

PRACTICAL QUESTIONS

1. From the following data, prepare an Income and Expenditure Account for the year ended 31st December, 2023 of the SMS Hospital.

Receipt and Payments Account (For the year ended 31st Dec. 2023)

Particulars (Receipts)		₹	Particulars (Receipts)		₹
To Balance:			By Salaries (₹ 3600 for 2022)		15,000
Cash	400		By Hospital Equipment		8,500
Bank	<u>2,600</u>	3,000	By Furniture purchased		3,000
To Subscriptions:			By Additions to Building		25,000
For 2022	2,550		By Printing & Stationery		1,800
For 2023	12,250		By Diet Expenses		7,800
For 2024	<u>1,200</u>	16,000	By Rent & Rates (₹ 150 for 2024)		1,000
To Govt. Grant:			By Electricity & Water Charges		1,200
For Building	40,000		By Office Expenses		1,000
For Maintenance	<u>10,000</u>	50,000	By Investment		10,000
To Fees from Sundry patients		2,400	By Balances:		
To Donations (not to be capitalized)		4,000	Cash	700	
To Net Collection from benefit show		3,000	Bank	<u>3,400</u>	4,100
		<u>78,400</u>			<u>78,400</u>

Additional Information:

- (i) Subscription in arrears as on 31-12-2022 ₹3,200
(ii) Investments in 8% Govt. Securities were made on 1st July, 2023

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Income and Expenditure Account for the year. Ended 31.12.2023

Particulars (Expenditure)	₹	Particulars (Income)	₹
To salary	11,400	By Interest on Govt. Securities	
To Printing & stationery	1,800	(10.000 x 896 x 6/12)	400
To Diet expenses	7,800	By Donations	4,000
To Rent & rates	850	By Fees from patient	2,400
To Electricity & Water	1,200	By Govt. grant for Maintenance	10,000
To Office expenses	1,000	By Net collection from benefit	3,000
To Surplus transferred to capital fund	8,000	show By Subscription	12,250
	32,050		32,050

Working Notes

Subscription Account

To opening Outstanding	3,200	By Cash A/C (Collected)	16,000
To Income & Expenditure A/C (Income) (Balancing Figure)	12,250	By Closing Outstanding (3200 - 2550)	650
	<u>1,200</u>		
To closing Balance (Advance)	16,650		<u>16,650</u>

Salary Account

To Cash/Bank A/c (Paid)	15,000	By Balance Outstanding b/d	3,600
	<u>15,000</u>	By Income & Expenditure A/c (Expense)	11,400
			<u>15,000</u>

Rent Account

To Cash/Bank A/c(Paid)	1,000	By Income & Expenditure (Balance Figure)	850
	<u>1,000</u>	By Closing Prepaid c/f	150
			<u>1,000</u>

Important Points:

1. Govt. grant for Building will be credited to building fund a/ c and will appear in Balance sheet.
2. Addition to Purchase of Furniture, Equipment, Building and Investment will be debited to respective asset a/ c and will appear in Balance sheet .
2. The following informations were obtained from the books of Jai club as on 31.3.2023 at the end of the first year of the Club. You are required to prepare Receipts and Payments Account for the year ended 31.3.2023:

(i) Donations received for Building and Library Room ₹ 2,00,000 .

(ii) Other revenue receipts:

	Actual Receipts ₹
Entrance Fees	17,000
Subscription	19,000
Locker Rents	600
Sundry Income	1,060
Refreshment Account	16,000

(iii) Other actual payments:

	Actual Payments ₹
Land (cost ₹ 10,000)	10,000
Furniture (cost ₹ 1,46,000)	1,30,000
Salaries	4,800
Maintenance of playgrounds	1,000
Rent	8,000
Refreshment Account	8,000

Donations to the extent of ₹ 25,000 were utilized for the purchase of library Books, balance was still unutilized. In order to keep it safe 9% Govt. Bonds of 1,60,000 were purchased on 31.3.2023. Remaining amount was put in the bank on 31.3.2023 under the term deposit

Sol. Jai club

Receipt and payments A/c for the year ended 31st March 2023

Receipts	₹	Payments	₹
To Building and library fund a/c	2,00,000	By library book a/c 25,000	
To Entrance Fees a/c	17,000	By Bond 9% govt a/c 1,60,000	2,00,000
To Subscription a/c	19,000	By Fixed deposite a/c (Bal fig) 15000	
To locker rent a/c	600	By land a/c	10,000
To sundry income a/c	1,060	By furniture a/c	1,30,000
To Refreshment a/c	16,000	By salaries a/c	4,800
To closing balance (overdraft balance)	1,08,140	By maintenance of playground a/c	1,000

Receipts	₹	Payments	₹
		By rent a/c	
		By Refreshment a/c	8,000
			8,000
(Balancing figure)	3,61,800		3,61,800

3. Members of a club. are paying an annual subscription of ₹500. On 31st. March. 2022, Subscriptions in arrears from 10 members and received in advance from 5 member subscription received during the year ended 31st march 2023 from 446 members, including from 21 members for the year 2023-2024. Subscriptions in arrears as on 31st March. 2023 from 30 members.

Calculate the amount of subscriptions income for the year ended on 31st March. 2023 by preparing subscriptions a/c.

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Subscription a/c

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Particulars	₹	Particulars	₹
To opening outstanding b/f (10 × 500)	5,000	By opening advance b/f (5×500)	2,500
To I&E a/c (balancing figure)	2,25,000	By cash/Bank a/c (446 × 500)	2,23,000
(Income for the year)		(Recived during the year)	
To closing advance e/f (21 × 500)	10,500	By closing outstanding c/f (30 × 500)	15,000
	2,40,500		2,40,500

Alternatively above figure can be ascertained by preparing a statement

		₹
Subscription received during the year		2,23,000
Add: opening advance.	2,500	
Closing outstanding	15,000	17,500
		2,40,500
Less: closing advance	10,500	
Opening outstanding	5,000	15,500
Subscription income for the year		2,25,000

4. On the basis of the following information related to its many premises, calculate the

amount that will appear against the item 'Rent' in the income and expenditure account for the year ended 31st march 2023:

	₹
Rent prepaid as on 1st April, 2022	12,000
Rent Payable as on 1st April, 2022	25,600
Amount paid for rent during the year ended 31st march, 2023	1,40,000
Rent prepaid as on 31st march, 2023	23,200
Rent payable as on 31st march, 2023	24,000

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Dr. Rent A/c Cr.

Particulars		₹	Particulars		₹
To opening prepaid b/f	12,000		By opening payable b/f	25,600	
To cash/Bank a/c (paid)	1,40,000		By I&E a/c (balancing figure)	1,27,200	
To closing Payable c/f	24,000		(Rent expense)		
			By closing prepaid c/f	23,200	
	1,76,000			1,76,000	

5. On the basis of the following information, calculate the amount that will appear against the items 'stationery consumed' in the income and expenditure account for the year ended 31st march 2023:

	₹
Stock of stationery as on 1st April, 2022	12,000
Creditor for stationary on 1st April, 2022	25,600
Amount paid for stationary during the year ended 31st march, 2023	1,40,000
Stock of stationary as on 31st march, 2023	23,200
Creditor for stationery as on 31st march, 2023	24,000

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Particulars		₹	Particulars		₹
To opening stock b/f	12,000		By opening creditors b/f	25,600	
To cash/Bank a/c	1,40,000		By I&E a/c (balancing figure)	1,27,200	
To closing creditors c/f	24,000		(Stationery consumed)		
			By closing stock c/f	23,200	
	1,76,000			1,76,000	

Note: Alternatively you can prepare two account as explained below that will also show you amount of stationary purchased.

Creditors for stationary a/c

Particulars	₹	Particulars	₹
To cash Bank a/c (Payment)	1,40,000	By opening balance b/f	25,000
To closing	24,000	By stationary stack a/c (balancing figure)(stationary purchased)	1,38,400
	1,64,000		1,64,000

Stationery stock a/c

Particulars	₹	Particulars	₹
To opening balance b/f	12,000	By opening balance b/f	1,27,200
To creditor a/c (purchases)	1,38,400	By stationary stack a/c (balancing figure)(stationary purchased)	
		By closing balance c/f	23,200
	1,50,400		1,50,400

When opening balance sheet, Receipt & Payment a/c and some information is given.

6. Fans library society showed the following position on 31st march 2022:

Balance sheet as on 31st march, 2022

Liabilities	₹	Assets	₹
Capital fund	7,93,000	Electrical fitting	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 ham	25,000
	8,00,000		8,00,000

The Receipt and payment amount for the year ended on 31st March, 2023 is given below

Particulars (Receipts)	₹	(Particulars) Payments	₹
To balance b/f		By electric charge	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 fees	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 Internet on securities	8,000	By salaries	66,000
		By bal. c/f Cash at bank	20,000
	3,09,500	Cash in hand	11,300
	3,09,500		3,09,500

You are required to prepare an income and expenditure account for the year ended 31st march,2023 and a balance sheet as at 31st march 2023 after making the following adjustment.

- Membership subscription included ₹10,000 received in advance.
- provide for outstanding rent ₹4000 and salaries ₹3000
- Book to be depreciated @ 10% including additions. Electrical fittings and furniture,s are also to be depreciated at the same rate
- 75% of entrance fees is to be capitalized
- Interest on securities is to be calculated @5% pa. including Purchases made on 1.10.2010 for ₹ 40,000

Income and expenditure Account

Expenditure	₹	Income	₹
To electric charges a/c	7,200	By subscription a/c	1,90,000
To postage and stamp a/c	5,000	By hire of lecture hall a/c	20,000
To Telephone charges a/c	5,000	By sale of old news a/c	1,500
To rent a/c	92,000	By Entrance fees a/c	7,300
To salary a/c	69,000	By Interest a/c	8500
To depreciation a/c	66,000	By deficit a/c	16,700
	2,44,200		2,44,200

Balance sheet on date 31.3.2023

Liabilities	₹	Assets	₹
Capital fund		Electric fitting	1,50,000
Balance 7,93,000		(-) Depreciation	<u>15,000</u>
(+) Entrance fees 22,500		Furniture	50,000
(-) Deficit 16,700	7,98,000	(-) Depreciation	<u>5,000</u>
Advance subscription	10,000	Books	4,00,000
Expense outstanding	7,000	(+) Addition	60,000
		(-) Depreciation	<u>46,000</u>
		Investment	1,50,000
		(+) Addition	<u>40,000</u>
		Interest Outstanding	500
		Bank	20,000

		cash	11,300
	8,15,800		8,15,800

Working notes:

Expenses out standing Account

Particulars	₹	Particulars	₹
To Cash a/c	7,000	By opening balance b/f	7000
To Balance c/f	7,000	By Rent a/c	4,000
		By Salary a/c	3,000
	14,000		14,000

Subscription account

Particulars	₹	Particulars	₹
To I&E a/c (income)	1,90,000	By cash a/c (received)	2,00,000
To closing advance subscription ac	10,000		
	2,00,000		2,00,000

Rent account

Particulars	₹	Particulars	₹
To cash a/c (paid)	88,000	By cash a/c (received)	2,00,000
To closing outstanding rent a/c	4,000		
	92,000		2,00,000

Salary account

Particulars	₹	Particulars	₹
To cash a/c (paid)	66,000	By I&E a/c (Expense)	69,000
To closing outstanding rent a/c	3,000		
	69,000		69,000

Entrance fees account

Particulars	₹	Particulars	₹
To capital fund a/c (capitalized)	22,500	By cash a/c	30,000
To I&E a/c (income)	7,500		
	30,000		30,000

Interest account

Particulars	₹	Particulars	₹
To I&E a/c (income)	8,500	By cash a/c (Received)	30,000

		By Interest outstanding a/c	500
	8,500		30,000

Calculating of interest on investment:

Interest for full year on opening balance	1,50,000	× 5%	= 7,500
Interest for half year on addition	40,000	× 5% × 6/ 12	= <u>1,000</u>
Total Interest for the year			8,500
Received during the year			<u>8,000</u>
Interest outstanding at end of the year			500

When income & Expenditure A/c and Opening & closing balance sheet is given.

7. CNR cricket club gives you the following information

Income & Expenditure account for the year ended 31st Dec. 2023

Expenditure	₹	Income	₹
To Remuneration to coach a/c	18,000	By Donation & Subscription	1,02,000
To salaries & wages a/c	24,000	By bar room: Receipts	24,000
	12,000		

Expenditure	₹	Income	₹
To repairs a/c	11,000	L e w e s expense	28,000
To miscellaneous expenses a/c	7,000	By bank interest a/c	2,000
To honorarium to secretary a/c	18,000	By hire club hall a/c	12,000
To Depreciation on Equipment a/c	5,000		
To surplus a/c	25,000		
	1,20,000		1,20,000

Balance Sheet

2022 ₹	Liabilities	2023 ₹	2022 ₹	Assets	2023 ₹
48,000	Capital fund as on 31-12-10	48,000	25,000	Equipment	20,000
	Entrance fees	10,000	6,000	Subscription	8,000
	Surplus	25,000	3,000	Outstanding	
4,000	Subscription in advance	3,000		Cash in hand	4,000
	Outstanding liabilities				
1,500	Miscellaneous Exp.	1,000	2,500	cash at Bank	10,000
2,000	Salary & Wages	3,000			

Not for Profit Organization

3,000	Honorarium to secretly	2,000	20,000	Fixed deposit	50,000
58,500		92,000	38,500		92,000

Prepare the receipt and payment account of the club for the year ended 31 dec 2023.

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Important Points

Expenses in which there is no opening or closing adjustment will be equal to payment and will appear as it is in receipt & payment a/c.

Similarly income in which there is no opening or closing adjustment will be equal to receipt and will appear as it in receipt or payment a/c

For others figure of receipt or payment will be ascertained by preparing concerned account.

Receipt and payment account

Particular (Receipt)	Amount	Particular (payment)	Amount
To opening Balance		By to coach remuneration a/c	18,000
Cash a/c 5,000		By rent a/c	12,000
Bank a/c 2,500	7,500	By repair a/c	11,000
To bar Receipt a/c	24,000	by bar expenses a/c	20,000
To Bank Interest a/c	2000	By fixed deposit a/c	30,000
To hire club hall a/c	12,000	By salary & wages a/c	23,000
To entrance fees a/c	10,000	By misc Expenses a/c	7,500
To donation & subscription a/c	99,000	By honorarium to secretly a/c	19,000
	1,54,500	By closing Bal. cash a/c <u>4000</u>	
		Bank a/c <u>10,000</u>	14,000
			1,54,500

Working notes

Salary and wages account

To cash a/c (bal. figure)	23,000	By opening outstanding b/d	2,000
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To closing outstanding c/d	3,000	By Income & Expenditure a/c	24,000
	26,000		26,000

Miscellaneous expenses account

To cash a/c (bal. figure)	7,500	By opening outstanding b/d	1,500
To closing outstanding c/d	1,000	By Income & Expenditure a/c	7,000
	8,500		8,500

Honorarium to secretary account

To cash a/c (bal. figure)	23,000	By opening outstanding b/d	3,000
To closing outstanding c/d	3,000	By Income & Expenditure a/c	18,000
	21,000		21,000

Equipment account

To Opening balance	25,000	By depreciation a/c	5,000
		By balance c/d	20,000
	25,000		25,000

Fixed deposit account

To Opening balance	25,000	By depreciation a/c	5,000
To cash (bal. figure) deposit made		By balance c/d	20,000
	25,000		25,000

Subscription account

To opening outstanding	6,000	By opening advance	4,000
To income & Expenditure a/c	1,02,000	By cash (bal. figure)	99,000
To closing Advance c/d	3,000	By closing outstanding c/d	8,000
	1,11,000		1,11,000

8. From the following. Find out the amount of subscriptions to be included in the income and expenditure account for the year ended 31st March, 2023.

Subscription were received during the year 2022-23 as follows:

	₹
For the year 2021-22	2,000
For the year 2022-23	30,000
For the year 2023-24	3,000

Subscription outstanding as on 31st March, 2022 were ₹3,500 out of which ₹500 were consider to be irrecoverable. on the same date, subscription received in advance for 2022-23 were ₹ 2,000. Subscription still outstanding as on 31st march, 2023 amounted to ₹6,000.

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Dr. Subscription a/c Cr.

Particulars	₹	(Particulars)	₹
To Op. outstanding subscription a/c	3,500	By op advance subscription a/c	2,000
To I&E a/c (income bal figure)	37,000	By I&E (irrecoverable amount)	500
To closing advance subscription a/c	3,000	By cash/bank a/c for	
		2021-22	2,000
		2022 - 23	30,000
		2023-2024	<u>3,000</u>
		By closing o/s subscription a/c	6,000
	43,500		43,500

9. During the year ended 31st march,2023, Virat cricket club received subscription as follows:

	₹
For year ending 31st march, 2022	12,000
For year ending 31st march, 2023	6,15,000
For year ending 31st march, 2024	18000
Total	6,45,000

There are 500 member and annual subscription is ₹ 15,000 per member.

Ascertain the amount for the year ended 31st march, 2023. Also show how the items would appear in the balance sheet as on 31st march, 2022 and the balance sheet as on 31st march, 2022 and the balance sheet as on 31st march, 2023.

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Dr. Subscription a/c year ended 31.03.2023 Cr.

Particulars	₹	(Particulars)	₹
To Op. Outstanding (12,000 + 15,000)	27,000	By opening advance subscription b/f	Nil
To I&E a/c (500 × 1500) (income)	7,50,000	By cash /bank a/c (received)	

Particulars	₹	(Particulars)	₹
For the year ended 31.03.2023		For year ended 31.3.22	12,000
To closing advance subscription c/f	18,000	For year ended 31.3.23	6,15,000
		For year ended 31.3.24	18,000
		By closing outstanding (bal. figure)	
		For year ended 31.3.22	15,000
		For year ended 31.3.23	1,35,000
	7,95,000		1,50,000
			6,45,000
			7,95,000

Income & Expenditure account (as extract) of virat cricket club for the year ended 31st march, 2023

	₹		₹
		By subscription (500 member × ₹ 15,000 + 12,000)	7,50,000

Balance sheet of sachin cricket club as on 31st march 2022 march (An extract).

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

Balance sheet of sachin cricket club as on 31st march 2023 (as extract)

Liabilities	₹	Assets	₹
Advance subscription	18,000	Outstanding subscription	
		of 2010-11	15,000
		of 2011-12	1,35,000
		(7,50,000 - 6,15,000)	1,50,000

10. On 31st march, 2023 Ruskin Bond Writer's club a cultural association had the following assets and liabilities:

Liabilities	₹	Assets	₹
Trust Fund	5,00,000	Cash	3,000
Accumulated surplus in		Canara Bank:	
Income & expenditure a/c	1,05,000	Savings a/c	7,000
Membership fee received in		Fixed deposits	2,00,000

Not for Profit Organization

Advance for 2023-2024	10,000	Investments in	
Outstanding expenses	10,000	Government securities	3,00,000
		Fixed assets	95,000
		Membership fee receivable	15,000
		Prepaid expenses	5,000
	6,25,000		6,25,000

The following is the receipt and payment account for the year ended 31st March 2024:

Receipts		₹	Payment		₹
Opening balance			Administrative expenses		1,25,000
Cash	3,000		Program expenses including cost printing souvenir		2,27,000
Saving with canara bank	7,000	10,000			
Membership fee received			Fixed deposit with canara Bank		1,25,000
Up to 31/3/2019	14,000		Fixed assets purchased		80,000
For 2019-2020	1,50,000		Investment in icici Bond		3,00,000
For 2020-2021	16,000	1,80,000			
Sales of tickets - program		25,000	Closing balance		
Advertisement in programme souvenir		5,00,000	Cash	2,700	
Fixed deposit with canara bank		75,000	Saving with canara bank	<u>5,000</u>	7,700
Interest on bank a/c					
Saving	700				
Fixed deposit	<u>22,000</u>	22,700			
Amount received on maturity of government security include of interest ₹ 8,000 (COST ₹ 80,000)		1,00,000			
		9,12,700			9,12,700

The club inform you that

Membership fee for 2022-2023 due is ₹ 25,000 it includes ₹ 1,000 due from the number who has not yet paid also for 2021-22 provision for irrecoverable membership is to be made in respect of this number

Income receivable on 31-3-2023 on icici bond is ₹ 30,000 and on government securities is ₹ 24,000.

