To Printing and Stationery expenses (W.N.1)	22,000	By Subscription	9,18,000
To Repairs and Maintenance (1,26,000 -54,000)	72,000	By Entrance fee (50% of 68,000)	34,000
To Telephone expenses	45,000	By Sale of old newspapers	36,000
To Sports material (W.N. 2)	1,51,200	By Interest on investments	27,000
Garden upkeep	55,000		
To Electricity charges (W.N. 3)	39,200		
To Loss on sale of furniture	36,000		
To Excess of surplus over expenditure	5,94,600		
	10,15,000		10,15,000

Balance sheet of Highend Club as on 31st March, 2013

Liabilities	Amount	Assets	Amount
Capital Fund (W.N. 4) 10,58,700			
Add: Entrance fee capitalized 34,000		Furniture 3,60,000	
Add: Surplus 5,94,600	16,87,300	Less: sale (90,000)	2,70,000
Building fund	18,00,000	Sports material	36,000
Outstanding Electricity charges	3,200	5% investments	5,40,000
Outstanding printing and stationary exp.	2,500	Cash in hand	26,11,000
Subscription received in advance	18,000	Subscription receivable	54,000
	35,11,000		35,11,000

Working Notes:

1. Printing and Stationery expenses for the year	Amount paid	21,000
Add: Outstanding as on 31.3.2013		<u>2,500</u>
		<u>23,500</u>
Less: Outstanding as on 31.3.2012		1,500

	22,000
2. Sports material Consumed	
Stock as on 1.4.2012	1,33,200
Add: Purchases	<u>54,000</u>
	1,87,200
Less: Stock as on 31.3.2013	(36,000)
	1,51,200
3. Electricity Charges for the year	
Amount Paid	36,000
Add: Outstanding as on 31.3.2013	3,200
	39,200
4. Calculation of value of investments	
Interest on 5% Investments = 27,000	
Value of Investment = $27,000 \times 100/5 = 5,40,000$	
5,40,000	

Balance Sheet as on 1st April, 2012

Liabilities	‘	Assets	‘
		Furniture	3,60,000
Capital fund (balancing fig.)	10,58,700	Sports material	1,33,200
Subscription received in advance	18,000	Subscription	36,000
Outstanding printing and charges	1,500	Investments	5,40,000
		Cash in hand	9,000
	10,78,200		10,78,200

Nov – 2018

Question1

Fees received for Life Membership is a revenue receipt as it is of recurring nature

Answer:

False: Life Membership Fee received for life membership is a capital receipt as it is of non-recurring nature. It is directly added to capital fund or general fund

MAY 2019**Question 2**

From the following information supplied by M.B.S. Club prepare Receipts and Payments account and Income and Expenditure Account for the year ended 31ST March 2019.

	31 .04.2018	31.03.2019
Outstanding subscription	1,40,000	2,00,000
Advance Subscription	25,000	30,000
Outstanding Salaries	15,000	18,000
Cash in Hand and at Bank	1,10,000	?
10% Investment	1,40,000	70,000
Furniture	28,000	14,000
Machinery	10,000	20,000
Sports Goods	15,000	25,000

Subscription for the year amount to 3,00,000/- . Salaries paid 60,000. Face value of the Investment was Rs. 1,75,000, 50% of the Investment was sold at 80% of Face Value. Interest on Investments was received Rs. 14,000. Furniture was sold for RS. 8000 at the beginning of the year. Machine and Sports Goods purchased and put to use at the last date of the year. Charge depreciation @ 15% p.a. on

Machinery and Sports Goods and @10% p.a. on Furniture.

Following Expenses were made during the year:

Sports Expenses:Rs. 50,000

Rent: Rs. 21,000 out of which Rs. 2,000 outstanding

Misc. Expenses:Rs. 5,000

Solution:**Receipts & Payment A/c for the year ending 31.3.2018**

Receipts	Rs.	Payments	Rs.
Balance b/d	1,10,000	Salaries	60,000
Subscription A/c	2,45,000	Machinery	10,000
Investments	70,000	Sports Responses	10,000

Furniture	8,000	Rent	50,000
Interest on investment	14,000	Miscellaneous	22,000
		Balance c/d	5,000
		Cash and Bank	<u>2,90,000</u>
	4,47,000		4,47,000

