

TOPIC : Financial Statements of Not-for-Profit Organizations

QUESTION NO.1

(10 MARKS)

From the trial balance and other information given below for a school, prepare Income and Expenditure Account for the year ended on 31.3.2014 and a balance sheet as on that date :

Debit Balance	Amount (Rs.)	Credit balance	Amount (Rs.)
Building	6,25,000	Admission fees	12,500
Furniture	1,00,000	Tuition fees received	5,00,000
Library books	1,50,000	Creditors for supplies	15,000
Investment @ 12%	5,00,000	Rent for the school hall	10,000
Salaries	5,00,000	Miscellaneous receipts	30,000
Stationery	40,000	Government grant	3,50,000
General expenses	18,000	General fund	10,00,000
Sports expenses	15,000	Donation for library books	62,500
Cash at bank	50,000	Sale of old furniture	20,000
Cash in hand	2,000		
	20,00,000		20,00,000

Additional Information :

- (i) Fees yet to be received for the year are Rs. 25,000.
- (ii) Salaries yet to be paid amount to Rs. 30,000.
- (iii) Furniture costing Rs. 40,000 was purchased on October 1, 2010.
- (iv) The book value of the furniture sold was Rs. 50,000 on April 1, 2013
- (v) Depreciation is to be charged @ 10% p.a. on furniture, 15% p.a. on Library books, and 5% p.a. on building.

QUESTION NO.2

(10 MARKS)

Smith Library Society showed the following position on 31st March, 2017 :

Balance sheet as on 31st March, 2017

Liabilities	Rs.	Assets	Rs.
Capital Fund	7,93,000	Electrical fittings	1,50,000
Expenses payable	7,000	Furniture	50,000
		Books	4,00,000
		Investment in securities	1,50,000
		Cash at bank	25,000
		Cash in hand	25,000
	8,00,000		8,00,000

The receipts and payment account for the year ended on 31st March, 2018 is given below :

		Rs.		Rs.
To Balance b/d			By Electric charges	7,200
Cash at bank	25,000		By Postage and stationary	5,000
Cash in hand	<u>25,000</u>	50,000	By Telephone charges	5,000
To Entrance fee		30,000	By Books purchased	60,000
To Membership subscription		2,00,000	By Outstanding expenses paid	7,000
To Sale proceeds of old papers		1,500	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
		<u>3,09,500</u>		<u>3,09,500</u>

You are required to prepare income and expenditure account for the year ended 31st March, 2018 and a balance sheet as at 31st, March, 2018 after making the following adjustments :

Membership subscription included Rs. 10,000 received in advance.

Provide for outstanding rent Rs. 4,000 and salaries Rs. 3,000.

Books to be depreciated @ 10% including additions. Electrical fittings and furniture are also to be depreciated at the same rate.

75% of the entrance fees is to be capitalized.

Interest on securities is to be calculated @ 5% p.a. including purchases made on 1.10.2017 for Rs. 40,000.