Prepaid expenses on 31-3-2023 amount to ₹ 7,000

Outstanding expenses on 31-3-2023 amount to ₹ 8,000

Depreciation provision is to be ₹ 12,500.

Programme is an annual feature.

The club asks you to prepare:

(a) income and expenditure account for the year ended 31st march 2023.

(b) Balance sheet as at 31st march 2023.

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Expenditure	₹	Income	₹
To bad debt A/c	2,000	By membership fees A/c	1,85,000
To depreciation A/c	12,500	By bank interest A/c	22,700
To expenses A/c	1,21,000	By programme	
To surplus c/l	3,96,200	Income	5,25,000
		(-) Expenses	2,75,000
		By profit on sale of Govt. security A/c	12,000
		By interest on investment A/c	62,000
			5,31,700
			5,31,700

Balance Sheet as on 31-03-2023

Liabilities	₹	Asset	₹
Trust Fund	5,00,000	Fixed Asset	1,62,500,
Income & Expenditure		Fixed deposited	2,50,000
<u>1,05,000</u>			
(+) surplus 3,96,200	5,01,200	Interest outstanding	34,000
Advance membership fees	16,000	Investment	
Expense Outstanding	8,000	icici Bond	3,00,000
		Govt, Securities	2,20,000
		Prepaid expenses	7,000
		Cash	2,700

		Bank	5,000	7,700
		Outstanding		
		Membership fees	26,000	
		(-) Provision	2,000	24,000
	10,25,200			10,25,200

Working Notes:-

By preparing these account we get missing information which may be a transaction (complete the double entry of same) or a balance of that account, Complete accounting for whatever information is available in the question. Then by balance the account you will get missing information as a balancing information.

Membership fees A/c [subscription]

Particular	₹	Particular	₹
To opening outstanding	15,000	By opening advance balance	10,000
To income & Expenditure A/c	1,85,000	By cash/Bank A/c	1,80,000
To closing Advance Balance	16,000	By closing outstanding balance	26,000
	2,16,000		2,16,000

Expenses A/c

Particular	₹	Particular	₹
To opening prepaid balance	5,000	By opening advance balance	10,000
To cash A/c	1,25,000	By cash/Bank A/c	1,21,000
To closing Outstanding	8,000	By closing outstanding balance	7,000
	1,38,000		1,38,000

Fixed Deposit A/c

Particular	₹	Particular	₹
To opening balance	2,00,000	By cash A/c	75,000
To cash A/c	1,25,000	By Balance (c/f)	2,50,000
	8,000		3,25,000

Government Securities A/c

Particular	₹	Particular	₹
To opening balance	3,00,000	By cash A/c (Maturity proceed)	1,00,000
To interested to investment A/c	8,000	By Balance (c/f)	2,20,000
To profit on Govt. Security	12,000		

	3,20,000		3,20,000
--	----------	--	----------

Fixed Asset A/c

Particular	₹	Particular	₹
To opening balance	95,000	By depreciation A/c	75,000
To cash A/c	80,000	By Balance (c/f)	1,62,500
	1,75,000		1,75,000

Interest on investment A/c

Particular	₹	Particular	₹
To income & Expenditure A/c	62,000	By Govt. Security A/c	8,000
		By closing outstanding	54,000
	62,000		62,000

11 The following is the receipt and payment account of Fatima Charitable hospital for the year ended 31st march 2013:

Receipts	₹	Payments	₹
To balance b/d	1,40,000	By payment for medicine	6,00,000
To subscription	10,00,000	By honorarium to doctor	2,00,000
To Donations	2,90,000	By salaries	5,50,000
To interest and investment @ 7% per annum for the year	1,40,000	By Sunday expenses	10,000
To charity show collection	2,00,000	By Equipment purchased	3,00,000
		By charity show expenses	20,000
		By Balance	90,000
	17,70,000		17,70,000

Additional information

	On 1.4.2012 (₹)	On 1.4.2012(₹)
Subscription due	10,000	20,000
Subscription received in advance	20,000	10,000
Stock of medicines	2,00,000	3,00,000
Creditors for medicines	1,60,000	2,40,000
Equipment's	4,20,000	6,00,000
Buildings	8,00,000	7,60,000

You are required to prepare income and expenditure account for the year ended 31st march 2013 and balance sheet as at that date.

Sol

Income & expenditure A/c [p&l A/c]

Expenditure	₹	Income	₹
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To honorarium to doctor A/c	2,00,000	By Donation A/c	2,90,000
To Salary A/c	3,50,000	By Interest A/c	1,40,000
To Sunday Expenses A/c	10,000	By charity show	
To medicine A/c	5,80,000	Income	2,00,000
To Description on equipment A/c	1,20,000	(-)Expenses	20,000
To Description on equipment A/c	40,000	By subscription A/c	10,20,000
To surplus A/c	1,30,000		
	16,30,000		16,30,000

Balance Sheet As on 31-03-2013

Liabilities		₹	Assets		₹
Trust Fund	33,90,000		Investment		20,00,000
(+) Surplus	<u>1,30,000</u>	35,20,000	Subscription Outstanding		20,000
Advance Subscription		10,000	Medicine stock		3,00,000
Creditor for medicine		2,40,000	Building		7,60,000
			Equipment		6,00,000
			Cash/bank		90,000
		37,70,000			37,70,000

Working Notes :-

Important points:

By Preparing these account we get missing information which be a transaction (complete the double entry of same) or a balance of that account. complete accounting for whatever information is available in the question. then by balancing the account you will get missing information as a balancing information.

Subscription A/c

Particular	₹	Particular	₹
To opening outstanding	10,000	By opening advance	8,000
To income & Expenditure A/c	10,20,000	By Cash / Bank A/c (received)	54,000
To Closing Balance (Advance)	10,000	By closing Outstanding balance	20,000
	10,40,000		10,40,000

Medicine A/c

Particular	₹	Particular	₹
To opening Balance (Op. Stock)	2,00,000	By Income & Expenditure A/c	5,80,000
To creditor A/c (purchase)	6,80,000	(Consumed)	

		By closing Stock A/c	3,00,000
	8,80,000		8,80,000

Creditor For medicine A/c

Particular	₹	Particular	₹
To cash/Bank A/c (Payment)	6,00,000	By Opening Balance	1,60,000
To closing balance c/f	2,40,000	By Purchase A/c (Balancing figure)	6,80,000
	8,40,000		8,40,000

Equipment A/c

Particular	₹	Particular	₹
To opening Balance	4,20,000	By depreciation A/c (Balancing figure)	1,20,000
To cash/Bank A/c (Purchase)	3,00,000	By closing Balance	6,00,000
	7,20,000		7,20,000

Building A/c

Particular	₹	Particular	₹
To opening Balance	8,00,000	By depreciation A/c (Balancing figure)	40,000
		By closing Balance	7,60,000
	7,20,000		8,00,000

Balance sheet as on 31.03.2012

Liability	₹	Asset	₹
Advance subscription	20,000	Cash/bank	1,40,000
Creditors for medicine	1,60,000	Investment	20,00,000
Trust fund (Balancing figure)	33,90,000	Subscription outstanding	10,000
		Stock of medicine	2,00,000
		Equipment	4,20,000
		Building	8,00,000
	35,70,000		35,70,000

Investment is calculated from interested Investment = $1,40,000 / 7 \times 100 = 20,00,000$

12. Following is the Receipts and Payments Account of Lucknow Club for the year ended 31st March. 2018:

Receipts	₹	Payments	₹
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To opening balance (1.4.2017)		By sports materials	3,04,500
Cash on hand	39,100	By salaries	3,15,000
Cash at bank	50,000	By Equipment purchased on 1.10.2017	60,000
To subscription		By bank fixed deposit on 31.3.2018	1,50,000
For the year 2016-17	18,000	By rent	1,48,500
For the year 2017-18	9,63,000	By ground maintenance	21,120
For the year 2018-19	4,500	By Insurance	38,400
To interest on bank		By Stationary	3,450
Fixed deposit @ 10%		By sundry expenses	
		By closing balance as on 31.3.2018	
		Cash on hand	31,750
		cash at bank	40,000
	15,75,000		15,75,000

Following additional information is provide to your

- The club has 220 members. The annual subscription is ₹ 4,500 per member.
- Description to be provided on Furniture at 10% p.a. and on Sports equipment at 15% p.a.
- On 31st March, 2018, stock of sports material in hand (after members use during the year) is valued at ₹78,000 and stock of stationery at ₹3,150. Rent for 1 month is outstanding. Unexpired insurance amounts to ₹9,600.
- On 31st march,2017 the club had the following assets:

Furniture	₹ 2,70,000
Sports equipment	₹ 1,80,000
Bank fixed deposit	₹ 4,50,000
Stock of stationary	₹ 1,500
Stock of sports material	₹ 73,500
Unexpired Insurance	₹ 8,400
Subscription in arrear	₹ 22,500

Note: There was no liability on 31-3-2017

You are required to prepare

- Income and expenditure account; and

(ii) Balance sheet as at 31st march 2018

Sol

Expenditure	₹	Income	₹
To salary A/c	3,15,000	By interest A/c	45,000
To ground Maintenances A/c	22,120	By subscription A/c	9,90,000
To sundry expenses A/c	5,880		
To rent A/c	1,62,000		
To stationary A/c	1,800		
To sports material A/c	3,00,000		
To insurance A/c	37,200		
To description A/c	58,500		
To surplus	1,32,500		
	10,35,000		10,35,000

Balance sheet as on 31.03.2018

Liability	₹	Asset	₹
Trust fund	10,95,000	Cash	31,750
Surplus	<u>1,32,500</u>	Bank	40,000
Advance subscription	4,500	Sports material stock	78,000
Rent outstanding	13,500	Stationary stock	3,550
		Prepaid insurance	9,600
		Furniture	2,70,000
		(-) Description	27,000
		Equipment	2,40,000
		(-) Description	<u>31,500</u>
		Fixed deposit	6,00,000
		Subscription outstanding	31,500
	12,45,500		12,45,500

Working Notes:-

Balance Sheet as on 31.03.2017

Liability	₹	Asset	₹
Trust Fund (balancing figure)	10,95,000	Subscription outstanding	22,500
		Cash	39,100
		Bank	50,000
		Furniture	2,70,000

		Equipment	1,80,000
		Fixed deposit	4,50,000
		Stock (1500+73,500)	75,000
		Prepaid Insurance	8,400
	10,95,000		10,95,000

Subscription A/c

Particular	₹	Particular	₹
To opening Outstanding	22,500	By cash/Bank A/c	9,85,500
To income & expenditure A/c	9,90,000	By closing outstanding	31,500
To closing Advance e/f	4,500		
	10,17,000		10,17,000

Equipment A/c

Particular	₹	Particular	₹
To opening Balance	1,80,000	By closing balance	2,40,000
To cash /Bank A/c (purchase)	60,000		
	2,40,000		2,40,000

Fixed deposit

Particular	₹	Particular	₹
To opening Balance	4,50,000	By closing balance	6,00,000
To cash /Bank A/c	1,50,000		
	6,00,000		6,00,000

Rent A/c

Particular	₹	Particular	₹
To opening Balance	1,48,500	By income & expenditure A/c	1,62,000
To closing outstanding bal.	13,500		
	1,62,000		1,62,000

Insurance A/c

Particular	₹	Particular	₹
To opening Advance Balance	8,400	By income & expenditure	6,00,000
To cash /Bank A/c	38,400	By closing prepaid balance	9,600
	46,800		46,800

Sports material A/c

Particular	₹	Particular	₹
To opening Balance	73,500	By income & expenditure	3,78,000
To cash /Bank A/c	3,04,500	By closing stock A/c	78,000

	3,78,000		3,78,000
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Stationary A/c

Particular	₹	Particular	₹
To opening Balance	1,500	By income & expenditure	1,800
To cash A/c (purchased)	3,450	By closing balance	3,150
	4,950		4,950

Working:- calculation of rent outstanding:

Rent for 1 month is outstanding which implies that the rent paid for 11 months.

$$\text{Rent outstanding} = \frac{1,48,500}{11} = 13,500$$

13. The following is the receipt and payment account of Nehru garden club in respect of the year ended 31st march, 2011.

Receipts	₹	Payments	₹
To balance b/d	1,02,500	By salaries	2,08,000
To subscription		By Stationary	40,000
2009-10	4,500	By rent	60,000
2010-2011	2,11,000	By telephone exp	10,000
2011-12	7,500	By Investment	1,25,000
To profit on sports meet	1,55,000	By sundry expenses	92,500
To income from investment	1,00,000	By balance c/d	45,000
	5,80,500		5,80,500

Additional information

- (i) There 450 members each Paying an annual subscription of ₹500 on 1st April. 2010, outstanding subscription was, ₹5,000
- (ii) There was an outstanding telephone bill for ₹3000 on 31st march,2011.
- (iii) outstanding sundry expenses as on 31st March, 2010 'totaled 7,000.
- (iv) stock of stationery:
 - On 31st March. 2010 ₹5000
 - On 31st March, 2011 ' ₹9,000
- (v) On 31st March, 2010 building stood in the books at, ₹10,00,000 and it was subject to depreciat 10n @5 per annum.
- (vi) Investment on 31st March, 2010 stood at ₹20,00,000.
- (vii) On 31st March. 2011, income accrued on the investment purchased during the year amounted to ₹3,750.

Prepare an Income and Expenditure Account for the year ended 31st March, 2011 and the Balance Sheet as at that date.

Sol

Nehru Garden club
Income and expenditure account
For the year ended on 31st march 2011

Expenditure	₹	Income	₹
To salaries	2080,000	By subscription (W.N.2)	2,25,000
To stationery consumed (W.N.3)	36,000	By profit on sports meet	1,55,000
To rent	60,000	By Income on investment	100000
To telephone expenses	10,000	Add income accrued	<u>3750</u>
Add closing outstanding	3,500		1,03,750
To sundry expenses	92,500		
less opening outstanding	<u>(7,000)</u>		
To depreciation of building	50,000		
To surplus (carried to capital fund)	30,750		
	4,83,750		4,83,750

Balance Sheet as at 31st march 2011

Liability	Amount (₹)	Asset	Amount (₹)
Capital fund (W.N.1)		Outstanding Subscription	
31.05.500			
Add surplus	30,750	Investment	21,24,750
Subscription received in advance	7,500	(20,00,000 + 1,25,000)	
Outstanding telephone bills	3,500	21,25,000	9,50,000
		Add: Internet accrued	
		3750	
		Building 10,00,000	
		less depreciation	
		Stock of stationary	9,000
		Cash balance	45,000
	31,47,250		31,47,250

Working notes:

(1) calculation of opening capital fund

Balance sheet at 31st march 2010

Liability	Amount (₹)	Asset	Amount (₹)
Outstanding sundry expenses	7,000	Building	10,00,000
Capital fund (Balancing figure)	31,05,500	Investment	20,00,000
		Stock of stationery	5,000
		cash balance	1,02,500
		Outstanding subscription	5,000
	31,12,500		31,12,500

(2) Calculation of subscription accrued during the year

Subscription A/c

Particular	Amount ₹	Particular	Amount ₹
To opening outstanding Subscription	5,000	By cash A/c (4,500 + 2,11,000 + 7,500)	2,23,000
To income & Expenditure A/c (450@ 500)	2,25,000	By closing outstanding Subscription (balancing figure)	14,500
To subscription received in advance c/f	7,500		
	2,37,500		2,37,500

(3) Calculation of stationery consumed during the year

	₹
Opening stock of stationery	5,000
Add purchased	40,000
Total	45,000
Less closing stock of stationery	(9,000)
Stationery consumed	36,000

14 The accountant of Cherry club furnishes you the following receipts and payment account

for the year ending 30th September, 2013

Receipts	Amount ₹	Payment	Amount ₹
Opening balance		Honorarium to secretary	9,600
Cash at bank	16,760	Mise. expenses	3,060
Subscription	21,420	Rates and taxes	2,520
Sale of old newspaper	4,800	Groundsman wages	1,680
Entertainment fees	8,540	Printing and stationery	940
Bank interest	460	telephone expenses	4,780
Bar receipts	14,900	payment for bar purchases	11,540
		Repairs	640
		New car (less sale proceed of old car ₹6000)	25,200
		Closing balance	
		Cash at bank	6,920
	66,880		66,880

Additional Information:

	01.10.2012 ₹	30.09.2013 ₹
(i) Subscription due (not received)	2,400	1,960
(ii) Cheques issued, but not presented for payment of printing	180	60
(iii) Club premises at cost	58,000	-
(iv) Depreciation on club premises provide so far	37,600	-
(v) Car at cost	24,380	-
(vi) Depreciation on car	20,580	-
(vii) value of bar stock	1,420	1,740
(viii) Amount unpaid for bar purchases	1,180	860

(ix) 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 Cherry club for the year ending 30th September, 2013 and balance sheet as on that date.

Sol Income and expenditure account of Cherry club for the year ended 30th September, 2013

Expenditure	Amount ₹	Income	Amount ₹
To Honorarium to secretary	9,600	By Subscription (W.N.3)	20,980
		By sale of old newspaper	4,800

To misc. expenses	3,060	By entertainment fees	8,340
To rates and taxes	2,520		
To groundsman wages	1,680	By bank interest	460
To printing and stationery	940	By bar receipts	14,900
To telephone expenses	4,780	By profit on sale of car (W.N.5)	2,200
Opening bar stock	1420		
Add purchases (W.N.2)	<u>11,220</u>		
	12,640		
less closing bar stock	<u>1740</u>	10,900	
To repairs	640		
To depreciation Club premises (W.N.4)	1,020		
Car (W.N.4)	<u>4680</u>	5,700	
To surplus (transferred to capital fund)	12,060		
	51,880		51,880

Balance Sheet of Cherry club as on 30th September, 2013

Liability	Amount (₹)	Asset	Amount (₹)
Capital fund (W.N.1)	43,600	Club premises	19,380
Add surplus	12,060	Car	26,520
		Bar stock	1,740
Bar creditor	860	Outstanding subscription	1960
		Cash at bank	6,920
	56,520		56,520

Working notes:

1. Balance sheet of Cherry club as on 1st October, 2012

Liability	Amount (₹)	Asset	Amount (₹)
Bar creditor	1,180	Club premises	58,000
Capital fund on 1.10.2012	43,600	Less Depreciation	<u>37,600</u>
(Balancing figure)		Car	24,380
			20,400

		Less Depreciation <u>20,580</u>	3,800
		Bar stock	1,420
		Outstanding subscription	2,400
		Cash at bank	16,700
	44,780		44,780

2. Calculation of bar purchases for the year:

Bar creditor a/c

To cash/Bank A/c (paid during the year)	11,340	By opening outstanding b/f (payable)	1,180
To closing outstanding c/f (payable)	860	By income & Exp A/c (purchase bal. fig)	11,220
	12,400		12,400

3. Calculation of subscription accrued during the year:

Dr.