Income & Expenditure A/c for the year ended 31.3.2019

Expenditure	Rs.	Income	Rs.
Salaries (60,000 + 18,000 - 15,000)	63,000	Subscription A/c	3,00,000
Depreciation:			
Machinery (10,000 X 15%)	1,500	Interest on Investment	
Sports Goods (15,000 X 15%)	2,250	Received	14,000
Furniture (14,000 X $\frac{10}{100}$)	<u>1,400</u>	Accrued	17,500
Rent	24,000	<u>3,500</u>	
Sports expenses	50,000		
Miscellaneous expenses	5,000		
Loss on sale of furniture	6,000		
General funds (Surplus)	1,64,350		
	3,17,500		3,17,500

Expenditure	Rs.	Income	Rs.
Balance b/d	1,40,000	Balance b/d	25,000
Income expenditure	3,00,000	Cash A/c (Balancing)	2,45,000
Balance c/d	30,000	Balance c/d	2,00,000
	4,70,000		4,70,000

Loss of furniture sold = 28,000 - 14,000 = 14,000/-

Sales Value = 8000/-

Loss on sale = 6000/-

2. Sales value of Investment = $(1,75,000 \times 50/100) * 80/100 = 70,000/-$

Lost = 70,000

(1,40,000 - 70,000) No Profit No Loss.

Nov 2019**Question 3**

From the following Income and Expenditure account and the balance sheet of a club, prepare its Receipts and Payments Account and subscription account for the year ended 31st March 2019:

Income & Expenditure Account for the year 2018-19

Particulars	Rs.	Particulars	Rs.
To Upkeep of ground	11,000	By Subscription	19,052
To Salaries	11,100	By Sale of Newspapers (Old)	1,650
To Depreciation on furniture	1,660	By Lectures (Fee)	2,145
To Rent		By Entrance Fee	440
		By Misc. Income	2,387
		By Deficit	
	25,960		25,960

Balance sheet

Liabilities	₹	₹	Assets	₹
Subscription in advance (2019-20)		110	Furniture	9,900
Prize Fund: Opening balance	27,500		Ground and Building	51,700
Add: Interest	<u>1,100</u>		Price Fund Investment	22,000
	28,600		Cash in Hand	2,530
Less: Prizes given	<u>2,200</u>	26,400	Subscription (Outstanding) (2018 - 19)	
General Fund: Opening balance	62,062			
Less: Deficit	<u>2,387</u>			
Add: Entrance Fee	715	60,390		
		86,900		

The following adjustments have been made in the above accounts:

- Unkeep of ground ₹ 660 and printing ₹ 264 relating to 2017-18 were paid on 2018-19.
- One fourth of entrance fee has been capitalized by transfer to General Fund.

- iii. Subscription outstanding in 2017-18 was ₹ 880 and for 2018-19 ₹ 770.
 iv. Subscription received in advance in 2017-18 was ₹ 220 and in 2018-19 for 2019-20 was ₹ 110.
 v. Furniture was purchased during the year

Solution:

Receipts and Payments A/c
For the year ending 31st March, 2019

Receipts	₹	Particulars	₹
To Balance b/d(Balancing Figure)	16,126	By Upkeep of ground 11,000	
To Subscriptions:		Add: Paid in 2018 -19	11,660
As Per income & expenditure A/c 19,052		Related to 2017 -19660	
Add: Outstanding in 2017-18 880		By Printing 1,100	
Add: Received Advance in 2018-19 110		Add: Paid in 2018 - 19	
Less: Outstanding in 2018 -19 (770)		Related to 2017 - 18 264	1,364
Less: received in Advance 2017-18 (220)	19,052	By Salaries	11,100
To Sale of Newspapers (Old)	286	By Rent	1,660
To Lectures (Fee)	1,650	By Prizes Distributed	2,200
To entrance fee	2860	By Furniture:	
To Miscellaneous income	440	Value as on 31-03-2019 9,900	
To Interest on Prize-on-Prize fund investments	1,100	Add: Depreciation during the year 1,100	11,000
		By Balance c/d	2,530
	41,514		41,514

Subscriptions A/c

Date	Particulars	₹	Date	Particulars	₹
2018 Apr. 1	To Subscription Outstanding (2017-18)	880	2018 Apr. 1	By Subscription in Advance (2017-18)	220
2019 Mar. 31	To Income & Expenditure A/c	19,052	2019 Mar. 31	By Cash (Balancing Figure)	19,052
	To Subscription in Advance	110		By Subscription Outstanding (2018 -19)	770
		20,042			20,042

