





















# Financial Statements of NON-Profit Organization

Concepts - 100%

+

3-4 Ques



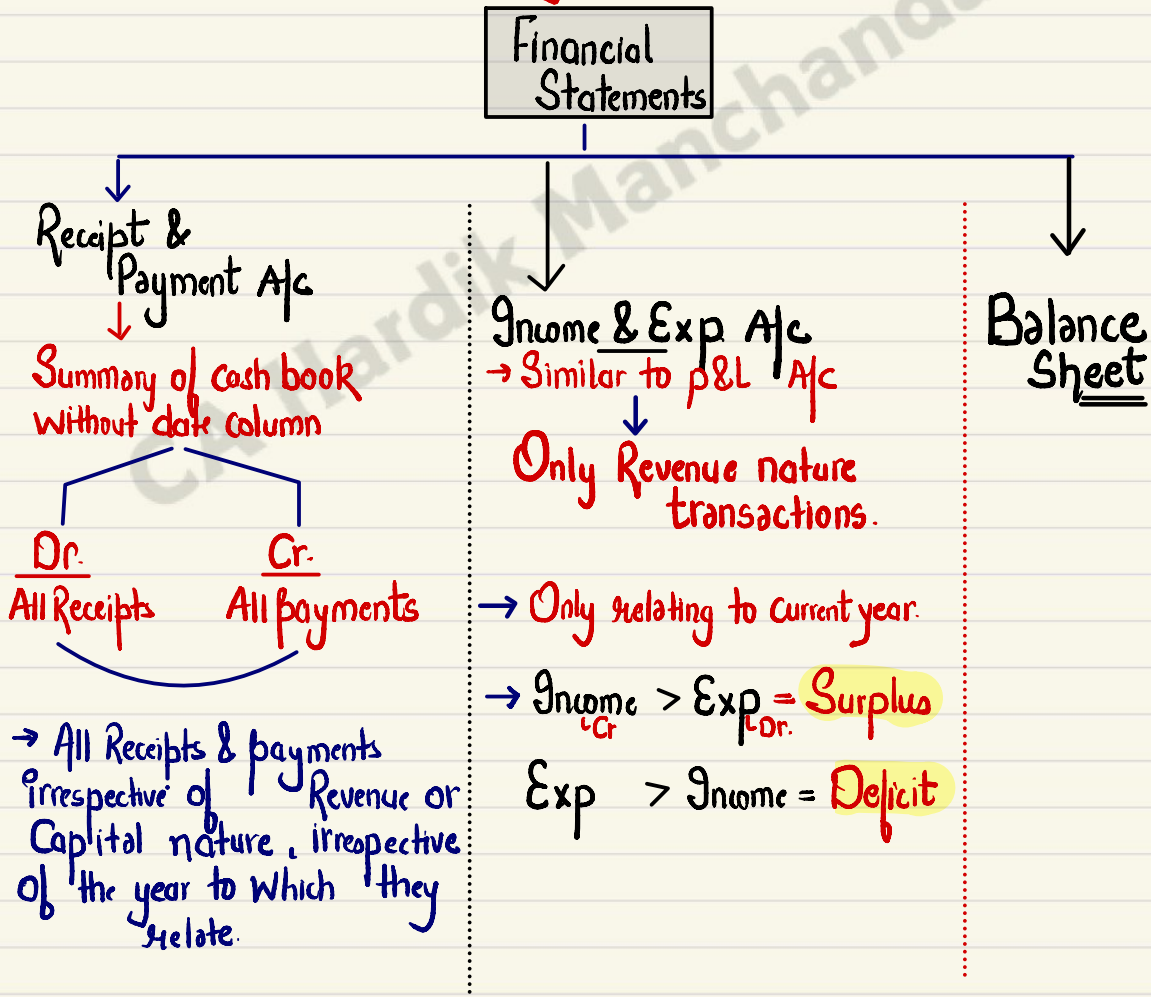


# Non-Profit Organisation

Section 8 of Co. Act 2013

Welfare

Intention : Motive behind NPO is to render services to the society or members.