Subscription a/c

cr.

Particular	₹	Particular	₹
To opening Outstanding Subscription	2,400	By cash/Bank A/c (received)	21,400
To I&E A/c (Income)(bal.fig.)	20,980	By closing outstanding Subscription	1,960
	23,380		23,380

4. Description on club premises and written down value on 30th September 2013:

	₹
Written down value on 1.10.2012 (58,000-37,600)	20,400
Less description for the year 2012-2013 @ 5% p.a.	1,020
	<u>19,380</u>

5. Calculation of profit on sale of car:

	₹
Sale proceeds of old car	6,000
Less written down value of car	24,380
Cost of car on 1.10.2012	<u>20,580</u> 3,800
Less depreciation upto 1.10.2012	<u>2,200</u>

6. Depreciation on car and written down values on 30th September 2013:

₹

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 30.9.2013	<u>26520</u>

Note: the opening and closing balance of cash and bank shown in the receipts and payment 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. this is a recondition item pending to be recoded by bank.

15. Summary of receipts and payment of Bhajan medical aid society for the year ended 31.12.2020 are follows:

Opening cash balance in hand 8000 subscription 50000 donation 15000 interest on investment @ 9% p.a. 9000 payments for medicine supply 30,000 honorarium to doctor 10000 salaries 28000 sundry expenses 1000 equipment purchase 15000 charity show expenses 1500 charity show collection 12500

Additional information

	1.1.2020	31.12.2020
Subscription due	1,500	2,200
Subscription received in advance	1,200	700
Stock of medicine	10,000	15,000
Amount due for medicine supply	9,000	13,000
Value of equipment	21,000	30,000
Value of building	50,000	48,000

You are required to prepare Receipts and Payments Account and Income: and Expenditure Account for the year ended 31.12.2020 and Balance Sheet as on 31.12.2020.

Sol

Income and expenditure account

Particular	₹	Particular	₹
To hon to doctors	10,000	By Donation	15,000
The salaries	28,000	By Interest on investment	9,000
To expenses	1,000	By Charity show income 12500	
To Medicine Consumed	29,000	(-) Expenses 1500	11,000
To Depreciation (6000 +2000)	8,000	By subscription	51,200
To surplus	10,200		
	86,200		86,200

Balance Sheet on date 31.12.2020

Particular	₹	Particular	₹
General fund 1,80,300		Equipment	30,000
(+) Surplus 10,200	1,90,500	Building	48,000
Advance subscription	700	Investment	10,000
Creditors for Machines	13,000	Stock	15,000
		Subscription outstanding	22,00
		Cash	9,000
	2,04,200		2,04,200

Receipt and payment account

Receipt	₹	Payment	₹
To opening balance	8,000	By creditor	30,000
To subscription	50,000	By honorarium to doctor	10,000
To donation	15,000	By salaries	28,000
To interested on investment	9,000	By Sundry expenses	1,000
To charity show collection	12,500	By equipment	15,000
		By charity show expenses	1,500
		By closing balance	9,000
	94,500		94,500

Working note:

Balance sheet on date 1.1.2020

Liabilities	₹	Assets	₹
General fund (bal fig)	1,80,300	Cash	8,000
Advance subscription	1,200	Investment	1,00,000
Creditor for medicine	9,000	Subs, outstanding	1,500
		Stock	10,000
		Equipment	21,000
		Building	50,000
	1,90,500		1,90,500

Subscription A/c

Particular	₹	Particular	₹
To opening outstanding a/c	1,500	By opening advance	1200

To I&E a/c	51,200	Subscription a/c	
To closing advance	700	By cash a/c	50,000
Subscription a/c		By closing outstanding	2,200
	53,400	Subscription a/c	
			53,400

Medicine expenditure A/c

To opening stock a/c	10,000	By I&E a/c	29,000
To purchases a/c	34,000	By closing stock a/c	15,000
	44,000		44,000
	53,400		53,400

Creditor for medicine supply A/c

To Cash a/c	30,000	By opening outstanding	9,000
To closing outstanding a/c	13,000	By purchases (bal fig) a/c	34,000
	43,000		43,000

Equipment A/c

To opening balance	21,000	By Deprecation (bal fig) a/c	6,000
To cash a/c	15,000	By closing balance	30,000
	36,000		36,000

Building A/c

To opening balance	50,000	By closing balance	48,000
		By Deprecation (bal fig) a/c	2,000
	50,000		50,000

Amount of investment = Interest + rate = 9,000 + 9/100 = 1,00,000

16. The following information's were obtained form the books of Jamnagar club as onn 31.3.2018 at the end of the first year of the club. You are required to prepare Receipts and Payments Account, Income and Expenditure Account for the year ended 31.3.2018 and a Balance sheet as at 31.3.2018 on mercantile basis;

- (i) Donatioos received for Buildin1 and Library Room f 2.00.000.
- (ii) Other revenue income and actual receipts:

	Revenue Income	Actual Receipts
--	----------------	-----------------

Entrance Fees	17,000	17,000
Subscription	20,000	19,000
Locker Rents	600	600
Sundry Income	1,600	1,060
Refreshment Account	-	16,000

(iii) Other revenue expenditure and actual payments:

	Revenue Expenditure ₹	Actual Payments ₹
Land (cost ₹ 10,000)	-	10,000
Furniture (cost ₹ 1,46,000)	-	1,30,000
Salaries	5,000	4,800
Maintenance of Playgrounds	2,000	1,000
Rent	8,000	8,000
Refreshment Account	-	8,000

Donations to the extent of ₹ 25,000 were utilized for the purchase of Library Books, balance was still unutilized. In order to keep it safe, 9% Govt. Bonds of ₹ 1,60,000 were purchased on 31.3.2018. Remaining amount was put in the provided for the year on Furniture and Library Books.

Sol.

Jamnagar Club

Income and Expenditure Account for the year ended 31st March 2018

Expenditure	₹	Income	₹
To salary a/c (4,800 + 200)	5,000	By Entrance fees a/c	17,000
To Maintenance a/c (1,000 + 1,000)	2,000	By Subscription a/c (19,000 + 1,000)	20,000
To Rent a/c	8,000	By Lockers rents a/c	600
To Depreciation a/c (14,600 + 2,500)	17,100	By Sundry income a/c (1,060 + 540)	1,600
To Surplus	15,100	By Refreshment a/c	16,000
		(-) Expenses	8,000
	47,200		47,200

Balance sheet on date 31.3.2018

Liabilities	₹	Assets	₹
<u>Capital fund:</u>		Land	10,000
Surplus	15,100	Furniture	1,46,000
Building and liability fund	2,00,000	(-) Depreciation	14,000
			1,31,400

Creditors for furniture	16,000	Library books	25,000	600
Salary outstanding	200	(-) Depreciation	2,500	22,500
Maintenance outstanding	1,000	Subs. Outstanding		1,000
Bank overdraft	1,80,140	Sundry Income outstanding		540
		Investment of building fund		
		Govt. bond	1,60,000	1,75,000
		F.D.	15,000	
	3,40,440			3,40,440

Receipts and Payments A/c for the year 31st March 2018

Receipt	₹	Payment	₹
To Building and liability fund a/c	2,00,00	By Library book a/c	25,000
To Entrance fees a/c	17,000	By Bond 9% Govt. a/c	1,60,000
To Subscription a/c	19,000	By Fixed deposit a/c	15,000
To Locker rent a/c	600	By Land a/c	10,000
To Sundry income a/c	1,060	By Furniture a/c	1,30,000
To Refreshment a/c	16,000	By Salaries a/c	4,800
To Bank outstanding a/c	1,08,140	By Maintenance of playground a/c	1,000
		By Rent a/c	8,000
		By Refreshment a/c	8,000
	3,61,800		3,61,800

17. The Receipts and Payments Account of Safe club prepared on 31st March, 2018 is as follows:

Dr. Receipts and Payments Account Cr.

Receipt	₹	Payment	₹
To Balance b/d	450	By Expenses (Including payment for sports Material ₹ 2,700)	6,300
To Annual Income from Subscription	4,590	By Loss on Sale of Furniture (Cost price ₹ 450)	180
Add: Outstanding of last year received this year	180 4,770	By Balance c/d	90,450
Less: Prepaid of last Year	90		
To Other fees	1,800		
To Donation for Building	90,000		
	96,930		96,930

Additional Information:

Safe club had balances as on 1.4.2017:-

Furniture ₹ 1,800; Investment as 5% ₹ 270; Sports Materials ₹ 6,660

Balance as on 31.3.2018: Subscription Receivable ₹ 270; Subscription received in advance ₹ 90; Stock of Sports Material ₹ 1,800

Do you agree with above Receipts and Payment Account? If not, prepare correct Receipt and Payment Account and Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as on the date.

In the books of Safe Club

Corrected Receipts & Payments Account

for the year ended 31st March, 2018

Receipt	₹	Payment	₹
To Balance b/d	450	By Expenses (₹ 6,300 – ₹ 2,700)	3,600
To Subscription (note 2)	4,500	By Sports Material	2,700
To Other fees	18,00	By Balance c/d (balancing figure)	90,720
To Donation for Building	90,000		
To Sale of Furniture (450 – 180)	270		
	97,020		97,020

Income & Expenditure Account

for the year ended 31st March, 2018

Dr.

Cr.

Expenditure	₹	Income	₹
To Sundry Expenses	3,600	By Subscription	4,590
To Sports Material used (note 3)	7,560	By Other fees	1,800
To Loss on Sale of Furniture	180	By Interest on Investment (5% on ₹ 27,000)	1,350
		By Excess of Expenditure over income	3,600
	11,340		11,340

Balance sheet of Safe Club as on 31st March, 2018

Liabilities	₹	Assets	₹
Capital Fund:		Furniture	1,800
Opening Balance (note 1)	6,000	Less: Sold	450
Less: Excess of Expenditure Over Income	3,600	5% Investment	27,000
	32,400	Interest Accrued on Investments	1,350
Building Fund	90,000	Sports Material	1,800
Subscription Received in Advance	90	Subscription Receivable	270
		Cash in Hand & Bank	
	1,22,490		1,22,490

Working Notes:

1.

Balance Sheet of Safe Club as on 1st April, 2017

Liabilities	₹	Assets	₹
Subscription (received on advance)	90	Furniture	1,800
Capital Fund (Balancing figure)	36,000	Investment	27,000
		Sports Material	6,660
		Subscription Receivable	180
		Cash in Hand & Bank	450
	36,090		36,090

2.Dr. Subscription Account Cr.

Particular	₹	Particular	₹
To Opening outstanding subscription	180	By Opening advance subscription	1,800
To I & E a/c (Income)	4,590	By Cash/bank a/c (rec. Bal. fig.)	4,500
To Closing advance subscription	90	By Closing outstanding Subscription	270
	4,860		4,860

3.

Sports Material Stock Account

Particular	₹	Particular	₹
To Balance b/c	6,660	By Material used (bal. figure)	7,650
To Purchases a/c	2,700	By Balance c/d	1,800
	9,360		9,360

18. Form the following particular relating to Bharat Charitable Hospital, prepare (i) Receipts and Payments Account for the year ended on 31st March, 2016; and (ii) Balance Sheet as on 31st March, 2016:

**Income and Expenditure Account
For the year ended 31st March, 2016**

Expenditure	₹	Income	₹
To Medicines used	29,980	By Subscriptions	56,000

To Honorarium to doctors	12,000	By Donations	9,500
To Salaries	27,500	By Interest on investment @11%	11,000
To Printing and stationery	1,100	By Income from film	
To Electricity	475	Show:	
To Rent	6,000	Proceeds	11,450
To Depreciation on furniture	2,100	Less: Expenses	780
To Depreciation on equipment	3,250		10,670
To Surplus i.e, excess of income over expenditure	4,765		
	87,170		87,170

Additional Information:

	On 1.4.2015	On 31.3.2016
Subscription due	120	160
Subscription received in advance	64	100
Electricity bills unpaid	92	115
Stock of medicines	7,820	9,750
Estimated value of equipment	11,600	13,900
Furniture and fixtures	21,000	18,900
Land		10,000
Interest accrued on investment is 11% debentures costing ₹ 1,02,500 (face value; ₹ 1,00,000)	3,750	3,750
Cash in Hand	340	160
Cash at bank	9,000	?

Sol.

Receipt & Payment A/c

Receipt	₹	Payment	₹
To Opening balance		By Honorarium to doctors a/c	12,000
Cash	340	By Salary a/c	27,500
Bank	9,000	By Printing & Stationery a/c	1,100
To Donation a/c	9,500	By Rent a/c	6,000
To Charity show a/c	11,450	By Charity show a/c	780
To Interest a/c	11,000	By Land a/c	10,000
To Subscription a/c	55,996	By Equipment a/c	5,550
		By Electricity a/c	452

		By Medicine a/c	31,910
		By Closing balance	
		Cash	160
		Bank (balancing figure)	1,834
	97,286		97,286

Balance Sheet as on 31.3.2016

Liabilities		₹	Assets		₹
Trust Fund	1,55,974		Subscription outstanding		160
Surplus	9,000	1,60,739	Stock of Medicine		9,750
Advance subscription		100	Equipment		13,900
Electricity outstanding		115	Furniture		18,900
		11,450	Land		10,000
		11,000	Interest (receivable)		3,750
		55,996	Investment		1,02,500
			Cash		160
			Bank		1,834
		1,60,954			1,60,954

Working Notes:

Balance Sheet as on 31.3.2015

Liabilities		₹	Assets		₹
Advance subscription		64	Subscription outstanding		120
Electricity outstanding		92	Stock of Medicine		7,820
Trust Fund (Balancing figure)		1,55,974	Equipment		11,600
			Furniture		21,000
			Interest (receivable)		3,750
			Investment		1,02,500
			Cash		340
			Bank		9,000
		1,56,130			1,56,130

Medicine A/c

Particular	₹	Particular	₹
To Opening stock a/c	7,820	By Income & Expenditure a/c	29,980
To Cash/Banka/c	31,910	By Closing stock a/c	9,750
	39,730		39,730

Electricity A/c

Particular	₹	Particular	₹
To Cash/Bank a/c	452	By Opening outstanding	92
To Closing outstanding a/c	115	By Income & Expenditure a/c	475
	567		567

Furniture A/c

Particular	₹	Particular	₹
To Opening balance	21,000	By Depreciation a/c	2,100
		By Closing balance	18,900
	21,000		21,000

Equipment A/c

Particular	₹	Particular	₹
To Opening balance	11,600	By Depreciation a/c	3,240
To Cash/Bank a/c	5,500	By Closing balance	13,900
	17,150		15,150

Interest A/c

Particular	₹	Particular	₹
To Opening outstanding	3,750	By Cash/Bank a/c	11,000
To Income & Expenditure a/c	11,000	By Closing outstanding	3,750
	14,750		14,750

Subscription A/c

Particular	₹	Particular	₹
To Opening outstanding	120	By Opening advance	64
To Income & Expenditure a/c	56,000	By Cash/Bank a/c	55,996
To Closing advance	100	By Closing outstanding	160
	56,220		56,220

19. Following is the Income and Expenditure Account of John Club for the year ending 31st March, 2018

Expenditure	₹	Income	₹
To Salaries & Wages	19,000	By Subscription	30,000
To Misc. Exp. (including insur.)	2,000	By Entrance fee Received	1,000
To Audit Fee	1,000	By Annual sports Income	
To Chief Executives Honorarium	4,000	receipts	6,000
To Printing & Stationery	1,800	Less: Expenses	3,000
To Annual Day Cel. Exp. 6,000			
Less: Donation 4,000	2,000		
To Interest on Bank Loan	600		
To Depreciation on Sports Equi.	1,200		
To Excess of Income over Exp.	2,400		
	34,000		34,000

Additional Information:

	On 1.4.2015	On 31.3.2016
Subscription Outstanding	2,400	3,000
Subscription received in advance	1,800	1,080
Salaries Outstanding	1,600	1,800
Sports equipment (after deducing depreciation)	10,400	10,800
Prepaid Insurance	—	240
Cash in hand	?	6,400

(7) The Club owned a sports ground of ₹ 40,000

(8) The Club took a loan of ₹ 8,000 from a bank during the year 2016-17, which was not paid in 2017-18.

(9) Audit fee of 2017-18 was outstanding, but Audit fees of ₹ 800 for 2016-17 was paid in 2017-18

Prepare Receipts and Payments Account for the year ending 31st March, 2018 and a Balance Sheet as on that date.

Sol.

In the books of John Club

Dr. Receipts and Payments Account for the year ended on 31st March, 2018 Cr.

Receipt	₹	Payment	₹
To Balance b/d (Balancing figure.)	5,560	By Salaries and Wages (note 4)	18,000
To Subscription (note 3)	28,680	By Audit fee	800
To Donation	4,000	By Spots Equipment (note 2)	1,600
To Entrance fee	1,000	By Misc. Expenses 2,000	
To Receipts for Annual sport	6,000	Add: Prepaid Insurance 240	2,240
		By Chief Executive's Honorarium	4,000
		By Printing & Stationery	1,500
		By Expenses on Annual Sports	3,000
		By Annual Day Cel. Expenses	6,000
		By Interest on Bank Loan	600
		By Balance c/d	6,400
	45,240		45,240

Balance Sheet of John Club
As on 31st March, 2018

Liabilities	₹	Assets	₹
Capital Fund:		Cash	6,400
Opening Balance (note 1) 46,160		Subscription Outstanding	3,000
Add: Excess of Income		Sports Equipment 10,400	
Over Expenditure 2,400	48,560	Add: Additions 1,600	
Salaries Outstanding	1,080		12,000
Audit Fee Outstanding	1,000	Less: Depreciation 1,200	10,800
Bank Loan	8,000	Sports Ground	40,000
Subscription received in advance	1,080	Prepaid Insurance	240
		Bank	1,834
	1,60,954		1,60,954

Working Notes:

1.