DEC 2020**Question 4**

From the following balance sheet and particulars of AS College, prepare Income & Expenditure Account for the year ended March, 2020 and a Balance sheet as on the date:

Particular	Amount (Rs)	Amount (Rs)
Security Deposit –Students	-	1,55,000
Capital Fund	-	13,08,000
Building Fund	-	19,10,000
Tuition Fee Received	-	8,10,000
Government Grants	-	5,01,000
Interest & Dividends on Investment	-	1,75,000
Hostel Room Rent	-	1,65,000
Mess Receipt (Net)	-	2,05,000
College Store	-	7,60,000
Outstanding expenses	-	2,35,000
Stock of Store and Supplies (opening)	3,10,000	-
Purchases- Store & Supplies	8,20,000	-
Salaries –Teaching	8,75,000	-
Salaries- Research	1,25,000	-
Scholarship	85,000	-
Students Welfare expenses	37,000	-
Games & Sport expenses	52,000	-
Other investment	12,75,000	-
Land	1,50,000	-
Building	15,50,000	-
Plant and Machinery	8,50,000	-
Furniture and fittings	5,40,000	-
Motor vehicle	2,40,000	-
Provision for Depreciation	-	4,90,000

Building	-	5,05,000
Plant & equipment	-	3,26,000
Furniture & fittings	3,16,000	
Cash at Bank	3,20,000	
Library		
	75,45,000	75,45,000

Adjustments:**a) Materials & supplies consumed: (From college store)**

Teaching	- Rs. 52,000
Research	- Rs. 1,45,000
Students' welfare	- Rs. 78,000
Game or Sports	- Rs. 24,000

b) Tuition fee receivable from Government for backward class Scholars -Rs. 82,000**c) Stores selling prices are fixed to give a net profit of 15% on selling price****d) Depreciation is provided on straight line basis at the following rates:**

Buildings	5%
Plant & Equipment	10%
Furniture % Fixture	10%
Motor Vehicle	20%

Solution:

**In the books of AS College
Income and Expenditure A/C
(For the year ended 31- mar - 2020)**

Expenditure		Amt	Income		Amt
To Salary	8,75,000		By Tuition fee	810000	
Add:	52,000	9,27,000	(+) O/S Tuition fee	82000	892000
To Salary			By Govt. Grants		501000
Research	1,25,000		By Interest & dividend		175000
Add:	1,45,000	2,70,000			

To Scholarship	85,000	By hostel Room Rent	165000
To Student Welfare Exp. (37,000 + 78,000)	1,15,000	By mess receipt	205000
To Game and Sports Exp. (52,000 + 24,000)	76,000	By college store sale	1,14,000
To Depreciation Building	77,500		
Plant and Equipment	85,000		
Furniture and Fittings	54,000		
Motor Vehicle	48,000		
To Surplus	3,14,500		
	<u>20,52,00</u>		<u>20,52,000</u>

Balance Sheet

(as on 31- mar – 2020)

Liabilities	Amt	Assets	Amt
Capital fund 1308000 (+) Surplus 314500	1622500	Land	150000
Security Deposit	155000	Building	15,50,000
		(-) prov. For Dep	(490000)
		(-) Dep % 5 %	(77500)
Building fund o/s Expense	1910000 235000	Tuition fee Receivable	82000
		Other Investment	1275000
		Plant & Mach	850000
		(-) provision for dep.(505000)	
		(-) Dep@ 10%	<u>(54000)</u>
		Motor vehicle	240000
		(-) Dep @ 20%	<u>(48000)</u>
			320000
		Library	316000
		Cash at bank	185000

		Closing stock	<u>3922500</u>
	<u>3922500</u>		

Working**Calculation of closing stock**

Op. stock	310000
(=) purchase $\frac{820000}{1130000}$	
(-) consumer(299000)	
(-) cost of goods sold (646000)	
(76000- 15 %)	
Closing stock	<u>185000</u>

JAN 2021**Question 5**

Dr. Deku started private on 1st April, 2019 with Rs. 2, 00,000 of his own fund and Rs. 3, 00,000 borrowed at an interest of 12% p.a. on the security of his life policies. His accounts for the year were kept on a cash basis and the following is his summarized cash account