## → Main Sources of Income

1. Donation
2. Subscription - Regular Income
3. Entrance fees - Admission fees
4. Lifetime Membership fees
5. Govt grant
6. Legacy

## → Expense Amt to be debited to Income & Exp A/c.

2022-23	Salary paid	-	₹240.000
1.4.21	31.3.23		
<u>closing</u>	- Prepaid salary as on	—	( ₹40.000 )
	31.3.23		
<u>closing</u>	O/s salary as on 31.3.23	-	+ ₹ 20.000

Debited to Income & Exp A/c ₹220.000

2023-24      Salary paid -      ₹280,000

closing Prepaid salary as on 31.3.24 -      ( ₹10,000 )

closing o/s salary as on 31.3.24 -      + ₹25,000

open { Prepaid salary as on 1.4.23 -      + ₹40,000

o/s salary as on 1.4.23 -      ( ₹20,000 )

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Exp Dr to Income & Exp A/c      ₹315,000

Prepaid Exp - Opening balance - Paid during the PY  
↳ Plus      Exp related to CY

- Closing balance - Paid during the CY  
↳ Minus      Exp not related to CY

O/s Exp - Opening balance - Paid during the CY  
↳ Minus      Expense of PY

Closing balance - Expense related to CY  
↳ Plus      Not paid during CY

ILLUSTRATION 3

21-22

1/4/22 - 31/3/22

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

		1/4/21 ✓	₹	
Salaries unpaid on 31st March,	2021		(1,400)	23200
" pre-paid on "	1/4/21 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.

Ans:

	₹
Salary paid during theyear	23000
Add: Salary prepaid as on 31/3/21	400
Salary o/s as on 31/3/22	1800
less: Salary o/s as on 31/3/21	(1400)
Salary prepaid as on 31/3/22	(600)
Salary to be Dr. to Income & Exp A/c	23200

# Subscription

Amt contributed by members on a regular basis  
↓  
L → Revenue Nature → Cr. to Income & Exp A/c

Eg-1	Sub. received during 23-24	-	₹ 200,000
	O/s Sub. for the year 23-24	-	+ ₹ 20,000
	Adv. Sub. received during the year	-	( ₹ 30,000 )
	Cr. to Income & Exp A/c		<u>₹ 1,90,000</u>

Eg-2	Sub. received during 24-25	-	₹ 300,000
	O/s Sub. for the year 24-25	-	+ ₹ 10,000
	Adv. Sub. received during the year	-	( ₹ 150,000 )
	O/s Sub. as on 1.4.24	-	( ₹ 20,000 )
	Adv. Sub. as on 1.4.24	-	+ ₹ 30,000
	Cr. to Income & Exp A/c.		<u>₹ 305,000</u>

11/4/22 ✓ 31/3/22

Eg- Sub. received during the year 2022-23 - ₹300,000  
o/s Sub as on 31st Mar, 2023 - cl. - + ₹ 20,000 ✓  
Adv. Sub as on 31st Mar, 2023 - cl. - ( ₹ 10,000 )  
o/s Sub as on 31st Mar, 2022 - op bal. - - ₹ 15,000  
Adv. Sub as on 31st Mar, 2022 - + ₹ 8000

Cr. to Income & Exp A/c 303000

Subscription A/c

Dr.			Cr.
Particulars	₹	Part	₹
To o/s Subscription (op balance)	15000	By Adv. Subscription (op bal.)	8000 +
To Inc & Exp A/c	303000	By Bank A/c ✓	300.000
To Adv. Sub. (cl balance)	10,000	by o/s Sub. (cl. balance)	+ 20,000

ILLUSTRATION 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 31<sup>st</sup> March, 2022, subscriptions due but not received were ₹ 15,000. Advance subscription received for the year ending 31<sup>st</sup> March 2022 but pertaining to year 2023 amounted to ₹ 26,000. The Subscriptions received in advance for the year ending 31<sup>st</sup> March, 2021 includes ₹ 18,000 pertaining to year 2021-22. Show the subscription account in book of the society?