Balance Sheet of John Club
as on 31st March, 2017

Liabilities	₹	Assets	₹
Capital Fund (Balancing figure)	46,160	Cash	5,560
Bank Loan	8,000	Sports Ground	40,000
Subscription received in advance	1,800	Sports Equipment after Dep.	10,400
Salaries Outstanding	1,600	Subscription Outstanding	2,400
Audit Fee Outstanding	800		
	58,360		58,360

2. **Sports Equipment Account**

Particular	₹	Particular	₹
To Balance b/c	10,400	By Depreciation a/c	1,200
To Bank a/c (balancing figure)	1,600	By Balance c/d	10,800
	12,000		12,000

3. **Subscription Account**

Particular	₹	Particular	₹
To Opening outstanding subs.	2,400	By Opening advance subs.	1,800
To T&E a/c (Income)	30,000	By Cash/Bank a/c (rev. bal. fig.)	28,680
To Closing advance subs.	1,080	By Closing outstanding subs.	3,000
	20,000		20,000

4. **Salary & Wages Account**

Particular	₹	Particular	₹
To Cash/Bank a/c (Paid: Bal. fig.)	18,800	By Opening outstanding b/f (Pay.)	1,600
To Closing outstanding c/f (Pay.)	1,800	By Income & Exp. a/c (Exp.)	19,000
	20,600		20,600

20. The Income and Expenditure Account of Honour Sports Club for the year ended 31st March, 2019 was as follows:

Expenditure	₹	Income	₹
To Salaries	1,12,000	By Subscription	1,60,000
To Printing and Stationery	6,000	By Entrance fee Received	10,000
To Rent	12,000	By Contribution for Annual Dinner	20,000
To Repairs	10,000	By Profit on Annual Sports meet	20,000
To Sundry Expenses	8,000		
To Annual Dinner Expenses	30,000		
To Interest to Bank	6,000		
To Depreciation on Sports Equi.	6,000		

To Excess of Income over Exp.	12,000	
	2,10,000	2,10,000

The above account had been prepared after the following adjustments:

	₹
Subscription outstanding on 31.3.2018	12,000
Subscription received in advance on 31.3.2018	9,000
Subscription received in advance on 31.3.2019	5,400
Subscription outstanding on 31.3.2019	15,000

Salaries outstanding at the beginning and at the end of the financial year were ₹ 8,000 and ₹ 10,000 respectively. Sundry expenses included prepaid insurance expenses of 1,200..

The club owned a freehold ground valued ₹ 2 2,00,000. The club has sports equipment on 01.04.2018 valued at ₹ 52,000. At the end of the year after depreciation the sports equipment amounted to ₹ 54,000. The club raised a loan of ₹ 40,000 from a bank on 01.01.2018 which was unpaid till 31.03.2019. On 31.03.2019 Cash in hand was ₹ 32,000.

Prepare Receipts and Payments account of the club for the year ended 31st March, 2019 and Balance Sheet as on that date.

Sol.

Receipts and Payments Account for the year ended 31.3.2019

Receipt	₹	Payment	₹
To balance b/d (balancing figure)	5,560	By Salaries (WN 2)	1,18,000
To Subscriptions (WN 1)	28,680	By Printing and Stationery	6,000
To Entrance fees	4,000	By Rent	12,000
To Annual Dinner Receipts	1,000	By Repairs	10,000
To Profit on Annual Sports Meet	6,000	By Sundry Expenses (8000 + Prepaid 1200)	9,200

		By Annual Dinner Expenses	30,000
		By Interest to Bank	6,000
		By Sports Equipment (WN 3)	8,000
		By balance c/d (given)	32,000
	2,31,200		2,31,200

Balance Sheet as on 31.03.2019

Liabilities		₹	Assets		₹
Capital Fund:			Free hold Ground		2,00,000
Opening Balance (WN 4)	2,34,800		Sports Equipment		54,000
Add: Surplus	12,000	2,46,000	Subscription Receivable		15,000
Bank Loan		40,000	Prepaid Insurance		1,200
Subs. Received in advance		5,400	Cash in Hand		32,000
Salary Outstanding		10,000			
		3,02,000			3,02,000

Working Notes:

1. Subscription Account

Particular	₹	Particular	₹
To balance b/d (Receivable)	12,000	By balance b/d (Received in adv.)	9,000
To Income and Expenditure (Subscription Income fore the year)	1,60,000	By Cash/Bank a/c (Received - Balancing Figure)	1,53,400
To Balance c/d (Advance)	5,400	By balance c/d (Receivable)	15,000
	1,77,400		1,77,400

2. Salary Account

Particular	₹	Particular	₹
To Bank - Paid (balancing figure)	1,18,000	By Outstanding balance b/d	8,000
To Outstanding balance c/f	10,000	By Income and Expenditure a/c	1,20,000
	1,28,000		1,28,000

3. Sport Equipment Account

Particular	₹	Particular	₹
To Balance b/d	52,000	By Depreciation	6,000
To Bank—Purchase (bal. figure)	8,000	By balance c/d	54,000
	60,400		60,400

4. Balance Sheet as on 01.04.2019

Liabilities	₹	Assets	₹
Capital Fund: (balancing figure)	2,34,800	Free hold Ground	2,00,000
Bank Loan	40,000	Sports Equipment	52,000
Subscription Received in Advance	9,000	Subscription Receivable	12,000
Salaries Outstanding	8,000	Cash in Hand	27,800
	2,91,800		2,91,800

21. The Receipts and Payments Account, the Income and Expenditure Account and additional information of a Vijay Sports Club for the year ended 31st March, 2013 were as follows:

Receipts & Payments Account

For the year ending on 31st March, 2013

Receipts	₹	Payments	₹
To Balance b/d	42,000	By Secretary Salary	10,000
To Entrance Fees 2011-12	10,000	By Printing & Stationery	20,000
To Entrance Fee 2012-13	1,00,000	By Advertising	16,000
To Subscription 2011-12	6,000	By Fire Insurance	12,000
To Subscription 2012-13	1,50,000	By 12% Investments	
To Subscription 2013-14	4,000	(Purchased on 01.10.2012)	2,00,000
To Rent Received	24,000	By Furniture	20,000
To Interest Received	6,000	By Balance c/d	58,000
	3,42,000		3,42,000

Income & Expenditure Account

For the year ending on 31st March, 2013

Expenditure	₹	Income	₹
To Secretary Salary	15,000	By Entrance Fees	1,05,000
To Printing & Stationery	22,000	By Subscription	1,56,000
To Advertising	16,000	By Rent	28,000
To Audit Fees	5,000	By Interest on Investments	12,000
To Fire Insurance	10,000		
To Depreciation: Sports Equipments	90,000		

Furniture	5,000	
To Surplus	1,38,000	
	3,01,000	3,01,000

Additional Information:

The assets and liabilities as on 31st March, 2012 include club Grounds & Pavilion ₹ 4,40,000, Sports Equipment ₹ 2,50,000, Furniture & Fixtures ₹ 40,000, Subscription in Arrear ₹ 8,000, Subscription received in advance ₹ 2,000 and Creditors for Printing & Stationery ₹ 5,000. You are required to prepare the Balance Sheet of the Club as on 31st March, 2013.

Sol.

**Balance Sheet of Vijay Sports Club
As at 31st March 2013**

Liabilities	₹	Assets	₹
Capital Fund:		Fixed Assets:	
Opening Balance (W.N.)	7,83,000	Club, Grounds & Pavilion	4,40,000
Add: Surplus	1,38,000	Furniture & Fixtures	40,000
	9,21,000	Add: Additions	20,000
Current Liabilities:			60,000
Outstanding Salary (15,000-10,000)	5,000	Less: Depreciation	(5,000)
Outstanding Audit Fees	5,000	Sport Equipments	2,50,000
Creditors for Printing & Stationery		Less: Depreciation	(90,000)
[(22,000)-(26,000 - 5,000)]	1,000	Investments:	6,000
Subscription received in advance	4,000	Investment (at cost)	2,00,000
		Current Assets:	32,000
		Accrued Interest (12,000+6,000)	6,000
		Accrued rent (28,000+24,000)	4,000
		Subscription receivable	
		For 2011-12 (8,000-6,000)	2,000

		For 2012-13 (1,56,000-(1,30,000) +2,000)	4,000	6,000
		Entrance Fees receivables (1,05,00 – 1,00,000)		5,000
		Prepaid Insurance (12,000-10,000)		2,000
		Cash at bank		58,000
	9,36,000			9,36,000

Alternatively accounts can be prepared to ascertain the missing figures.

Working Notes:

Calculation of Capital Fund as on 1st April, 2012

**Balance Sheet of Vijay Sports Club
As at 31st March 2012**

Liabilities	₹	Assets	₹
Capital Fund (balancing figure)	7,83,000	Fixed Assets:	
Current Liabilities		Club, Ground & Pavilion	4,40,000
Subscription received in advance	2,000	Furniture & Fixture	40,000
Creditors for Printing and stat.	5,000	Sports Equipments	2,50,000
		Current Assets:	
		Entrance Fees receivables	10,000
		Subscription receivable	8,000
		Cash at Bank	42,000
	7,90,000		7,90,000

22. You are provided with the followings:

Balance Sheet as on 31st March, 2022

Liabilities	₹	Assets	₹
Capital Fund	1,06,200	Building	1,50,000
Subscription received in advance	6,000	Outstanding Subscription	3,800
Outstanding Expenses	14,000	Outstanding Locker Rent	2,400
Loan	40,000	Cash in Hand	20,000
Sundry Creditors	10,000		
	1,76,200		1,76,200

The Receipts and Payments accounts for the year ended on 31st March, 2023

Receipts	₹	Payments	₹
To Balance b/d		By Expenses:	
Cash in Hand		For 2017	12,000
			32,000

To Subscriptions:		20,000	For 2018	20,000	40,000
For 2017	2,000		By Land		4,000
For 2018	21,000		By Interest		47,000
For 2019	1,000	24,000	By Miscellaneous Expenses		55,000
To Entrance Fees		38,000	By Balance c/d		
To Locker Rent		7,000	Cash in Hand		18,300
To Sale proceeds of old newspaper		1,000			
To Miscellaneous Income		9,000			
		99,000			99,000

You are required to prepare Income and Expenditure account for the year ended 31st March, 2023 and a Balance Sheet as at 31st March, 2023 (Workings should form part of your answer) [Nov. 2018, 10 Marks]

Sol.

Income & Expenditure A/c
(for the year ending 31st March, 2023)

Particular	₹	Particular	₹
To Expenses (for 2023)	20,000	By Subscription	27,000
To Interest	4,000	By Locker rent	7,000
To Excess of incomes over expend.	4,700	Less: Outstanding for 2016-17	4,600
		2,400	
To Balance c/d (Advance)	12,900	By Sale proceeds of old News.	1,000
		By Misc. Income	9,000
	46,600		46,600

Working Note:-

Subscription Account

Particular	₹	Particular	₹
To Subscription outstanding (21-22)	3,800	By Subscription in adv. (21-22)	6,000
To Income & Expenditure (trans.)	27,000	By Cash/Bank A/c	24,000
To Subscription in advance	1,700	By Subscription outst. (22-23)	1,800
	31,800		31,800

Balance Sheet as on 31st March, 2023

Liabilities	₹	Assets	₹
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Outstanding Expenses (2016-17)	2,000	Cash	18,300
Advance Subscription	1,000	Outstanding Subscription (16-17)	1,800
Subscription received in advance	10,000	Building	1,50,000
Creditors for Printing and stat.	40,000	Land	40,000
	2,10,100		2,10,100

23. From the following information supplied by C.V.B. Club prepare Receipts and Payments Account and Income and Expenditure Account for the year ended 31st March 2019.

	On 1.4.2018	On 31.3.2019
Subscription Outstanding	1,40,000	2,00,000
Advance Subscription	25,000	30,000
Salaries Outstanding	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	15,000	25,000

Subscription for the year amount to ₹ 3,00,000. Salaries paid ₹ 60,000. Face value of the Investment was ₹ 1,75,000, 50% of the Investment was sold at 80% of Face Value. Interest on Investment was received ₹ 1,40,000. Furniture was sold for ₹ 8000 at the beginning at the year. Machinery 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: ₹ 50,000

Rent: ₹ 24,000 out of which ₹ 2,000 outstanding

Misc. Expenses: ₹ 5,000

[May 2019, 10 Marks]

Sol.

Receipts & Payments A/c for the year ended 31st March, 2019

Receipts	₹	Payments	₹
To Balance b/d	1,10,000	By Sports Expenses a/c	50,000
To Subscription a/c (i)	2,45,000	By Rent a/c	22,000
To Furniture a/c	8,000	By Miscellaneous Expenses a/c	5,000

To Sale of Investments a/c (iii)	70,000	By Salaries a/c	60,000
To Interest on Investment a/c	14,000	By Machinery a/c (Purchases)	10,000
		By Sports Goods a/c (Purchases)	10,000
		By Balance c/d	2,90,000
	4,47,000		4,47,000

Income & Expenditure A/c for the year ended 31st March, 2019

Income	₹	Expenditure	₹
To salaries 60,000		By subscription a/c	3,00,000
Add: o/s at the end 18,000		By Interest on Investment a/c (iv)	14,000
Less: o/s in the beg. 15,000	63,000		
To Sports Expenses a/c	50,000		
To Rent a/c 22,000			
Add: o/s at the end 2,000	24,000		
To Miscellaneous Exp. a/c	5,000		
To depreciation a/c			
Furniture 1400			
Machinery 1500			
Sports Goods 2500	5,150		
To Loss on Sale of Fur. a/c	6,000		
To Surplus (Trans. to capi- tal Fund)	1,60,000		
	3,14,000		3,14,000

Working Notes:

(i)

Subscription Account

Particular	₹	Particular	₹
To Outstanding Sub. a/c (at the beg.)	1,40,000	By Advance sub. at (at the beg.)	25,000
To Income and Expenditure a/c	3,00,000	By Cash/bank a/c (Bal. figure)	2,45,000
To Advance Sub. a/c (at the end)	30,000	Less: Outstanding sub. a/c	2,00,000

		(at the end)	
	4,70,000		4,70,000

(ii) Loss on Sale of Furniture

Cost of Furniture sold = ₹ 28,000 – ₹ 14,000 = ₹ 14,000

Sale value of furniture = ₹ 8,000

Loss on Sale of furniture = ₹ 14,000 – ₹ 8,000 = ₹ 6,000

(iii) Sale Value of Investment

= 1,75,000 × 50% = 87,000 (Face value)

= 87,500 × 80% = 70,000

Therefore, No Profit or Loss on Sale of Investment

(iv) Since date of sale of Investment is not given, it has been assumed that the interest received on investment of ₹ 14,000 is the interest of the year.

24. From the following Income and Expenditure account and the Balance sheet of a Mayur 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

Particular	₹	Particular	₹
To Upkeep of ground	11,000	By Subscription	19,052
To Printing	1,100	By Sale of Newspaper (Old)	286
To Salaries	11,100	By Lectures (Fee)	1,650
To Depreciation of furniture	1,100	By Entrance Fee	2,145
To Rent	1,660	By Misc. Income	440
		By Deficit	2,387
	25,960		25,960

Balance sheet as at 31st March, 2019

Liabilities	₹	Assets	₹
Subscription in advance (2019-20)	110	Furniture	9,900
Prize Fund:		Ground and Building	51,700
Opening Balance	27,500	Prize Fund Investment	22,000
Add: Interest	1,100	Cash in Hand	
	28,600	Subscription (outstanding) (18-19)	770
Less: Prizes given	2,200		
General Fund:	5,000		
Opening balance	62,062		
Less: Deficit	2,387		
	59,675		
	4,000		

Add: Entrance Fee	715		
		86,900	86,900

The following adjustments have been made in the above accounts:

- (i) Upkeep of ground ₹ 660 and printing ₹ 264 relating to 2017-18 were paid in 18-19
- (ii) 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

[Nov. 2019, 10 Marks]

Sol.

Receipts and Payments A/c for the year ended 31st March, 2019

Receipts		₹	Payments		₹
To Bal. b/c (bal. fig.)		16,126	By Upkeep of ground	11,000	
To Subscription	19052		(+) Outstanding at beginning	660	11,660
(-) Outstanding at the end	770		By Printing (1100+264)		1364
(+) Prepaid at the end	110		By Salaries		11100
(+) Outstanding at beginning	880		By Rent		1660
(-) Prepaid at beginning	220	19052	By Prizes		2200
To Sale of Newspaper (Old)		286	By Furniture (9900+1100)		11000
To Lectures (Fee)		1650	By bal. c/d		2530
To Entrance Fee (2145+715)		2860			
To Misc. Income		440			
To Interest on Prize Fund		1100			
		41,514			41,514

Subscription Account

Particular		₹	Particular		₹
18 April 1	To Sub. outstanding (2017-18)	880	18 April 1	By Sub. in advance (2017-18)	220
	To Income & Expenditure a/c	19,052		By Cash/Bank A/c	19,052
19 Mar 31	To Sub. In advance (2018-19)	110	19 Mar 31	By Sub. outstanding (2018-19)	770
		20,042			20,042

25. From the following balances and particulars of Subhodh College, prepare income & Expenditure Account for the year ended March, 2020 and a Balance sheet as on the date:

Particular	₹	₹
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 Investments	-	1,75,000
Hostel Room Rent	-	1,65,000
Mess Receipts (Net)	-	2,05,000
College Stores - Sales	-	7,60,000
Outstanding expenses	-	2,35,000
Stock of Stores and Supplies (opening)	3,10,000	-
Purchases- Stores & Supplies	8,20,000	-
Salaries - Teaching	8,75,000	-
Salaries - Research	1,25,000	-
Scholarships	85,000	-
Students Welfare expenses	37,000	-
Games & Sports expenses	52,000	-
Other investments	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		-
Building	-	4,90,000
Plant & Equipment	-	5,05,000
Furniture & Fittings	-	3,26,000
Cash at Bank	3,16,000	
Library	3,20,000	
	75,45,000	75,45,000

Adjustments:

(a) Materials & Supplies Consumed: (From college stores)

Teaching	- ₹ 52,000
Research	- ₹ 1,45,000
Students Welfare	- ₹ 78,000
Games or Sports	- ₹ 24,000

(b) Tuition fee receivable from Government for backward class Scholars ₹ 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:

Building	5%
Plant & Equipment	10%
Furniture & Fixtures	10%
Motor Vehicle	20%

[Nov. 2020, 10 Marks]

Sol.

**Income & Expenditure account of Subhodh College
for the year ended on 31st March, 2020**

Particular	₹	Particular	₹
To Material & Supplies consumed:		By Tuition Fees	
Teaching	52,000	Received	8,10,000
Research	1,45,000	+Receivable	82,000
	1,97,000		8,92,000
To Salaries:		By Governments Grant	5,01,000
Teaching	8,75,000	By Interest & Div. on Investments	1,75,000
Research	1,25,000	By Hostel Room rent	1,65,000
	10,00,000	By Mess Receipts (Net)	2,05,000
To Games & Sports:		By Profit from sale of stores	1,14,000
Cash	52,000	(7,60,000 × 15%)	
Material	24,000		
	78,000		
To Students Welfare:			
Cash	37,000		
Material	78,000		
	1,15,000		
To Scholarships	85,000		
To Depreciation:			
Building	77,000		
Plant & Equipment	85,000		
Furniture & Fittings	54,000		
Motor vehicles	48,000		
	2,64,500		
To Surplus i.e. (Excess of Income over Expenditure)	3,14,500		
	20,52,000		20,52,000

Liabilities	₹	Assets	₹
Capital Fund:		Land	1,50,000
Opening	13,08,000	Building	15,15,000
Add: Surplus	3,14,500	Less: Provision for dep. (5,67,500)	9,82,500
	1,97,000	(4,90,000 + 77,500)	
Security Deposit (Students)		Plant & Equipment	8,50,000
Building Fund			

Outstanding Expenses	10,00,000	Less: Provision for Dep. (5,90,000) (5,05,000 + 85,000)	2,60,000
		Furniture 5,40,000	
		Less: Provision for Dep. (3,80,000)	1,60,000
		Motor Vehicles 2,40,000	
		Less: Provision for Dep. (48,000)	1,92,000
		Library	3,20,000
		Other Investments	12,75,000
		Tuition fees receivables	82,000
		Closing Stock of Stores & Supplies	1,85,000
		Cash at Bank	3,16,000
	39,22,500		39,22,500

Working Notes:

1. Calculation of Closing Stock of Stores & Supplies:

		₹
Opening Stock		3,10,000
Add: Purchases		8,20,000
		11,30,000
Less: Material and Supplies Consumed		
Teaching	52,000	
Research	1,45,000	
Students Welfare	78,000	(2,99,000)
Games & Sports	24,000	
Less: Cost of Sales at College Stores [7,60,000 - 15% of 7,60,000]		(6,46,000)
	Closing Stock	1,85,000

26. Dr. Gajraj started private practice on 1st April, 2019 with ₹ 2,00,000 of his own fund

and ₹ 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:

Receipts	₹	Payments	₹
Own Capital	2,00,000	Medicines Purchased	2,45,000
Loan	3,00,000	Surgical Equipment	2,50,000
Prescription fees	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	1,05,000
Pension Received	3,00,000	Rent of Clinic	60,000
		General Charges	49,000
		Household Expenses	1,08,000
		Household 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 applicable to the private use of car and ₹ 30,000 of salaries are in respect of domestic servants. The stock of medicines in hand on 31st March, 2020 was valued at ₹ 95,000. You are required to prepare his private income and Expenditure account and capital account for the year ended 31st March, 2020. Ignore depreciation on fixed assets. [Jan. 2021, 10 Marks]

Sol.