Receipt	Amount	Payment	Amount
Own Capital	2,00,000	Medicines Purchases	2,45,000
Loan	3,00,000	Surgical Equipment	2,50,000
Prescription	6,60,000	Motor Car	3,20,000
Visiting Fees	2,50,000	Motor Car Expenses	1,20,000
Lecture Fees	24,000	Wages and Salaries	1,12,500
Pension Received	3,00,000	Rent of Clinic	60,000
		General Charges	49,000
		Household Expenses	1,80,000
		House hold Furniture	25,000
		Expenses on Daughter`s Marriage	2,15,000
		Interest on Loan	36,000
		Balance at Bank	1,10,000
		Cash in Hand	19,000
	17,34,000		17,34,000

1/3rd of the motor car expenses may be treated as application to the private use

of car and Rs. 30,000 of salaries are in respect of domestic servants. The stock of medicines in hand on 31st March 2021 was valued at Rs. 95,000 You are required to prepare his private practice income and expenditure account and capital account for the year ended 31st March 2020 Ignore depreciation on fixed assets.

Solution:

Income and expenditure A/c of Dr. Deku for the year ended 31st March, 2020

Dr.			Cr.		
Expenditure	Amount Rs.	Amount Rs.	Income	Am t Rs.	Amount Rs.
To Medicines consumed			By Prescription fees		6,60,000
Purchase	2,45,000		By visiting fees		2,50,000
Less: stock on 31.3.20	<u>95,000</u>	1,50,000	By Lectures fee		24,000
To Motor car expense (1,20,000 × 2/3)		80,000			
To wages and salaries (1,12,500 × 2/3)		75,000			
To rent for clinic		60,000			
To general charges		49,000			
To interest on loan (3,000 × 12%)		36,000			
To Net Income		4,84,000			
		9,34,000			9,34,000

Capital A/c for the year ended 31st March, 2020

Dr.		Cr.	
Particulars	Amount Rs.	Particulars	Amount Rs.
To Drawings:		By cash/ bank	2,00,000
Motor car expenses (Rs. 1,20,000×1/3)	40,000	By cash bank (PENSION)	3,00,000
Household expenses	1,80,000	Net income from practice (Derived from Income and expenditure a/c)	4,84,000
Daughter's marriage exp.	2,15,000		

Wages of domestic servants	30,000		
Household furniture	25,000		
To balance c/d	4,94,000		
	9,84,000		9,84,000

Question 6

From the following Income and Expenditure Account and additional information of ATK Club prepare receipts and payment accounts and Balance Sheet of the club as on 31st March 2020.

Expenditure	Amount	Income	Amount
To Salaries	4,80,000	By Subscription	6,80,000
To Printing and Stationary	24,000	By Entrance Fees	16,000
To Postage	2,000	By Misc. Income	1,44,000
To Telephone	6,000		
To Office expenses	48,000		
To Bank Interest	22,000		
To Audit Fees	10,000		
To Annual General Meeting Exp.	1,00,000		
To Depreciation(Sport Equipment)	28,000		
To Surplus	1,20,000		
	8,40,000		8,40,000

Additional Information:

Particulars	As on 31 st March 2019	As on 31 st March 2020
Subscription Outstanding	64,000	72,000
Subscription Received in advance	52,000	33,600
Salaries Outstanding	24,000	32,000
Audit Fees Payable	8,000	10,000
Bank Loan	1,20,000	1,20,000
Value of Sport Equipment	2,08,000	2,52,000
Value of club premises	7,60,000	7,60,000
Cash in Hand	?	1,14,000

Solution:

**Receipts and Payment A/c
of ATK Club for the year ended 31.12.2020**

Dr.			Cr.		
Receipts	Amt Rs.	Amount Rs.	Payments	Amt Rs.	Amount Rs.
To balance B/d (Bal.fig.)		54,400	By salaries		4,72,000
To subscription		6,53,600	By Audit fee		8,000
To Entrance fees		16,000	By telephone		6,000
To Misc. Income		1,44,000	By Printing & stationary		24,000
			By Postage		2,000
			By office expenses		48,000
			By Bank interest		22,000
			By Annual general meeting expenses		1,00,000
			By Sports Equipment (W.N.4)		72,000
			By Balance C/d		1,14,000
		8,68,000			8,68,000