Income and Expenditure a/c for the year ended 31st March, 2020

Particular	₹	Particular	₹
To Medicines consumed		By Prescription fees	6,60,000
Purchases	2,45,000	By Visiting fees	2,50,000
Less: Stock on	(95,000)	By Fees from lectures	24,000
31.3.2020	1,50,000		
To Motor car expenses	80,000		
(1,20,000 × 2/3)			
To Wages and Salaries	75,000		
(1,05,000 – 30,000)			

To Rent of clinic	60,000		
To General charges	49,000		
To Interest on loan	36,000		
To Net Income from practice	4,84,000		
	9,34,000		9,34,000

Dr. Deku's Capital a/c for the year ended 31st March, 2020

Particular	₹	Particular	₹
To Drawings:		By Cash/Bank	2,00,000
Motor Car expenses (1,20,000 × 1/3)	40,000	By Cash/bank (pension)	3,00,000
Household expenses	1,80,000	By Net income from practice	4,84,000
Household furniture	25,000		
Daughter's marriage expenses	2,15,000		
Wages of domestic servants	30,000		
To Balance c/d	4,94,000		
	9,84,000		9,84,000

27. From the following Income and Expenditure Account and additional information of Kotak Club, prepare Receipts and Payment Accounts and Balance Sheet of the club as on 31st March, 2020.

Kotak Club

Income and Expenditure Account for the year ending 31st March, 2020

Expenditure	₹	Income	₹
To Salaries	4,80,000	By Subscription	6,80,000
To Printing and Stationery	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 (Sports Equipment)	28,000		
To Surplus	1,20,000		
	8,40,000		8,40,000

Additional Information:

	On 1.4.2019	On 31.3.2020
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

Sol.

Receipts and Payments a/c of Kotak Club for the year ended 31st March, 2020

Receipts	₹	Payments	₹
To Balance b/d (bal. fig.)	54,400	By Salaries (4,80,000+24,000 - 32,000)	4,72,000
To Subscription (WN-2)	6,53,600	By Printing and Stationary	24,000
To Entrance Fees	16,000	By Postage	2,000
To Misc. Income	1,44,000	By Telephone	6,000
		By Office Expenses	48,000
		By Bank Interest	22,000
		By Audit Fees (10,000+8,000 - 10,000)	8,000
		By Annual General Meeting Exp.	1,00,000
		By Purchase of Sports Equip. (2,52,000+28,000-2,80,000)	72,000
		By Balance c/d	1,14,000
	8,68,000		8,68,000

Balance Sheet of Kotak Club as at 31st March, 2020

Liabilities	₹	Assets	₹
Capital	8,82,400	Club Premises	7,60,000
Add: Surplus	1,20,000	Sports Equipment	2,08,000
Bank Loan	1,20,000	Add: Addition	72,000
Subscription received in advance	33,000		2,80,000
Outstanding salaries	32,000	Less: Depreciation	(28,000)
Audit fee payable	10,000	Cash in Hand	1,14,000
Wages of domestic servants	30,000	Subscription outstanding	72,000
	11,98,000		11,98,000

Balance Sheet of Kotak Club as at 31st March, 2019

Liabilities	₹	Assets	₹
Capital Fund (bal. fig.)	8,82,000	Club Premises	7,60,000
Bank Loan	1,20,000	Sports Equipment	2,08,000
Subscription received in advance	52,000	Cash in Hand	54,400

Not for Profit Organization

Outstanding salaries	24,000	Subscription outstanding	64,000
Audit fee payable	8,000		
	10,86,600		10,86,600

Subscription a/c

Particulars	₹	Particulars	₹
To Outstanding Sub. at beg.	64,000	By Sub. in advance at beg.	52,000
To Income & Expenditure a/c	6,80,000	By Cash/Bank (Bal. fig.)	6,53,600
To Sub. in advance at end	33,600	By Outstanding sub. at end	72,000
		Subscription outstanding	64,000
	7,77,600		7,77,600

28. Summary of Receipts and Payments of Central Society for the year ended 31st March, 2021 are as follow:

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

Additional Information:

	On 1.4.2020	On 31.3.2021
Subscription Due	15,000	22,000
Subscription Received in advance	12,000	7,600
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:

(i) Income and Expenditure Account for the year ended 31st March, 2021

(ii) Balance Sheet as on 31st March, 2021

[July 2021, 10 Marks]

Sol.

In the Books of Central Society

Income & Expenditure A/c
for the year ending 31st March, 2021

Expenditure	₹	Income	₹
To Medicine consumed		By Subscription	5,00,000
Op. Stock	1,00,000	Less: Op. outstanding	15,000
Add: Purchases(1)	3,40,000	Add: Cl. outstanding	22,000
Less: Cl. Stock	(1,50,000)	Add: Op. advance	12,000
To Honorarium	1,00,000	Less: Cl. advance	(7,000)
To Salaries	2,80,000	By Donation	1,50,000
To Sundry Expenses	10,000	By Interest on Investments	90,000
To Depreciation:		By Charity show	12,500
Equipment (2)	60,000	Collection	
Building	20,000	Less: Charity show	(15,000)
To Surplus	1,02,000	exp.	1,10,000
	8,62,000		8,62,000

Balance Sheet as on 31st March, 2021

Liabilities	₹	Assets	₹
Capital Fund	18,03,000	Equipment	2,10,000
Add: Surplus	1,02,000	Add: Purchases	1,50,000
Advance Subscription	7,000		3,60,000
Due for medicine supply	1,30,000	Less: Dep.	(60,000)
		Investment (3)	10,00,000
		Outstanding Subscription	22,000
		Stock of Medicine	1,50,000
		Building	5,00,000
		Less: Dep.	(20,000)
		Cash	90,000
	20,42,000		20,42,000

Working Notes:

1. Creditors for Medicine Supply a/c

Particulars	₹	Particulars	₹
To Bank a/c	3,00,000	By Balance b/d	90,000
To Balance c/d	1,30,000	By Purchases of Med. (bal. fig.)	3,40,600
	4,30,000		4,30,000

2. Depreciation on Equipment:

	₹
Value at beginning	2,10,000
Add: Purchases during the year	1,50,000
	3,60,000
Less: Value at end	(3,00,000)
Depreciation	60,000

3. Value of Investment:

$$90,000 \times \frac{100}{9} = ₹ 10,00,000$$

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

Expenditure	₹	Income	₹
To salaries	47,000	By subscription	75,000
To general expenses	5,000	By entrance fees	2,500
To adult fee	2,500	By contribution for annual dinner	10,000
To secretary's honorarium	10,000		
To stationery and printing	4,500	By annual sports meet	7,500
To annual dinner expenses	15,000	Receipts	
To interest and bank charges	1,500		
To depreciation	3,000		
To surplus	6,000		
	95,000		95,000

This account had been prepaid after the following adjustment:

₹

Subscription outstanding at the end of 2020	6,000
Subscription received in advance on 31st December, 2020	4,500
Subscription received in advance on 31st December, 2021	2,700
Subscription outstanding on 31st 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 If ₹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 cash 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. [Dec. 2021,10 marks]

Sol

In the books of Pretty Ladies club Receipts & Payment A/c for the year ending 31st Dec. 2021

Receipts		₹	Payments		₹
To balance b/d (bal. fig)		13,900	By salaries	47,000	
To subscription	75,000		Add opening outstanding	4,000	
Add: opening outstanding	6,000		less: closing outstanding	(4,500)	47,000
Less: opening advance	(4,500)		By general Exp	5,000	
Add: closing advance	2,700		Add closing advance	600	5,600
Less closing outstanding	(7,500)	71,700	by adult fees (year 2020)		2,000
To Entrance fees		2,500	By honorarium		10,000
To contribution for annual dinner		10,000	By stationery & Printing		4,500

To annual sports meet receipts		7,500	By annual dinner expenses		15,000
			By interest & bank charges		1,500
			By Purchase of sports equipment		4,000
			By balance c/d		16,000
Total		1,05,600	Total		1,05,600

Balance sheet as at 31 Dec. 2021

Liabilities		₹	Assets		₹
Capital fund	1,15,400		Sport equipment	26,000	
Add surplus	<u>6,000</u>	1,21,400	Add: Purchases	4,000	
Advance subscription		2,700	Less depreciation	(3,000)	27,000
Outstanding salary		4,500	Freehold ground		1,00,000
Outstanding audit fees		2,500	Prepaid insurance		600
Bank loan		20,000	Outstanding subscription		7,500
			Cash		16,000
Total		1,51,100	Total		1,51,100

Balance sheet as at 1 Jan. 2021

Liabilities		₹	Assets		₹
Advance subscription		4,500	Outstanding subscription		6,000
Outstanding salary		4,000	Freehold ground		1,00,000
Unpaid audit fee		2,000	Sports equipment		26,000
Bank loan		20,000	Cash		13,900
Capital fund (balancing figure)		1,15,400			
Total		14,5,900	Total		14,5,900

30. The following is the receipts and payment account of Kanpur club for the year ended march 31, 2021:

Receipts and Payment account of Kanpur club

Receipts	Amount ₹	Payment	Amount ₹
Cash in hand	20,000	Ground man's fee	75,000
Balance at bank as per Per book		Purchase of equipment	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
Donation and	2,50,000	Repairs to equipment	50,000
		Honorarium to secretary	40,000

Subscription		(2019-20)	
Entrance fees	18,000	Balance at bank as per pass Book	
Contribution to club night	10,000	Saving account	2,04,000
Sale of equipment	8,000	Current account	20,000
Bar room receipts	20,000	Cash in hand	25,000
Proceed from club night	78,000		
	6,62,000		6,62,000

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

	01.04.20	31.03.21
Subscription due	15,000	10,000
Amount due for painting 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. [June 2022, 10 marks]

Sol

**In the book of Kanpur Club
Income & Expenditure a/c
for the year ended 31st March, 2021**

Expenditure		₹	Income	₹
To Ground man's Fees	7,5000		By bank Interest	5,000
+ Outstanding bonus	20000	95,000	+ Outstanding	2000
To rent of ground		25,000	By Donation & subscription	25000
To club right expenses		38,000	+ Outstanding at the end	10,000
To printing & office exp.	30,000		- Outstanding at the beg	(15,000)
+ Outstanding at the end	8,000		By entrance fees	18,000
- Outstanding at the beg.	(10,000)	28,000	By contribution to club night	10,000
To Repairs			By bar room, Receipts	20,000
+ Outstanding at the end	25,000		By proceed from club night	78,000

- Outstanding at the dog	(30,000)	45,000	
To depreciation on equipment W.N.I		52,000	
To honorarium (2020-21) (40,000 + 20,000)		60,000	
To surplus		35,000	
Total		3,78,000	Total 3,78,000

Balance sheet as at 31 march, 2021

Liabilities		₹	Assets		₹
Capital fund	288000		Machinery & equipment		1,75,000
+ Surplus	35000	3,23,000	Outstanding Interest		2,000
Outstanding printing & office Exp		8,000	Outstanding Subscription		10,000
Bank Overdraft W.N.2		5,000	Cash		25,000
Outstanding honorarium		60,000	Saving a/c		2,04,000
Outstanding bonus		20,000			
Total		4,16,000	Total		4,16,000

Balance sheet as at 1st April, 2020

Liabilities		₹	Assets		₹
Honorarium Outstanding		40,000	Cash in hand		20,000
Outstanding printing		10,000	Saving a/c		1,93,000
Capital fund (bal. fig)		2,88,000	Current account W.N.S		30,000
			Outstanding Subscription		15,000
			Machinery & Equipment		80,000
Total		3,38,000	Total		3,38,000

Working notes:-

1. Calculation of depreciation on machinery & Equipment

	₹
Opening value	80,000
+ Purchase during the year	1,55,000
- Sold	(8,000)
	2,27,000
- Closing Value	1,75,000
	52,000

2 calculation of current account balance as on 31st march

Current a/c	20,000
(-)Unrepresented cheques for repairs	(25,000)
Bank Overdraft	(5,000)

3. Calculation of current account Balance as on 1st April

Current a/c	60,000
Less: Unrepresented cheques for repairs	(30,000)
Bank Overdraft	(30,000)

31. The Income and enditure account of the Youth boys club for the year 2022 is as follows

Expenditure	₹	Income	₹
To salaries	3,700	By subscription	8,500
To general expenses	1,500	By entrance fees	250
To audit fee	250	By contribution for annual dinner	1000
To stationery and printing	450	By annual sports meet receipts	750
To annual dinner expenses	1,500		
To interest and bank charges	150		
To depreciation	400		
To surplus	1,500		
	10,500		95,000

This Account has been prepared .after the following adjustments :

	AMOUNT(₹)
Subscription outstanding on 31st December, 2021	700
Subscription received in advance on 31st December, 2021	550
Subscription received in advance on 31st December, 2022	370
Subscription Outstanding on 31st December,2022	750

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

The club owned a freehold lease of ground valued at ₹20,000. The club had sports equipment on 1st January, 2022 valued at ₹2600. at the end of the year. After depreciation, the balance of equipment amounted to ₹ 3600. In 2021 the club raised a bank lone of ₹5000. This was outstanding thought 2022. on 31st December, 2022 cash in hand amounted to ₹1,600 you are required to prepare

- (i) Receipts and payment account for 2022
- (ii) Balance sheet as on 31st December, 2022
- (iii) Balance sheet as on 31st December, 2021

Sol

- (i) Receipts & payment a/c for the year ending 31 Dec, 2022

Receipts		Amount ₹	Payment		Amount ₹
To balance b/d (Bal.fig)		1,580	By salaries	3750	
To subscription	8,500		Add opening out	600	
Add opening outstanding	700		Less closing out	(450)	3900
Less opening advance	(550)		By general expenses	1500	
Add closing advance	370		Add prepaid insurance	(150)	1,650
Less closing outstanding	(750)	8,270	By Audit fees (2021)		200
To Entrance fees		250	By secretary honorarium		1,000
To contribution for annual dinner		1000	By Stationary & printing		450
To annual sports meet receipts		750	By annual dinner expenses		1500
			By purchase of sports equipment		150
			By balance c/d		1400
					1600
Total		11,850	Total		11,850

(ii)

Balance sheet as on 31st Dec, 2022

Liabilities		₹	Assets		₹
Capital fund	18,530		Sports equipment	2,600	
Add surplus	1500	20,030	Less Depreciation	(400)	
Subscription in advance	370		Add addition during the year	1,400	3,600
Salary outstanding	450		Ground		20,000
Audit fees outstanding	250		Subscription Outstanding		750
Bank lone	5,000		Prepaid Insurance		150
			Cash in hand		1,600
Total		26,100	Total		26,100

(ii)

Balance sheet as on 31st Dec, 2021

Liabilities		₹	Assets		₹
Subscription in advance	550		Subscription Outstanding		700
Salary outstanding	600		Ground		20,000

Audit fees outstanding	200	Sports equipment	2,600
Bank lone	5,000	Cash in hand	1,580
Capital fund	18,530		
Total	24,880	Total	24,880

1. The receipts and payments for the Swaraj Club for the year ended March 31, 2022 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–April. 1st ₹ 200, March. 31st ₹ 350
Cash in Bank–April. 1st ₹ 400; March. 31st ₹ 590
You are required to prepare Receipts and Payment Account. (ICAI Study Material)

Sol. Receipts and Payments A/c for the year ended 31/03/22

Receipts ₹ Payments ₹
To Balance b/d(opening bal.)Cash in hand 200 By

Receipts	₹	Payments	
To Balance b/d(opening bal.)Cash in hand	400	By Salaries and Wages	1,200
To Cash with bank	300	By Purchase of Foodstuff	800
To Entrance Fees	3,000	By Club Pavilion (Expenditure on its construction) General Expenses	
To Membership Fees	10,000	By Rent and Taxes Bank Charges	11,000
To Donation of Account of Club Pavilion	1,200	By Balance c/d (closing bal) Cash in hand	600
To Sales of foodstuff		By Cash in bank	400
			160
			350
			590

2. Uring 2022, subscription received in cash is ₹ 42,000. It includes ₹ 1,600 for 2021 and ₹ 600 for 2023. Also ₹ 3,000 has still to be received for 2022.

Required

Calculate the amount to be credited to Income and Expenditure Account in respect of subscription. (ICAI Study Material)

Sol.

Not for Profit Organization

		₹
Amount received		42,000
Add : Outstanding on 31st Dec., 2022		3,000
		45,000
Less : Received on account of 2021	1,600	
2023	600	(2,200)
		42,800

The various accounts will appear as under:

Subscription Outstanding Account

2022		₹	2022		₹
Jan. 1	To Balance b/d	1,600	Dec. 31	By Subscription A/c	1,600
	(transfer)				
Dec. 31	To Subscription A/c	3,000	Dec. 31	By Balance c/d	3,000
		4,600			4,600
2023					
Jan. 1	To Balance b/d	3,000			

Subscription Account

2022		₹	2022		₹
Dec. 31	To Subscription Outstanding A/c (transfer)	1,600	Dec. 31	By Cash A/c	42,000
Dec. 31	To Subscription received in advance A/c	600	Dec. 31	By Subscription Outstanding A/c	3,000
Dec. 31	To Income and Expenditure A/c	42,800			
		45,000			45,000

Subscription received in Advance Account

2022		₹	2022		₹
D e c . 31	To Balance c/d	600	D e c . 31	By Subscription A/c	600
			2023 Jan. 1	By Balance b/d	600

Outstanding subscriptions of ₹3,000 and subscriptions received in advance of ₹600 will be reflected on the assets and liabilities sides, respectively, of the balance sheet.