Balance Sheet of a youth club as on 31.12.2020

Liabilities	Amt Rs.	Amount Rs.	Assets	Amt Rs.	Amount Rs.
Capital fund (W.N. 1)	8,82,400		Subscription outstanding		72,000
Add: surplus	1,20,000	10,02,400	Club premises		7,60,000
Advance subscription		33,600	Sports equipment (WN2)		2,52,000
Bank Loan		1,20,000	Cash		1,14,000
Outstanding salaries		32,000			
O/S Audit fees		10,000			
		11,98,000			11,98,000

Working Note - 1:**Balance Sheet of a youth Club as on 31,12,2019**

Liabilities	Amt Rs.	Amount Rs.	Assets	Amt Rs.	Amount Rs.
Capital fund (Big. Fig.)		8,82,400	Subscription Receivable		64,000
Outstanding salaries		24,000	Club Premises		7,60,000
o/s Audit fees		8,000	Sports Equipment		2,08,000
Subscription received in advance		52,000	Cash		54,400
Bank loan		1,20,000			
		10,86,400			10,86,400

Working Note - 3**Sports Equipment A/c**

Dr.

Cr.

Particulars	Amount	Particulars	Amount
To balance B/d	2,08,000	By Depreciation	28,000
To Cash (B.F.) (Purchase)	72,000	By Balance C/d	2,52,000
	2,80,000		2,80,000

JULY 2021**Question 7**

Summary of Receipts and Payment of AMA Society for the year ended 31st March, 2021 are as follows:

Receipts	Amount	Payments	Amount
Subscription Received	5,00,000	Payment for Medicine	3,00,000
Donation Raised for meeting		Supply	
revenue expenditure	1,50,000	Honorarium to Doctors	1,00,000
Interest on Investment @		Salaries	2,80,000
9% p.a.	90,000	Sundry Expenses	10,000
Charity Show Collection	1,25,000	Equipment Purchase Charity	
		show Expenses	15,000

Additional Information:

Particulars	01.04.2020	31.03.2021
-------------	------------	------------

Subscription	15,000	22,000
Subscription received in advance	12,000	7,000
Stock of medicine	1,00,000	1,50,000
Amount due for medicine supply	90,000	1,30,000
Value of equipment	2,10,000	3,00,000
Value of building	5,00,000	4,80,000
Cash Balance	80,000	90,000
Opening Balance of Capital Fund	18,03,000	

You are required to prepare:

- 1. Income and Expenditure Account for the year ended 31st March 2021.**
- 2. Balance Sheet as on 31st March, 2021**

Answer:

Income and Expenditure A/c o

Dr. 'AMA Society' for the year ended 31.03.2021Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Medicine Consumed (WN3)		2,90,000	By Subscription (WN1)		5,12,000
To Honorarium to Doctors		1,00,000	By Donation		1,50,000
To salaries		2,80,000	By Int. on Investments		90,000
To Sundry expenses		10,000	By Profit on charity show		
To Dep. Equipment (WN4)		60,000	Show collection	1,25,000	
To Dep. on Building (Rs. 5,00,000 – Rs. 4,80,000)		20,000	Less: Show Expenses	15,000	1,10,000
To Excess of Income over Expenditure (Surplus)		1,02,000			
		8,62,000			8,62,000

Balance Sheet of 'AMA Society' as on 31.03.2021

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital fund:			Building	5,00,000	

Opening balance	18,03,000		Less: Depreciation	20,000	4,80,000
Add: Surplus	1,02,000	19,05,000	Equipment (WN-4)	2,10,000	
Subscription rec. in adv.		7,000	Add: Purchase	1,50,000	
Due to medicine supply		1,30,000		3,60,000	
			Less: Depreciation	60,000	3,00,000
			Stock of Medicine		1,50,000
			9% Investment		10,00,000
			Subscription Receivable		22,000
			Cash in hand		90,000
		20,42,000			20,42,000

Working Note 1: Calculation of subscription to be shown in income and expenditure account

Particulars		Amount (₹)
Subscription received during the year		5,00,000
Less: Subscription receivable on 1.4.2020	(15,000)	
Less: Subscription received in advanced on 31.3.2021	(7,000)	(22,000)
		4,78,000
Add: Subscription receivable on 31.3.2021	22,000	
Add: Subscription received in advanced on 1.4.2020		34,000
		5,12,000

Working Note 2: Calculation of Purchase of medicine during the year:

Payment made during the year for medicine supply	3,00,000
Less: Amounts due for medicine supply on 1.4.2020	(90,000)
	2,10,000
Add: Amounts due for medicine supply on 31.3.2021	1,30,000
Medicine purchased during the year	3,40,000