3. Suppose salaries paid during 2022 were ₹23,000. The following further information is available:

Salaries unpaid on	March,	31st	2021	1,400
“ pre-paid on	“	“	2021	400
“ un-paid on	“	“	2022	1,800
“ pre-paid	“	“	2022	600

Required

Calculate the amount to be debited to Income and expenditure account in respect of salaries and also show necessary ledger accounts. (ICAI Study Material)

Sol. Salaries A/c

Date	Particulars	Amount ₹	Date	Particulars	Amount ₹
April, 1, 2021	To Prepaid Salaries A/c	400	April, 1, 2021	By Salaries Outstanding A/c	1,400
March, 31, 2022	To Cash	23,000	March, 31, 2022	By Salaries Prepaid A/c By Transfer to Income & Expenditure A/c	600
	To Salaries Outstanding A/c	1,800			23,200
		25,200			25,200

Salaries Outstanding A/c

Date	Particulars	Amount ₹	Date	Particulars	Amount ₹
April, 1, 2021	To Salaries A/c	1,400	April, 1, 2021	By Balance b/d	1,400
March, 31, 2022	To Balance c/d	1,800	March, 31, 2022	By Salaries A/c	1,800
		3,200			3,200

			April, 1,2022	By Balance b/d	1,800
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Salaries Prepaid A/c

Date	Particulars	Amount ₹	Date	Particulars	Amount ₹
April, 2021	To Balance b/d	400	April, 1, 2021	By Salaries A/c (transfer)	400
March, 31, 2022	To Salaries A/c	600	March, 31, 2022	By Balance c/d	600
		1,000			1,000
April, 1, 2022	To Balance b/d	600			

4. Following is the Receipts and Payments Account of New bird Forty Club for the year ended 31st March, 2022:

Dr Receipts and payments A/c for the year ended on 31st March 2022 Cr

Receipts	Amount (₹)	Payments	Amount (₹)
To balance b/d	2,50,000	By Salaries and wages	1,65,000
To Subscription-		By Office expenses	35,000
2020-2021	65,000	By Sports equipment	3,42,000
2021-2022	3,55,000	By Telephone Charges	28,000
To Donations	55,000	By Electricity charges	32,000
To Entrance fees	85,000	By Travelling and conveyance	65,000
		By balance c/d	1,43,000
	8,10,000		8,10,000

Additional information :

- Outstanding subscriptions for the year ended 31st March, 2022 – ₹ 55,000.
- Outstanding salaries and wages – ₹ 40,000 for the year ended on 31st March 2022.
- Depreciate sports equipment by 25% for the year ended on 31st March 2022.
- Capitalize 50% of the entrance fees.

Prepare Income and Expenditure Account of the club from the above particulars for the year ended on 31st March 2022. (ICAI

Study Material)

Sol. In the books of New bird forty Club

Dr Income and expenditure A/c for the year ended on 31st March 2022 Cr

Expenditure	Amount (₹)	Income	Amount (₹)
Salaries and wages 1,65,000 Add: Outstanding Salaries for 2022 <u>40,000</u>	2,05,000	By Subscriptions 4,20,000 Add: Outstanding Subscriptions for 2022 55,000	
To Office expenses	35,000	Less: Outstanding Subscriptions for 2021	
To Depreciation (25% × 3,42,000)	85,500	By Donations	65,000
To Telephone Charges	28,000	By Entrance fees	4,10,000
To Electricity charges	32,000	(50% × 85,000)	55,000
To Travelling and conveyance	65,000		42,500
Excess of income over expenditure	57,000		
	5,07,500		5,07,500

5. From the following information of a club show the amounts of match expenses and match fund in the appropriate Financial Statements of the club for the year ended on 31st March, 2022:

Details	Amount (₹)
Match expenses paid during the year ended 31st March 2022	1,10,000
Match fund as on 01.04.2021	30,000
Donations for Match fund (received during the year)	55,000
Proceeds from the sale of the match tickets (during the year)	20,000

(ICAI Study Material)

Sol. Balance sheet as at March 31st 2022 (extract)

Liabilities	Amt. (₹)	Assets	Amt (₹)
Match fund	30,000		
Add: Donation for match fund	55,000		
Add: Proceeds from sale of tickets	20,000		
Less: Match expenses (Note)	(1,05,000)		
	NIL		

Note: Due to the exceeding costs beyond the allocated ₹1,05,000 Match fund, we have decided to limit the expenditures to this specified amount. The remaining expenses, totaling ₹5,000 (₹1,10,000 - ₹1,05,000), will be accounted for in the Income and Expenditure Account.

6. During the year ended 31st March, 2022, the subscriptions received by the Jaipur Literary Society were ₹ 4,50,000. These subscriptions include ₹ 20,000 received for the year ended 31st March, 2021. On 31st March, 2022, subscriptions due but not received were ₹ 15,000. Advance subscription received for the year ending 31st March 2022 but pertaining to year 2023 amounted to ₹ 26,000. The Subscriptions received in advance for the year ending 31st March, 2021 includes

₹ 18,000 pertaining to year 2021-22. Show the subscription account in book of the society?

(ICAI Study Material)

Sol. In the books of Jaipur literary society

Dr Subscription A/c (for the year ended on 31st March 2022) Cr

Particulars	Amount (₹)	Particulars	Amount (₹)
To outstanding subscriptions (2021)	20,000	By Advance subscriptions (2021) By Bank A/c	18,000
To Income from Subscriptions A/c	4,37,000	By Outstanding subscriptions (2022)	4,50,000
To Advance subscriptions (2023)	26,000		
			15,000
	4,83,000		4,83,000

7. From the following information, calculate amount of subscriptions outstanding for the year ended 31st March, 2022.

A club has 350 members each paying an annual subscription of ₹ 1,050. The Receipts and Payments Account for the year showed a sum of ₹ 4,10,000 received as subscriptions. The following additional information is provided:

Subscriptions Outstanding on 31st March, 2021 - ₹ 45,000 Subscriptions Received in Advance on 31st March, 2022 - ₹ 62,000 Subscriptions Received in Advance on 31st March, 2021 - ₹ 30,000

(ICAI Study Material)

Sol. Subscription Account

Particulars	Amount (₹)	Particulars	Amount (₹)
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To Outstanding subscriptions (2021)	45,000	By Advance subscriptions (2021)	30,000
To Income from subscriptions A/c (350*1050)	3,67,500	By Bank A/c	4,10,000
To Advance subscriptions (2023)	62,000	By Outstanding subscriptions (2021)	34,500
	4,74,500		4,74,500

8. The following was the Receipts and Payments Account of Exe Club for the year ended March. 31, 2022

All the figures in thousands

Receipts	₹	Payments	₹
Cash in hand	100	Groundsman's Fee	750
Balance at Bank as per Pass Book:		Moving Machine	1,500
Deposit Account	2,230	Rent of Ground	250
Current Account	600	Cost of Teas	250
Bank Interest	30	Fares	400
Donations and Subscriptions	2,600	Printing & Office Expenses	280
Receipts from teas	300	Repairs to Equipment	500
Contribution to fares	100	Honorarium to Secretary and Treasurer of 2021	400
Sale of Equipment	80	Balance at Bank as per Pass Book:	
Net proceeds of Variety		Deposit Account	3,090
Entertainment	780	Current Account	150
Donation for forth coming		Cash in hand	250
Tournament	1,000		
	7,820		7,820

You are given the following additional information:

	April, 1, 2021	March, 31, 2022
	₹	₹
Subscription due	150	100
Amount due for printing etc.	100	80
Cheques unrepresented being payment for repairs	300	260
Estimated value of machinery and equipment	800	1,750

Interest not yet entered in the Pass book		20
Bonus to Groundsman outstanding		300

For the year ended March 31, 2022, the honorarium to the Secretary and Treasurer are to be increased by a total of ₹ 200. Prepare the Income and Expenditure Account and Balance Sheet for period ending 31st March, 2022.

(ICAI Study Material)

Sol. Income and Expenditure Account of Exe Club for the year ending 31/03/22

(all figures in 000)

Expenditure		₹	Income		₹
To Groundsman's fee		750	By Donations and Subscription		2,550
To Rent of Ground		250	By Receipts from teas		50
To Fares' Expenses	400	300	(Fares) less expenses		
Less : Contribution	(100)	260	(₹ 300 - ₹ 250)		780
To Printing & Office Expenses		460	By Proceeds of Variety Entertainment		50
To Repairs			By Interest (₹ 30 + ₹ 20)		
To Depreciation on Machinery					
Opening balance a n d Purchases	2,300				
Less: Closing Balance	(1,750)				
	550				
Less: Sale	(80)	470			
To Honorarium to Sect. & Treasurer		600			
To Bonus to Groundsman		300			
To Excess of income over Expenditure		40			
		3,430			3,430

Balance Sheet of Exe Club as on 31/03/22

Liabilities	₹	Assets	₹
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Outstanding Expenses:				
Groundsman Bonus		300	Cash in hand	250
Printing		80	Cash in Deposit A/c	3,090
Honorarium		600	Subscription Due	100
Bank Overdraft (₹260 – ₹150)		110	Interest Due	20
Capital Fund: Opening	3,080		Machinery & Equipments	1,750
Add: Surplus for the year	40	3,120		
Tournament Fund (Donation)		1,000		
		5,210		5,210

Balance Sheet as on 1/04/21

Liabilities	₹	Assets	₹
Outstanding Expenses and Honorarium (₹100 + ₹400)	500	Cash in hand	100
Capital Fund (Balancing Figure)	3,080	Cash in Deposit A/c	2,230
		Cash in Current A/c	300
		Subscription Due	150
		Machinery	800
	3,580		3,580

9. The Sportwriters Club gives the following Receipts and Payments Account for the year ended March 31, 2022:

Receipts and Payments Account

Receipts		₹	Payments		₹
To	Balance b/d	4,820	By	Salaries	12,000
To	Subscriptions	28,600	By	Rent and electricity	7,220
To	Miscellaneous income	700	By	Library books	1,000
To	Interest on Fixed deposit	2,000	By	Magazines and newspapers	2,172
			By	Sundry expenses	10,278
			By	Sports equipments	1,000
			By	Balance c/d	2,450
		36,120			36,120

Figures of other assets and liabilities are furnished as follows:

	As at March 31	
	₹	₹
	2021	2022
Salaries outstanding	710	170
Outstanding rent & electricity	864	973
Outstanding for magazines and newspapers	226	340
Fixed Deposit (10%) with bank	20,000	20,000
Interest accrued thereon	500	500
Subscription receivable	1,263	1,575
Prepaid expenses	417	620
Furniture	9,600	
Sports equipments	7,200	
Library books	5,000	

The closing values of furniture and sports equipments are to be determined after charging depreciation at 10% and 20% p.a. respectively inclusive of the additions, if any, during the year. The Club's library books are revalued at the end of every year and the value at the end of March 31, 2022 was ₹ 5,250.

Required

From the above information you are required to prepare:

- The Club's Balance Sheet as at March 31, 2021;
- The Club's Income and Expenditure Account for the year ended March 31, 2022.
- The Club's Closing Balance Sheet as at March 31, 2022

(ICAI Study Material)

Sol. Sportswriters Club

Balance Sheet as on 31st March, 2021

Liabilities	₹	₹	Assets	₹
Outstanding expenses:			Furniture	9,600
Salaries	710		Library Books	5,000
Rent & Electricity	864		Sports Equipment	7,200
Magazines & Newspapers	226	1,800	Fixed Deposit	20,000
Capital Fund (Balancing figure)		47,000	Cash in hand & at Bank	4,820
			Prepaid Expenses	417
			Subscription receivable	1,263
			Interest accrued	500
		48,800		48,800

Income and Expenditure Account for the year ending 31st March, 2022

Expenditure	₹	Income	₹
To Salaries	11,460	By. Subscription	28,912
To Rent & Electricity	7,329	By. Interest on Fixed	2,000
To Magazines & Newspapers	2,286	By. Deposit Misc. Income	700
To Sundry Expenses	10,075	By. Excess of expenditure over income	
To Depreciation:			2,888
Furniture	960		
Sports Equipment	1,640		
Library Books	750		
	34,500		34,500

Balance Sheet of Sports Writers Club as on 31st March, 2022

Liabilities	₹	₹	Assets	₹	₹
Outstanding Expenses:			Furniture		
Salaries	170		Cost	9,600	
Rent & Electricity	973		Less : Depreciation	(960)	8,640
Newspapers	340	1,483	Magazines & Sport		
Capital Fund:			Equipment:		
Opening balance	47,000		Opening balance	7,200	
Less : Excess of			Addition	1,000	

exp. over income	(2,888)	44,112		8,200	
			Less : Depreciation	(1,640)	6,560
			Library Books :		
			Opening Balance	5,000	
			Addition	1,000	
				6,000	
			Less : Depreciation	(750)	5,250
			Fixed Deposit		20,000
			Cash in hand & at bank		2,450
			Prepaid Expenses		620
			Subscription Receivable		1,575
			Interest accrued		500
		45,595			45,595

Working Notes:

(i) Expenses	Salaries ₹	Rent & Electricity ₹	Magazines & News- Papers ₹	Sundry Expenses ₹
Paid during the year	12,000	7,220	2,172	10,278
Add : Outstanding on 31.3.2022	170	973	340	-
Add: Prepaid on 31.3.2021	-	-	-	417
Less : Outstanding on 31.3.2021	12,170	8,193	2,512	10,695
Less: Prepaid on 31.3.2022	-	-	-	-
Expenditure for the year	11,460	7,329	2,286	10,075
(ii) Depreciation				₹
(a) Furniture @10% on ₹ 9,600				
(b) Sports Equipment @ 20% on ₹ 8,200				960
(c) Library books - book value Revalued at			6,000 (5,250)	1,640

(iii) Subscription			750
Received in cash			28,600
Add : Receivable on 31.3.2022			1,575
Less: Receivable on 31.3.2021			30,175
30,175			(1,263)
(1,263)			
28,912			28,912

10. The Income and Expenditure Account of the Youth Club for the Year 2022 is as follows:

Expenditure	₹	Income	₹
To Salaries	4,750	By Subscription Entrance Fees By Contribution for annual dinner By Annual Sport meet receipts	7,500
To General Expenses	500		250
To Audit Fee	250		
To Secretary's Honorarium	1,000		1,000
To Stationery & Printing	450		
To Annual Dinner Expenses	1,500		750
To Interest & Bank Charges	150		
To Depreciation	300		
To Surplus	600		
	9,500		9,500

This account had been prepared after the following adjustments:

	₹
Subscription outstanding at the end of 2021	600
Subscription received in advance on 31st December, 2021	450
Subscription received in advance on 31st December, 2022	270
Subscription outstanding on 31st December, 2022	750

Salaries Outstanding at the beginning and the end of 2022 were respectively ₹ 400 and ₹ 450. General Expenses include insurance prepaid to the extent of ₹ 60. Audit fee for 2022 is as yet unpaid. During 2022 audit fee for 2021 was paid amounting to ₹ 200.

The Club owned a freehold lease of ground valued at ₹ 10,000. The club had sports equipment on 1st January, 2022 valued at ₹ 2,600. At the end of the year, after depreciation, this equipment amounted to ₹ 2,700. In 2021, the Club has raised a bank

loan of ₹ 2,000. This was outstanding throughout 2022. On 31st December, 2022 cash in hand amounted to ₹ 1,600.

Required

Prepare the Receipts and Payments Account for 2022 and Balance Sheet as at the end of the year.

(ICAI Study Material)

Sol.

The Youth Club

Receipts and Payments Account for the year ended 31/12/22

Receipts	₹	₹	Payments	₹	₹
To Balance b/d (balancing figure)		1,390	By Salaries	4,750	
To. Subscriptions as per Income & Expenditure Account			Add: Paid for 2021		
Add: 2021's Received			Less: Unpaid for 2022 General		
2023's Received			Expenses Add : Paid for 2023	400	
Less: 2022's Received in 2021	7500		By Audit fee (2022)		
			By Secy. Honorarium	5,150	
	600		By Stationery & Printing	(450)	4,700
	270			500	
	8,370			60	560
	(450)				200
	7,920				1,000
					450

Less: 2022's Outstanding		(750)	7,170	By Annual Dinner Expenses	1,500
To. Entrance Fees			250	By. Interest & Bank Charges	150
To. Contribution for annual dinner			1,000	By. Sports Equipments	400
To. Annual sport meet receipt			750	By. [2700 - (2600 - 300)]	1,600
			10,560	Balance c/d	10,560
To. Balance b/d			1,600		

Balance Sheet of Youth Club as on 31/12/22

Liabilities	₹	₹	Assets	₹	₹
Subscription received in advance		270	Freehold Ground Sport Equipment:		10,000
Audit Fee Outstanding		250	As per last Balance Sheet Additions	2,600	
Salaries Outstanding		450	Less : Depreciation	400	
Bank Loan		2,000	Subscription Outstanding Insurance	3,000	2,700
Capital Fund :			Prepaid	(300)	750
Balance as per previous Balance Sheet			Cash in hand		60
Add : Surplus for 2022	11,540				1,600
	600	12,140			15,110
		15,110			

Balance Sheet of Youth Club as on 31/12/21

Liabilities	₹	Assets	₹
Subscriptions received in advance	450	Freehold Ground	10,000
Salaries outstanding	400	Sports Equipment	2,600
Audit fees unpaid	200	Subscriptions Outstanding	600
Bank Loan	2,000	Cash in hand	1,390
Capital Fund (balancing figure)	11,540		
	14,590		14,590

11. Smith Library Society showed the following position on 31st March, 2021:

Balance Sheet as on 31st March, 2021

Liabilities	₹	Assets	₹
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, 2022 is given below:

	₹		₹
To Balance b/d		By Electric charges	7,200
Cash at bank 25,000		By Postage and stationary	5,000
Cash in hand 25,000	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
	3,09,500		3,09,500

You are required to prepare income and expenditure account for the year ended 31st March, 2022 and a balance sheet as at 31st, March, 2022 after making the following adjustments:

Membership subscription included ₹ 10,000 received in advance and 75% of the entrance fees is to be capitalized. Rent for ₹ 4,000 and salaries for ₹ 3,000 are outstanding.

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

Interest on securities is to be calculated @ 5% p.a. including purchases made on 1.10.2021 for ₹ 40,000.

Sol. Smith Library Society Income and Expenditure A/c for the year ended 31/03/2022

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

Balance Sheet of Smith Library Society as on 31/03/22

Less: Excess of expenditure over income		7,98,800	Less: Depreciation Books	(5,000)	45,000
	(16,700)		Less Depreciation	4,60,000	
Outstanding expenses:			Investment: Securities	(46,000)	4,14,000
Rent	4,000		Accrued interest		
Salaries	3,000	7,000	Cash at bank	1,90,000	
Membership subscription in advance		10,000	Cash in hand	500	1,90,500
		8,15,800			20,000
					11,300
					8,15,800

Working Notes:

1. Depreciation

₹

Electrical fittings 10% of ₹ 1,50,000		15,000
Furniture 10% of ₹ 50,000		5,000
Books 10% of ₹ 4,60,000		46,000
2. Interest on Securities		
Interest @ 5% p.a. on ₹ 1,50,000 for full year	7,500	
Interest @ 5% p.a. on ₹ 40,000 for half year	1,000	8,500
Less: Received		(8,000)
Receivable		500

12. From the following balances and particulars of Republic College, prepare Income & Expenditure Account for the year ended March, 2022 and a Balance Sheet as on the date :

	₹	₹
Seminars & Conference Receipts		4,80,000
Consultancy Receipts		1,28,000
Security Deposit - Students		1,50,000
Capital Fund		16,06,000
Research Fund		8,00,000
Building Fund		25,00,000
Provident Fund		5,10,000
Tuition Fee Received		8,00,000
Government Grants		5,00,000
Donations		50,000
Interest & Dividends on Investments		1,85,000
Hostel Room Rent		1,75,000
Mess Receipts (Net)		2,00,000
College Stores-Sales		7,50,000
Outstanding expenses		2,25,000
Stock of-stores and Supplies (opening)	3,00,000	
Purchases - Stores & Supplies	8,00,000	
Salaries - Teaching	8,50,000	
Research	1,20,000	
Scholarships	80,000	
Students Welfare expenses	38,000	

Repairs & Maintenance	1,12,000	
Games & Sports Expenses	50,000	
Misc. Expenses	65,000	
Research Fund Investments	8,00,000	
Other Investments	18,50,000	
Provident Fund Investment	5,10,000	
Seminar & Conference Expenses	4,50,000	
Consultancy Expenses	28,000	
Land	1,00,000	
Building	16,00,000	
Plant and Machinery	8,50,000	
Furniture and Fittings	6,00,000	
Motor Vehicle	1,80,000	
Provision for Depreciation:		
Building		4,80,000
Plant & Equipment		5,10,000
Furniture & Fittings		3,36,000
Cash at Bank	6,42,000	
Library	3,60,000	
	1,03,85,000	1,03,85,000

Adjustments:

	₹
(1) Materials & Supplies consumed: (From college stores)	
Teaching	50,000
Research	1,50,000
Students Welfare	75,000
Games or Sports	25,000
(2) Tuition fee receivable from Government for backward class Scholars	80,000
(3) Stores selling prices are fixed to give a net profit of 10% on selling price	
(4) Depreciation is provided on straight line basis at the following rates:	
(1) Building	5%

(2) Plant & Equipment	10%
(3) Furniture & Fixtures	10%
(4) Motor Vehicle	20%

(ICAI Study Material)

Sol. Republic College

Income and Expenditure A/c for the year ending 31st March, 2022

Expenditure	₹	₹	Income	₹	₹
To Salaries:			By Tuitions & other fee		8,80,000
Teaching Research		8,50,000	By Govt. Grants		5,00,000
To Material & Supplies Consumed:		1,20,000			1,85,000
Teaching Research			By Income from		1,75,000
To Repairs & Maintenance		50,000	By Investments		
		1,50,000	Hostel		2,00,000
		1,12,000	Room Rent		75,000
To Sports & Games Expenses:			By Mess Receipts	4,80,000	
Cash Materials	50,000		By Profit-Stores Sales	(4,50,000)	
To Students Welfare Expenses:	25,000	75,000	By Seminar and		30,000
Cash Materials			Conferences:	1,28,000	
To Misc. Expenses			Income	(28,000)	
To Scholarships	38,000				1,00,000
To Depreciation:	75,000	1,13,000	By Less :		50,000
Building		65,000	Expenses By		
		80,000	Consultancy		
			charges:		
		80,000	Income		
			Less :		
			Expenses By		
			Donations		

Plant & Equipment		85,000			
Furniture		60,000			
Motor Vehicle		36,000			
To Excess of Income over Expenditure		3,19,000			
		21,95,000			21,95,000

Republic College

Balance Sheet as on 31/03/22



Liabilities	₹	₹	Assets	₹	₹
			Fixed Assets:		
Capital Fund			Land		1,00,000
Opening balance	16,06,000		Building Cost	16,00,000	
Add: Excess of Income		19,25,000	Less: Depreciation	(5,60,000)	10,40,000
over Expenditure	3,19,000		Equipment Cost	8,50,000	2,55,000
Other Funds		8,00,000	Less: Depreciation	(5,95,000)	
Research Fund		25,00,000	Furniture & Fittings:		2,04,000
Building Fund		2,25,000	Cost	6,00,000	
			Less: Depreciation	(3,96,000)	1,44,000
		5,10,000	Motor Vehicles		3,60,000
Current Liabilities :		1,50,000	Cost	1,80,000	18,50,000
Outstanding Expenses			Less: Depreciation	(36,000)	8,00,000
Provident Fund			Library		
Security Deposit			Investments:		5,10,000
			Capital Fund		
			Investments		1,25,000
			Research Fund		
			Investment		
			P.F. Investment		
			Stock (stores)		
			Material & Supplies		
			Tuition fees receivable		80,000
			Cash in hand & at Bank		6,42,000
		61,10,000			61,10,000

Working Notes:

		₹	₹
(1) Material & Supplies - Closing Stock			3,00,000
Opening Stock			8,00,000
Purchases			11,00,000
Less: Cost of Material & Supplies [7,50,000*90% (100-10)]		6,75,000	
Consumed Balance		3,00,000	(9,75,000)
(2) Provisions for Depreciation			1,25,000
		Plant & Equipment	Furniture & Fitting
Opening Balance	Building		
Addition			
Closing Balance			
	₹	₹	₹
	4,80,000	5,10,000	3,36,000
	80,000	85,000	60,000
	5,60,000	5,95,000	3,96,000
Note: Expense related to income earned like consultancy charges, conference expenses are shown as net of income.			

PRACTICAL QUESTIONS

1. The following is the Receipts and Payments Account of Lion Club for the year ended 31st March, 2020.

Receipts	₹	Payments	₹
Opening balance:		Salaries	1,20,000
Cash	10,000	Creditors	15,20,000
Bank	3,850	Printing and stationary	70,000
Subscription received	2,02,750	Postage	40,000
Entrance donation	1,00,000	Telephones and telex	52,000
Interest received	58,000	Repairs and maintenance	48,000
Sale of assets	8,000	Glass and table linen	12,000
Miscellaneous income	9,000	Crockery and cutlery	14,000
Receipts at		Garden upkeep	8,000

Coffee room	10,70,000	Membership fees	4,000
Soft drinks	5,10,000	Insurance	5,000
Swimming pool	80,000	Electricity	28,000
Tennis court	1,02,000	Closing balance:	
		Cash	8,000
		Bank	2,24,600
	21,53,600		21,53,600

The assets and liabilities as on 1.4.2019 were as follows:

	₹
Fixed assets (net)	5,00,000
Stock	3,80,000
Investment in 12% Government securities	5,00,000
Outstanding subscription	12,000
Prepaid insurance	1,000
Sundry creditors	1,12,000
Subscription received in advance	15,000
Entrance donation received pending membership	1,00,000
Gratuity fund	1,50,000

The following adjustments are to be made while drawing up the accounts:

- (i) Subscription received in advance as on 31st March, 2020 was ₹ 18,000.
- (ii) Outstanding subscription as on 31st March, 2020 was ₹ 7,000.
- (iii) Outstanding expenses are salaries ₹ 8,000 and electricity ₹ 15,000.
- (iv) 50% of the entrance donation was to be capitalized. There was no pending membership as on 31st March, 2020.
- (v) The cost of assets sold net as on 1.4.2019 was ₹ 10,000.
- (vi) Depreciation is to be provided at the rate of 10% on assets.
- (vii) A sum of ₹ 20,000 received in October 2019 as entrance donation from an applicant was to be refunded as he has not fulfilled the requisite membership qualifications. The refund was made on 3.6.2020.
- (viii) Purchases made during the year amounted ₹ 15,00,000.
- (ix) The value of closing stock was ₹ 2,10,000.
- (x) The club as a matter of policy, charges off to income and expenditure account all purchases made on account of crockery, cutlery, glass and linen in the year of purchase.

You are required to prepare an Income and Expenditure Account for the year ended 31st March, 2020 and the Balance Sheet as on 31st March, 2020 along with necessary

workings. (ICAI Study Material)

Sol.

Expenditure	₹	Income	₹
To Salaries	1,28,000	By Subscription	1,94,750
To Printing and stationary	70,000	By Entrance donation	90,000
To Postage	40,000	By Interest	60,000
To Garden upkeep	8,000		
To Membership fees	4,000		
To Insurance	6,000		
To Electricity charges	43,000		
To Loss on sale of assets	2,000		
To Depreciation	49,000		
	4,76,000		4,76,000

Balance Sheet of Lion Club as on 31st March, 2020

Liabilities	₹	Assets	₹
Capital fund	10,89,600	Fixed assets Stock	4,41,000
Gratuity fund	1,50,000	Investments	2,10,000
Sundry creditors	92,000	Subscription outstanding	5,00,000
Subscription received in advance	18,000	Interest accrued	7,000
Entrance donation refundable	20,000	Bank	2,000
Outstanding expenses	23,000	Cash	2,24,600
			8,000
	13,92,600		13,92,600

Working Notes:

Opening Balance Sheet Balance Sheet of Lion Club as on 1st April, 2019

Liabilities	₹	Assets	₹
Sundry creditors	1,12,000	Fixed assets	5,00,000
Subscription received in advance	15,000	Stock	3,80,000
Entrance donation received in advance	1,00,000	Investments	5,00,000
Gratuity fund	1,50,000	Subscription outstanding	12,000
Capital fund (balance figure)	10,29,850	Prepaid expenses	1,000

		Cash	10,000
		Bank	3,850
	14,06,850		14,06,850

Subscription

	₹
Subscription received during the year	2,02,750
Add: Outstanding subscription on 31.3.2020	7,000
	2,09,750
Add: Received in advance as on 1.4.2019	15,000
	2,24,750
Less: Outstanding subscription as on 1.4.2019	(12,000)
	2,12,750
Less: Received in advance as on 31.3.2020	(18,000)
	1,94,750

Entrance donation

	₹
Entrance donation received during the year	1,00,000
Add: Received in advance as on 1.4.2019	1,00,000
	2,00,000
Less: Entrance donation in respect of ineligible member	(20,000)
	1,80,000
Less: 50% capitalized	(90,000)
Taken to income and expenditure account	90,000

Loss on sale of asset

	₹
Cost of asset sold	10,000
Less: Sale proceeds	(8,000)
Loss on sale of asset	2,000

Depreciation

	₹
Fixed asset as per trial balance	5,00,000
Less: Cost of asset sold	(10,000)

	4,90,000
Depreciation on ₹ 4,90,000 @ 10%	49,000

Salaries

	₹
Salary paid during the year	1,20,000
Add: Outstanding as on 31.3.2020	8,000
	1,28,000

Electricity charges

	₹
Electricity charges paid during the year	28,000
Add: Outstanding as on 31.3.2020	15,000
	43,000

Interest

	₹
Interest on 12% Government securities investment (₹ 5,00,000 @ 12% p.a.)	60,000
Less: Interest received during the year	(58,000)
Interest accrued	2,000
Interest credited to Income and Expenditure Account	60,000

Profit from operations

	₹
Cost of goods sold:	
Opening stock	3,80,000
Add: Purchases	15,00,000
	18,80,000
Less: Closing stock	(2,10,000)
Cost of goods sold (A)	16,70,000
Receipts from operations:	
Receipts from coffee room	10,70,000
Receipts from soft drinks	5,10,000

Receipts from swimming pool	80,000
Receipts from tennis court	1,02,000
Total receipts (B)	17,62,000
Profits from operations (B-A)	92,000

Insurance

	₹
Insurance paid during the year	5,000
Add: Prepaid insurance as on 1.4.2019	1,000
	6,000

Sundry creditors

	₹
Opening balance as on 1.4.2019	1,12,000
Add: Purchases made during the year	15,00,000
	16,12,000
Less: Payments made during the year	(15,20,000)
Closing balance as on 31.3.2020	92,000

Outstanding expenses

	₹
Outstanding salaries	8,000
Outstanding electricity charges	15,000
Outstanding expenses	23,000

Fixed assets

	₹
Fixed assets as on 1.4.2019	5,00,000
Less: Cost of assets sold	(10,000)
	4,90,000
Less: Depreciation	(49,000)
Fixed assets as on 31.3.2020	4,41,000

Capital fund

	₹
Capital fund as on 1.4.2019	10,29,850
Add: Entrance donation capitalised	90,000
	11,19,850
Less: Excess of expenditure over income	(30,250)
Balance as on 31.3.2020	10,89,600

During the year ended 31st March, 2020, Sachin Cricket Club received subscriptions as follows:

	₹
For year ending 31st March, 2019	12,000
For year ending 31st March, 2020	6,15,000
For year ending 31st March, 2021	18,000
Total	6,45,000

Sol. There are 500 members and annual subscription is ₹ 1,500 per member.

On 31st March, 2020, a sum of ₹ 15,000 was still in arrears for subscriptions for the year ended 31st March, 2019.

Ascertain the amount of subscriptions that will appear on the credit side of Income and Expenditure Account for the year ended 31st March, 2020. Also show how the items would appear in the Balance Sheet as on 31st March, 2019 and the Balance Sheet as on 31st March, 2021.

Income & Expenditure Account (An extract) of Sachin Cricket Club For the year ended 31st March, 2020

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

Balance Sheet of Sachin Cricket Club as on 31st March, 2019 (An extract)

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

Balance Sheet of Sachin Cricket Club as on 31st March, 2020 (An extract)

Liabilities	₹	Assets	₹	₹
Unearned Subscription	18,000	Outstanding Subscription of 2018-19 of 2019-20 ₹(7,50,000 – 6,15,000)	15,000 1,35,000	1,50,000

Summary of receipts and payments of Bombay Medical Aid society for the year ended 31.12.2020 are as follows:

Opening cash balance in hand ₹ 8,000, subscription ₹ 50,000, donation ₹ 15,000 (raised for meeting revenue expenditure), 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. Additional information:

	1.1.2020	31.12.2020
Subscription due	1,500	2,200
Subscription received in advance	1,200	700
Stock of medicine	10,000	15,000
Amount due for medicine supply	9,000	13,000
Value of equipment	21,000	30,000
Value of building	50,000	48,000

Sol. You are required to prepare receipts and payments account and income and expenditure account for the year ended 31.12.2020 and balance sheet as on 31.12.2020.

Receipts and Payments Account of Bombay Medical Aid Society for the year ended 31st December, 2020

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 Purchase of equipment	15,000
		By Charity show expenses	1,500
		By Cash in hand (closing)	9,000
	94,500		94,500

Income and Expenditure Account of Bombay Medical Aid Society for the year ended 31st December, 2020

Expenditure	₹	Income	₹
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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:		
To Depreciation on			Show collections	12,500	
Equipment	6,000		Less: Show expenses	(1,500)	11,000
Building	2,000	8,000			
To Surplus-excess of income over expenditure		10,200			
		86,200			86,200

Balance Sheet of Bombay Medical Aid Society as on 31st December, 2020

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 receivable		2,200
			Cash in hand		9,000
		2,04,200			2,04,200

Working Notes:

Subscription for the year ended 31st December, 2020:		₹
Subscription received during the year		50,000

Less: Subscription receivable on 1.1.2020	1,500	
Less: Subscription received in advance on 31.12.2020	700	(2,200)
Add: Subscription receivable on 31.12.2020	2,200	47,800
Add: Subscription received in advance on 1.1.2020	1,200	3,400
		51,200
Purchase of medicine:		
Payment for medicine supply		30,000
Less: Amounts due for medicine supply on 1.1.2020		(9,000)
		21,000
Add: Amounts due for medicine supply on 31.12.2020		13,000
		34,000
Medicine consumed:		
Stock of medicine on 1.1.2020		10,000
Add: Purchase of medicine during the year		34,000
		44,000
Less: Stock of medicine on 31.12.2020		(15,000)
		29,000
Depreciation on equipment:		
Value of equipment on 1.1.2020		21,000
Add: Purchase of equipment during the year		15,000
		36,000
Less: Value of equipment on 31.12.2020		(30,000)
Depreciation on equipment for the year		6,000

Balance Sheet of Medical Aid Society as on 1st January, 2020

<i>Liabilities</i>	<i>₹</i>	<i>Assets</i>	<i>₹</i>
<i>Capital fund (balancing figure)</i>	<i>1,80,300</i>	<i>Building</i>	<i>50,000</i>
<i>Subscription received in advance</i>	<i>1,200</i>	<i>Equipment</i>	<i>21,000</i>
<i>Amount due for medicine supply</i>	<i>9,000</i>	<i>Stock of medicine</i>	<i>10,000</i>
		<i>Investments (₹ 9,000 x 100/9)</i>	<i>1,00,000</i>
		<i>Subscription receivable</i>	<i>1,500</i>
		<i>Cash in hand</i>	<i>8,000</i>
	<i>1,90,500</i>		<i>1,90,500</i>



Unit-3: Not – for Profit Organisation

INTRODUCTION

A non-profit organization functions as a legal accounting entity established for the overall benefit of society. The primary objective of non-profit organizations is to provide services to society or their members.

Non-profit organizations that have registered under section 8 of the Companies Act, 2013, are obligated to formulate their FST in accordance with the guidelines outlined in Schedule III of the Companies Act, 2013.

Differences exist in the preparation of FST between for-profit and non-profit entities. The sources of receipts and payments also vary based on the nature of the organization's activities.

Non-profit organizations, such as public hospitals, educational institutions, clubs, temples, churches, etc., include Receipts and Payments Accounts, Income and Expenditure Accounts, and Balance Sheets in their final accounts.

The I&E A/c in non-profit organizations closely resembles the P&L A/c used by for-profit entities. However, different terminology is applied, designating profit as "SURPLUS" (excess of income over expenditure) and loss as "DEFICIT" (excess of expenditure over income). In non-profit organizations, the Receipts and Payments Account emphasizes total cash receipts and payments.

NATURE OF RECEIPTS AND PAYMENTS ACCOUNT

A Receipts and Payments Account serves as a condensed version of the cash book, omitting the date column. This simplified accounting format is commonly utilized by non-profit organizations such as hospitals, clubs, societies, temples, churches, etc., to periodically present receipts and payments, along with the cash balances at the beginning and end of a specific period. In this account, receipts are recorded on the left-hand side, and payments on the right-hand side, mirroring the arrangement in the Cash Book.

It is essential to emphasize that the Receipts and Payments Account operates independently of the accrual system of bookkeeping. It records all receipts and payments, regardless of their nature as capital or revenue, pertaining to the current, previous, or future periods."

Features of R&P A/c:-

- (i) This account provides a concise overview of cash and bank transactions, akin to a cash

book. All receipts, whether capital or revenue, are debited, while all expenditures, whether capital or revenue, are credited.

- (ii) Commencing with the opening cash and bank balances, the account concludes with their closing balances.
- (iii) It is important to note that **determining the surplus or deficit** for an accounting period is **not feasible through this account**. This is because it solely reflects the Cash/Bank position and excludes all non-cash items.

Limitations of Receipts and Payments Account

Upon examining the aforementioned account, it becomes evident that the rise in cash and bank balances at the year-end, in comparison to the beginning, does not accurately reflect the surplus for the year. This is because R&P A/c records only following -

- (a) Actual Outflow of Money
- (b) Actual Inflow of Money

however it does take into consideration amount payable (liability) or amount receivable (asset)

Another notable limitation lies in the fact that the R&P A/c includes items of all periods (i.e. Past Present & Future Inflow & Outflow) and types, whether capital or revenue.

To determine whether the organization has incurred a surplus or deficit, it is important to create an account that recognises pertinent revenue transactions (i.e. Income & Expense) for the current period.