Working Note 3: Calculation of Medicine consumed during the year

Stock of medicine on 1.4.2020	1,00,000
Add: Purchase of medicine during the year (W.N.2)	3,40,000
	4,40,000

Less: Stock of medicine on 31.3.2021	(1,50,000)
Medicine consumed during the year	2,90,000

Working Note 4: Calculation of depreciation on Equipment

Value of Equipment on 1.4.2020	2,10,000
Add: Purchase of equipment during the year	1,50,000
	3,60,000
Less: Value of equipment on 31.3.2021	(3,00,000)
Depreciation/consumption of equipment for the year	60,000

The Income and Expenditure Account of the Women Club for the Year ended on December 31, 2021 is as follows.

Expenditure		Income	
To Salaries	47,500	By Subscription	75,000
To General Expenses	5,000	By Entrance Fees	2,500
To Audit Fee	2,500	By Contribution for Annual Dinner	10,000
To Secretary's honorarium	10,000	By Annual Sports Meet Receipts	7,500
To Stationary and Printing	4,500		
To Annual Dinner Expenses	15,000		
To Interest and bank charges	1,500		
To Depreciation	3,000		
To Surplus	6,000		
	95,000		95,000

This account had been prepared after the following adjustments:

Subscription outstanding at the end of 2020	6,000
Subscription received in advance on 31 st December,2020	4,500
Subscription received in advance on 31 st December, 2021	2,700
Subscription outstanding on 31 st December,2021	7,500

Salaries outstanding at the beginning and end of the year 2021 were respectively ` 4,000 and ` 4,500. General Expenses include insurance prepaid to the extent of ` 600. Audit fee for the year 2021 is as yet unpaid. During the year 2021 audit fee for the year 2020 was paid amounting to ` 2,000

The Club owned a freehold lease of ground valued at ` 1,00,000. The club had sports equipment on 1st January, 2021 valued at ` 26,000. At the end of the year 2021, after depreciation, this equipment amounted to `27,000. In the year 2020, the Club had raised a bank loan of `20,000. This was outstanding throughout the year 2021. On 31st December, 2021 in hand was ` 16,000.

You are required to:

Prepare the Receipts and Payments Account for the year ended on December 31, 2021 and the Balance Sheet as on that date.

Answer:

The Women Club

Receipts and Payments Account for the year ended 31st December, 2021

Receipts		Payments			
To	Balance b/d (balancing figure)	13,900	By	Salaries (W.N.2)	47,000
To	Subscriptions (W.N.1)	71,700	By	General Expenses	5,000
To	Entrance Fees	2,500		Add: Paid for 2022	600
To	Contribution for annual dinner	10,000	By	Audit fee (2021)	2,000
To	Annual sport meet receipt	7,500	By	Secy. Honorarium	10,000
			By	Stationery & Printing	4,500
			By	Annual Dinner Expenses	15,000
			By	Interest & Bank Charges	1,500
			By	Sports Equipment's [27,000 -- (26,000 - 3,000)] (W.N.3)	4,000
			By	Balance c/d	16,000
		1,05,600			1,05,600
To	Balance b/d	16,000			

Balance Sheet of Women Club as on December 31, 2021

Liabilities		Assets		
Subscription received in advance	2,700	Freehold Ground		1,00,000
Audit Fee Outstanding	2,500	Sport Equipment: As per last Balance Sheet	26,000	
Salaries Outstanding	4,500	Additions	4000	
Bank Loan	20,000	Less: Depreciation	(3,000)	

Capital Fund: Balance as per previous				27,000
Balance Sheet	1,15,400		Subscription Outstanding	7,500
Add: Surplus for 2021	6,000	1,21,400	Insurance Prepaid	600
			Cash in hand	16,000
		1,51,100		1,51,100

Balance Sheet of Women Club as on 31st December, 2020

Liabilities		Assets	
Subscriptions received in advance	4,500	Freehold Ground	1,00,000
Salaries outstanding	4,000	Sports Equipment	26,000
Audit fees unpaid	2,000	Subscriptions Outstanding	6,000
Bank Loan	20,000	Cash in hand	13,900
Capital Fund (balancing figure)	1,15,400		
	1,45,900		1,45,900

Working Note 1:

Calculation of Subscription received during the year ended 31st December, 2021

Particulars	Amount
Subscription as per Income & Expenditure account	75,000
Add: Subscription outstanding at the end of 2020	6,000
Add: Subscription received in advance on 31.12.2021	2,700
	83,700
Less: Subscription received in advance on 31.12.2020	(4,500)
Less: Subscription outstanding on 31.12.2021	(7,500)
	71,700

Working Note 2:

Salaries as per income & expenditure	47,500
Add: Opening outstanding	4,000
Less: Closing outstanding	(4,500)
Total Salary paid	47,000

Working Note 3:

Purchase of Sports equipment = Closing Balance + Depreciation - Opening
 = 27,000 + 3,000 - 26,000 = ` 4,000

JUNE 2022**Question 1**

The following is the Receipts and Payments Account of Mumbai Club for the year ended March 31, 2021:

Receipt and Payment Account of Mumbai Club

Receipts	Amount (₹)	Payments	Amount (₹)
Cash in hand	20,000	Ground man's Fee	75,000
Balance at Bank as per Pass Book:		Purchase of Equipment's	1,55,000
Saving Account	1,93,000	Rent of Ground	25,000
Current Account	60,000	Club night expenses	38,000
Bank Interest	5,000	Printing and Office Expenses	30,000
Donations and Subscriptions	2,50,000	Repairs to Equipment	50,000
Entrance fees	18,000	Honorarium to Secretary (2019-20)	40,000
Contribution to Club night	10,000	Balance at Bank as per Pass Book:	
Sale of Equipment	8,000	Saving Account	2,04,000
Bar Room receipts	20,000	Current Account	20,000
Proceeds from club night	<u>78,000</u>	Cash in hand	<u>25,000</u>
	6,62,000		6,62,000

You are given the following additional information (All figures are in `)

Particulars	01.04.20	31.03.21
Subscription due	15,000	10,000
Amount due for printing etc.	10,000	8,000
Cheques unrepresented being payment for repairs	30,000	25,000
Interest not yet entered in the Pass book	-	2,000
Estimated value of machinery and equipment	80,000	1,75,000

For the year ended March 31, 2021, the honorarium to the Secretary is to be increased by a total of ` 20,000 and Ground man is to receive a bonus of ` 20,000. Prepare the Income and Expenditure Account for period ended 31st March, 2021 and the Balance Sheet as at that date. **(10 Marks)**

Answer:

**Income and Expenditure Account of Mumbai Club for the year ending 31st
March, 2021**

Expenditure		Income		
To Groundsman's fee		75,000	By Donations and Subscription (W.N.2)	2,45,000
To Rent of Ground		25,000		
To Club night' Expenses	38,000		By Receipts from bar room	20,000
Less: Contribution	(10,000)	28,000*		
To Printing & Office Expenses (W.N. 3)		28,000	By Proceeds of club night	78,000*
To Repairs to Equipment (W.N.4)		45,000	By Interest (5,000+2,000)	7,000
To Depreciation on Machinery (W.N. 5)		52,000		
To Honorarium to Secretary		60,000		
To Bonus to Groundsman		20,000		
To Excess of Income over				
Expenditure		17,000		
		3,50,000		3,50,000

Balance Sheet of Mumbai Club as on 31st March, 2021

Liabilities		Assets		
Outstanding Expenses:				
Groundsman Bonus		20,000	Cash in hand	25,000
Printing		8,000	Cash in Saving A/c	2,04,000
Honorarium (40,000+20,000)		60,000	Subscription Receivable	10,000
Bank Overdraft (25,000-20,000)		5,000	Interest Due	2,000
Capital Fund: Opening	2,88,000		Machinery & Equipment's	1,75,000
Add: Surplus for the year	17,000			
Add: Entrance Fees	18,000	3,23,000		

4,16,000

4,16,000

Balance Sheet as on 1st April, 2020

Liabilities		Assets	
Outstanding Expenses		Cash in hand	20,000
Printing	10,000	Cash in Saving A/c	1,93,000
Honorarium to Secretary	40,000	Cash in Current A/c	30,000
Capital Fund (Balancing Figure)	2,88,000	Subscription Receivable	15,000
		Machinery & Equipment's	80,000
	3,38,000		3,38,000

Calculation of Donations and Subscriptions

Donations and Subscriptions as per Receipt and Payments A/c	2,50,000
Add: Outstanding as on 31.03.21	10,000
Less: Outstanding as on 01.04.20	15,000
	2,45,000