INCOME AND EXPENDITURE ACCOUNT

The income and expenditure account is similar to the Profit and Loss Account in a for-profit business. I&E A/c is widely embraced by many non-profit organizations and is crafted to comply with the accrual principle. It selectively incorporates items of a revenue nature specific to the current accounting period. To prepare this account, adjustments are necessary in relevant accounts concerning both outstanding and prepaid items of income and expenditure.

The only difference between I & E A/c compared to P & L A/c where profit is termed as "Surplus", and loss is termed as "Deficit"

Features:-

1. This revenue account is made at the end of the accounting period to ascertain the surplus or deficit during that specific timeframe.
2. It involves matching expenses with the revenue generated in the relevant period, encompassing both cash and non-cash items, including depreciation.
3. The account excludes all capital expenditures and incomes.
4. Solely the income and expenses from the current year are taken into account.
5. The determined surplus or deficit is then either added or deducted, respectively, to the opening balance of the capital fund's opening balance.

Main Sources of Income

We can broadly categorize income sources as subscriptions, ordinary donations, membership fees, entrance fees (if stipulated by the society's bye-laws), recurring grants from local authorities, income from investments, and so forth.

Any funds raised for a distinct activity, such as the sale of match tickets, are subtracted from the corresponding activity's expenses. The net amount is then reflected in the income and expenditure account.

It is crucial to note that any receipt of a capital nature should not be classified as income; instead, it is credited to the Capital Fund or a specific purpose fund like the "Building Fund." If the receipt is associated with the sale of a fixed asset, it is credited to the asset account. This practice of separately accounting for donations earmarked for specific purposes is referred to as fund accounting.

Examples:

Hospital/Dispensary – cost of medicines and tests and OPD.

Sports Club – Cost of sports materials, tournament expenses, etc.

Drama Club – expenses of hosting plays, rent of the auditorium, payment to the artists, etc.

Educational Societies – expense of scholarships, seminars expense, etc.

Library – magazines and newspapers

The cost incurred for acquiring a fixed asset will be capitalized, while the annual depreciation amount will be recorded as a debit to revenue expenditure.

It's important to highlight that, following the appropriate adjustments, which involve transferring revenue accounts to the Income and Expenditure account and capital items to the Balance Sheet, the preparation of these accounts aligns with the structure of final accounts when a regular Trial Balance is accessible.

BALANCE SHEET

A Balance Sheet serves as a presentation of the assets and liabilities of an accounting entity at a specific date. Typically compiled at the conclusion of an accounting period, following the preparation of the Income and Expenditure Account, it provides a categorized summary of the remaining ledger balances after the closure of all revenue accounts by transferring them to the Income and Expenditure Account.

In non-profit organizations, the excess of total assets over external liabilities is recognized as the Capital Fund. This fund encompasses contributions from members, legacies, special donations, entrance fees, and the accumulated surplus over the years. In cases where members haven't contributed, it is termed as the "Accumulated Fund" rather than the "Capital Fund." Any surplus or deficit from the year's operations, as revealed by the Income and Expenditure Account, is indicated as either an addition to or deduction from the Capital/Accumulated Fund carried forward from the previous period, respectively.

Accounting Treatment of Some Special Items

Donations:

Funds may be raised for either revenue or capital expenditures.

Those designated for revenue purposes are directly credited to the I&E A/c.

For funds with a specified intention, they are credited to a Special Fund Account if the donors have declared a specific purpose; otherwise, they are credited to the Capital Account. If investments or assets are acquired from special fund created above, these are disclosed separately. Any Income from such investments or donations for a specific purpose is credited to the special fund account reflecting that purpose, and the corresponding expenditure for that purpose is debited to the same account. Importantly, no such expense is charged to the Income and Expenditure Account.

The term "Fund" strictly applies to amounts collected for a special purpose when invested, such as a Scholarship Fund or Prize Fund. In cases where the collected amounts are not invested in distinct securities or assets separate from the institution's general holdings, the term "Account" is more appropriate, as seen in Building Account or Tournament Account.

In instances where a donor contributes securities or other readily realizable assets instead of cash, the asset's value, determined by valuation, must be credited to the fund for which the donation was intended.

Entrance and Admission Fees:

Fees payable by a member upon admission to a club or society are typically considered capital receipts and are recorded as credits to the Capital Fund. This is because such fees do not create any special obligations towards the member, who enjoys the same privileges as others paying only their annual subscriptions.

However, in cases where the fee amount is nominal, intended to cover admission-related expenses, or the society's rules specify that such fees can be treated as income, these amounts may be included in the I & E A/c. The appropriate treatment hinges on the specific requirements outlined in the question. In instances of ambiguity, it is advisable to consider it a capital receipt.

Subscription:

As subscriptions constitute income, it is essential to distribute them over the period of accrual.

In Examination questions assess the concept of the student by providing figures

- for subscriptions collected by a society during the year,
- those outstanding at the beginning and end of the year, and
- any amounts received in advance. In such instances,

It is advisable to prepare a Subscription Account to compute the portion of subscriptions related to the current accounting period for which the accounts are being prepared.

To conclude the Subscription Account, its balance at the end of the year is transferred to the Income and Expenditure Account.

Life Membership Fee:

Fees received for life membership are categorized as capital receipts due to their non-recurring nature. These funds are directly added into the capital fund or general fund.

For adjusting lump sum subscriptions collected from life members, various methods can be employed:

- (a) The entire amount may be retained in a dedicated account until the member passes away, after that it can be transferred to the Capital A/c. or
- (b) An annual transfer equivalent to the normal annual subscription can be made to the I & E A/c, and the remaining balance carried forward until fully utilized. If the life member passes away before the entire amount has been transferred, the remaining balance is transferred to the Capital A/c upon their demise.
- (c) An amount, calculated based on the member's age and average life expectancy, may be annually transferred to the I & E A/c.

Other concepts

Treatment of Important Items in Not-For-Profit Organization

1. **Donation:** It represents a gift, either in cash or kind, from an individual. Donations can be categorized into two types:
 - (a) **Specific Donation:** Received for a particular, defined purpose, such as Building Donation or Library Books donation. This type is capitalized and presented on the liabilities side of the balance sheet.
 - (b) **General Donation:** Not designated for any specific purpose and disclosed on the credit side of the I & E A/c.
2. **Entrance Fees:** It might be referred to as admission fees. Entrance fees are recognized as capital and included in the capital a/c for all organizations. If the question provides specific instructions regarding the treatment of entrance fees, it should be dealt with accordingly.
3. **Legacy:** It represents a sum received by an organization as stipulated in a person's will after their death. This amount should be capitalized and displayed on the liabilities side of the balance sheet, added to the Capital A/c.
4. **Life Membership Fees:** It is recommended to capitalize life membership fees and display them on the liabilities side of the balance sheet. Any specific instructions provided in the question regarding the treatment of life membership fees should be adhered to accordingly.
5. **Endowment Fund Donation:** It pertains to a donation received, and only the income derived from that donation is earmarked for a specific purpose. In such instances, the income associated with special funds should be augmented within these funds on the liabilities side of the Balance Sheet. All corresponding expenses should be subtracted from that fund on the liabilities side of the Balance Sheet.
6. **Treatment of Sale of Old Newspaper and Periodicals:** The proceeds from such a sale are presented as income on the credit side of the I & E A/c.
7. **Sale of old Fixed Assets:** The sales proceeds from old fixed assets are considered capital receipts. The profit or loss incurred from the sale of a fixed asset is disclosed in the I &

E A/c.

8. **Honorarium:** It is remuneration disbursed to individuals for services received from individuals who are not employed by the Not-for-Profit Organization.

EDUCATIONAL INSTITUTIONS

Registration

Educational institutions operating in India are predominantly registered as Societies under the Indian Societies Registration Act of 1860. In certain states where Public Trust Acts are enacted, all Societies registered under the Indian Societies Registration Act, 1860 are mandated to concurrently register under the Trust Act.

Example:

In the State of Maharashtra, all Societies have undergone simultaneous registration under the Bombay Public Trust Act, 1950.

Organizational Pattern

Trust Societies function as independent entities with leadership positions including President, Secretary, Treasurer, and Executive Committee Members. The General Body encompasses all members of the Society. For Societies/Trusts overseeing multiple educational institutions like colleges and schools, each individual school or college has a governing body. This body includes the head of the unit, such as the Principal of the college or Head Master of the school, as members. The primary role of the Governing Body is to oversee the effective operation of the individual school or college.

Salient Features

The foundational principles assume that a portion of educational institutions' expenses is covered by funds generated internally, whether through donations, charities, or contributions from philanthropic citizens. State Governments, through grant-in-aid codes, have developed diverse models for providing support to educational institutions. Consequently, there is a lack of uniformity in the disbursement of assistance to educational institutions in the form of grants. It's noteworthy that all educational institutions align their accounting year with the financial year.

Sources of Finance for Running the Educational Institution

Educational institutions gather funds primarily from three sources, which include:

1. Contributions from the public in the form of donations.
2. Various fees such as annual tuition fees, term fees, admission fees, laboratory fees, etc.
3. Grants provided by the government, which can be categorized into Maintenance Grant, Equipment Grant, Building Grant, and any other grants sanctioned by the government as per current policies.

Specific items

Donation from Public

Such contributions are obtained for either ongoing or one-time purposes. Donations are acquired in either monetary form or as tangible assets. Contributions “in kind” may include land and buildings, shares and securities, utensils, furniture, fixtures, and similar items, often motivated by a desire to commemorate a distinguished member of the donor’s family..

Capitation fees or admission fees

Funds are gathered from the parents or guardians of students seeking admission to the educational institution. These collections, managed by the Parent Body overseeing the institution, may take the form of capitation fees or admission fees. It’s worth noting that in recent times, these collections have faced significant criticism, leading to bans in certain cases.

Laboratory and Library Deposit

These fees, typically collected by schools and colleges, stay within the institution until the student completes their tenure. The School Code dictates the approved rates for tuition and other fees that students are required to pay.

Use of Term Fees

A dedicated account for recording receipts and expenditures must be upheld, and any surplus should be carried forward to the subsequent year. The term fee can be allocated for various purposes, including but not limited to:

1. Medical Tests/inspections.
2. Magazines.
3. Expenses of examinations
4. Amount incurred for supporting athletic and cultural activities linked with school activities.
5. School Festivals/Functions etc.
6. Inter-class/Inter-school programs/tournaments.
7. Sports/Games-major and minor.
8. Extra-curricular activities.
9. Competitions such as oratory/elocution/speech competition etc.
10. Prize Distribution expenses.
11. Maintenance of buildings/playgrounds.
12. Expenses on Drawing and Craft material..

Recurring grants

Regular grants, in the form of Maintenance Grants, are received in spread out installments throughout the year.

Use of grant-in-aid

The School Code furnishes an exhaustive list of eligible expenditure items for grant-in-aid.:

1. Salaries/allowances expenses
2. Leaves Allowances.
3. Bad weather Allowance.
4. Water/food Allowance.
5. Leaves Salary.
6. Expenditure on training the teachers of the school.
7. Pension/Gratuity expenses.
8. Expense of appointing a Librarian.
9. Rents/Taxes/Insurance.
10. Contingencies like printing and stationery expenses, conveyance expenses, expenses on purchasing books and purchasing furniture etc.
11. General Expenses like: Garden expenses or expenses on Physical Education.
12. Prize distribution expenses.
13. Expenses on cooperative stores.
14. Expenses on paying fees to education Board for recognition/registration.
15. Maintenance expenses of Tiffin-Rooms.
16. Bonus paid to Teachers.
17. Electrical expenses.
18. Telephone Expenses.
19. Conferences expenses.
20. Educational Association's subscriptions fees etc.
21. Medical Expenses.
22. Expense on the Audits by the auditors.
23. GST on purchases of required items by the school.
24. Scholarships expenses.

TEST YOUR KNOWLEDGE

True and False

1. The Receipts and payment account for a non-profit organization follows the accrual concept of accounting. (ICAI Study Material)
- Sol. False,** The accounting approach followed by non-profit organizations is based on the cash system, where cash receipts and payments for a given year are recorded in the Receipts and Payments Account. Unlike the accrual system, the non-profit organizations do not adhere to the principle of accrual in their Receipts and Payments Account.
2. Both the revenue and capital nature transactions are recorded in the Income and expenditure account. (ICAI Study Material)
- Sol. False,** In the financial statements of non-profit organizations, the Income and Expenditure

Account focuses solely on revenue income and expenses, while capital transactions are recorded in the Balance Sheet.

3. Sale of grass by a sports club is to be treated as sale of an asset. (ICAI Study Material)

Sol. False, The grass at a sports club is classified as a non-capital item; therefore, the proceeds from its sale should be considered as a revenue receipt.

4. Subscriptions outstanding for the current year are disclosed under the Fixed assets side of the Balance sheet. (ICAI Study Material)

Sol. False, These items are presented as part of the current assets on the Balance sheet since they are expected to be settled within the upcoming year, rather than being classified as non-current assets.

5. Receipts and payments account gives the details about the expenses outstanding for the year. (ICAI Study Material)

Sol. False, The Receipts and Payments Account provides details of cash expenses incurred during the current year, as well as any expenses paid in advance for the previous or subsequent year. However, it is necessary to refer to additional information to identify any outstanding expenses.

6. Adjustments in the form of additional information shall be adjusted in the final accounts of a Non-profit organisation only in one place. (ICAI Study Material)

Sol. False, Additional information refers to relevant details that are identified shortly before the final accounts are prepared. In the case of a Non-Profit Organization (NPO), which follows the double-entry system of bookkeeping, each additional information item has two corresponding effects or entries.

7. Tournament expenses incurred are more than the Tournament fund, then the excess to be shown as an asset in the closing Balance sheet. (ICAI Study Material)

Sol. False, The amount by which the tournament fund exceeds the expenditure shall be recorded as a debit in the income and expenditure account, rather than being included in the closing balance sheet.

8. For Non-profit organisation, Excess of income over expenditure in the Income and Expenditure account is termed as profit. (ICAI Study Material)

Sol. False, The amount by which the income exceeds the expenditure is referred to as a surplus in a non-profit organization, rather than being labeled as profit.

9. Surplus of non-profit organizations is distributed among its members. (ICAI Study Material)

Sol. False, The surplus generated by the non-profit organization in a given year is allocated and added to the general fund held by the organization.

10. Tournament fund, building fund, library fund is based on the fund based accounting. (ICAI Study Material)

Sol. True, Fund-based accounting is an accounting approach that focuses on the representation of fund balances within the balance sheet.

11. Subscription fees refers to the one-time fees paid by the members to get admission for the benefits of the club. **(ICAI Study Material)**
- Sol. False,** Subscription is a recurring fee paid by members to maintain their active membership status.
12. Token payment made to a person, who voluntarily undertakes a service which would normally be paid in case of profitable organization is termed as Honorarium. **(ICAI Study Material)**
- Sol. True,** Honorarium refers to a modest compensation provided for services rendered with a non-commercial purpose.
13. An Insurance company is an example of non-profit organization. **(ICAI Study Material)**
- Sol. False,** An insurance company operates with a profit motive, distinguishing it from a non-profit organization.
14. Part amount of entrance fees which is to be capitalized shall be disclosed in the income and expenditure account. **(ICAI Study Material)**
- Sol. It should be presented in the Balance Sheet, where it is recorded as a capital item.**
15. Both the income and expenditure of the current and the previous year are recorded in the Income and Expenditure account. **(ICAI Study Material)**
- Sol. False,** Only the income and expenditure pertaining to the current year are recorded in the Income and Expenditure account, as per the principle of accrual.
16. Amount received as donation by an Non-profit organisation under the will of a deceased person is termed as legacy. **(ICAI Study Material)**
- Sol. True,** When a person, during their final moments, expresses in a will that their assets should be donated to a non-profit organization, it is referred to as a legacy donation.
17. Where a Non-profit organisation has a separate trading activity, the profit/loss from the trading account shall be transferred to Income and Expenditure Account at the time of consolidation. **(ICAI Study Material)**
- Sol. True,** In the case of trading activities, any profit or loss arising from such activities should be transferred to the Income and Expenditure Account when preparing consolidated accounts.
18. Not for profit concerns concentrate their efforts to maximize the profit earning avenues. **(ICAI Study Material)**
- Sol. False,** The primary purpose of a non-profit organization is to serve its members and society, focusing on its mission rather than pursuing profit as a motive
19. The Income & Expenditure Account will record the debiting of scholarships provided to students from government funds.
- Sol. False,** In the Balance Sheet, the funds allocated by the Government for scholarships should be reduced by the amount granted to students. This deduction accurately reflects the utilization of the allocated funds for their intended purpose.
20. The Receipts and Payments Account serves as a condensed overview of all capital receipts and disbursements.

- Sol. False,** The Receipts and Payments Account provides a comprehensive summary of all cash or bank transactions, encompassing both capital and revenue aspects.
21. When there's a sports fund, the costs associated with sports activities will be recorded in the Income and Expenditure Account.
- Sol. False,** The sports fund will be utilized to cover the expenses incurred on sports activities, with the deductions reflecting the direct association between the fund and the incurred costs.
22. The Receipts and Payments Account provides a consolidated view of the overall income and expenditure.
- Sol. False,** The Receipts and Payments Account serves as a concise overview of all cash or bank transactions, encompassing both capital and revenue elements.
23. The Income and Expenditure Account exclusively reveals revenue-related items.
- Sol. True,** The Income and Expenditure Account is crafted to determine surplus or deficit. Consequently, it exclusively features revenue items, omitting capital expenditures from its presentation.
24. The fees received for Life Membership are considered a revenue receipt due to their recurring nature.
- Sol. False,** The life membership fee received for granting life membership is categorized as a capital receipt, given its non-recurring nature.
25. The Receipts and Payments Account captures transactions of both revenue and capital nature.
- Sol. True,** This account encompasses all receipts and payments, regardless of whether they are of revenue or capital nature.

MULTIPLE CHOICE QUESTIONS

1. Scholarship granted to students out of specific funds provided by Government will be debited to **(ICAI Study Material)**
- (a) Income and Expenditure Account.
 (b) Receipts and payments Account.
 (c) Funds granted for Scholarship account.
 (d) None of the three.

Sol. (c) Funds granted for Scholarship account.

2. In case of NPO, excess of total assets over liabilities is known as **(ICAI Study Material)**
- (a) Profits. (b) Surplus.
 (c) Capital Fund. (d) Accumulated Fund.

Sol. (c) Capital Fund.

3. General donations and legacies are credited to **(ICAI Study Material)**
- (a) Receipts and Payments Account.

(b) *Income and Expenditure Account.*

(c) *Capital Fund.*

(d) *Fund Account.*

Sol. (b) *Income and Expenditure Account.*

4. *Interest on prize funds is*

(ICAI Study Material)

(a) *Credited to Income and Expenditure Account.*

(b) *Credited to Receipts and Payments Account.*

(c) *Capital Fund.*

(d) *Added to prize fund.*

Sol. (d) *Added to prize fund.*

5. *Special aids are*

(ICAI Study Material)

(a) *Treated as capital receipts.*

(b) *Treated as revenue receipts.*

(c) *Added to Capital Fund.*

(d) *Both (a) and (c).*

Sol. (d) *Both (a) and (c).*