Printing and Office Expenses

Printing and Office Expenses as per Receipt and Payments A/c	30,000
Add: Outstanding as on 31.03.21	8,000
Less: Outstanding as on 01.04.20	10,000
	28,000

Repairs to Equipment

Repairs as per Receipt and Payments A/c	50,000
Add: Outstanding as on 31.03.21	25,000
Less: Outstanding as on 01.04.20	30,000
	45,000

Depreciation on Machinery and equipment

Balance as on 01.04.20	80,000
Add: Purchases during the year	1,55,000
Less: Sale of Equipment	8,000
Less: Balance as on 31.03.21	1,75,000
	52,000

DEC 2022**Question 1**

The Income and Expenditure Account of the Young Boys Club for the Year 2022 is as follows:

Expenditure	Amount (Rs.)	Income	Amount (Rs.)
To Salaries	3,750	By subscription	8,500
To General Expenses	1,500	By Entrance fees	250
To Audit fees	250	By Contribution for	
To Secretary's	1,000	Annual Dinner	1,000
Honorarium	450	By Annual sports meet	750
To Stationery and	1,500	receipts	
Printing	150		
To Annual Dinner	400		
expenses	1,500		
To Interest and Bank	10,500		10,500
charges			
To Depreciation			
To Surplus			

This Account has been prepared after the following adjustments:

	Amount (Rs.)
Subscription outstanding on 31 st December, 2021	700
Subscription received in advance on 31 st December, 2021	550
Subscription received in advance on 31 st December, 2022	370
Subscription outstanding on 31 st December, 2022	750

Salaries outstanding at the beginning and at the end of 2022 were respectively Rs. 600 and Rs. 450. General Expenses include insurance prepaid to the extent of Rs. 150. Audit fee for 2022 is still unpaid. During 2022 audit fee for 2021 was paid amounting to Rs. 200.

The club owned a freehold lease of ground valued at Rs. 20,000. The club had sports equipment on 1st January, 2022 valued at Rs. 2600. At the end of the year, after depreciation, the balance of equipment amounted to Rs. 3,600. In 2021, the club raised a bank loan of Rs. 5,000, This was outstanding throughout 2022. On 31st December, 2022 cash in hand amounted to Rs. 1600

You are required to prepare:

- Receipts and Payments Account for 2022

ii. Balance Sheet as on 31st December, 2022

iii. Balance Sheet as on 31st December, 2021

Answer:

Receipt and Payment A/c
(for the year ending on 31-Dec -2022)

Receipts	Amount	Payment	Amount
To Ba/ c/d (B/F) Cash	1580	By Salaries 3750 (+) Op. O/s 600 (-) Cl. O/s <u>(4500)</u>	3900
To Subscription 8500 + Op. o/s 700 -op. Adv. (500) +Cl. Adv. 370 - cl. o/s. <u>(750)</u>	8270	By Gen. Reserve 1500 (+) Prepaid Insurance <u>150</u>	1350
To Contribution for Annual dinner	1000	By Audi fees 250 (-) cl. O/s (250) (+) Op. O/s 200	200
To Entrance Fees	250	By Secretary Honorarium	1000
To Annual Sports meet receipt	750	By Printing & Stationery	450
		By Annual D Exp.	1500
		By Int. & Bank Charges	150
		By Purchase of Sports equipment	1400
		By Bal. c/d	1600
	<u>11850</u>		<u>11850</u>

Balance Sheet
(as on 31 Dec 2022)

Liabilities	Amount	Assets	Amount
Capital Fund 18530 (+) Surplus <u>1500</u>	1580	Sports Equipment 2600 - Dep (400) +Purchase <u>1400</u>	3600

Adv. Subscription	370	Freehold Lease	20000
O/S Salary	450	O/S Subscription	750
O/S Audit Fees	250	Prepaid Insurance	150
Bank Loan	5000		
		Cash in Hand	1600
	<u>26100</u>		<u>26100</u>

Working Note:

Balance Sheet
(as on 31 Dec 2021)

Liabilities	Amount	Assets	Amount
Adv. Subscriptions	550	Outstanding Subscription	700
Outstanding Salary	600	Freehold lease	20000
Outstanding Audit fees	200	Sports Equipment	2600
Bank Loan	5000	Cash in Hand	1580
Capital Fund (b.f)	118530		
	<u>24880</u>		<u>24880</u>

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