Sub. A/c

Part	₹	Part	₹
To o/s for 2021	20,000	By Adv. at the beg.	18,000
To 98% A/c	431,000	By Bank	4,50,000
To Adv. for 2023	<u>26,000</u>	by o/s for 2022	<u>15,000</u>

Total  
O/s Sub as on 31.3.24 - 15000  
+ 3000 = 18000

Eg- Sub. Received during the year 23-24 : ₹125000

Sub o/s for the year ended 31/3/24 : ₹15000 ✓

Sub o/s as on 31.3.23 : ₹12000

Total balance Lopbal

Adj: Amt Still in arrears for the year ended 31/3/2023: ₹3000

## Subscription A/c

Dr.

Part	₹	Part	₹
To O/s Sub in the beg. [Total o/s]	12000	By Bank	125000
To Income & Exp A/c [bal. fig]	131000	By <sup>o/s</sup> Sub at the end [Total o/s]	18000
	<u>          </u>		<u>₹3000+15000</u>

**Important :**

"as on" - balance existing on that particular date

"for the year" - Amt relating to that particular year

o/s as on 31/3/23



Eg:- Sub. received during the year ended 31/3/23: <sup>22-23</sup>

for the year ended 21-22 : 1600 ✓  
for the year ended 22-23 : 84,400  
for the year ended 23-24 : 3200 89200

→ Amt Still in Arrears <sup>21-22</sup> for the year ended 31/3/22 - ₹1800 ✓

O/s Sub <sup>22-23</sup> for the year ended 31/3/23 - ₹5600 ✓

→ O/s Sub <sup>✓</sup> as on 31/3/22 : 1600 + 1800 = 3400  
↓  
Total o/s Sub - 31/3/22

→ O/s Sub <sup>✓</sup> as on 31/3/23 = 5600 + 1800 = 7400 → Balance Sheet Asset  
Total

### Subscription A/c

To o/s in the beg.	3400		
To Income & Exp	90,000	By Bank	89200
To Adv. at the end	<u>3200</u>	by o/s Sub at the end	<u>7400</u>

Eg:- Sub. received during the year ended 31/3/23:

for the year ended 21-22 : 1600  
for the year ended 22-23 : 84,400  
for the year ended 23-24 : 3200      89200

→ Amt Still in Arrears for the year ended 31/3/22 - ₹1800

O/s Sub as on 31st Mar. 2023 - ₹5600  
Total

Subscription A/c

To o/s in the beg.	3400		
To Income & Exp	88200	By Bank	89200
To Adv. at the end	<u>3200</u>	by o/s Sub at the end	5600

1] o/s Sub as on 31.3. 2022 - 12000

2] o/s Sub as on 31.3.23 - 135000  
    ↳ for the year

750,000 - Income

Eg - There are 500 members & annual sub. is ₹1500 per member.

Amt received during the year ended 31/3/23

✓ for the year ended 31/3/22 : 12000  
 for the year ended 31/3/23 : 615000  
 for the year ended 31/3/24 : 18000  
645000

a) Sub. Income for 22-23 :  
 $\rightarrow 500 \times 1500$   
 $= ₹750,000$  - इतने मिलने चाहिये

b) o/s Sub as on 31.3.22 - ₹12000

c) o/s Sub. as on 31.3.23 - 750,000 - 615,000  
for the year ended = ₹135,000 ✓

ILLUSTRATION 7

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

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

Subscription A/c

Dr			Cr
To o/s in the beg	45000	By Adv in beg.	30000
To Income & Exp	367500	By Bank	410000
To Adv at end	62000	by o/s at the end (bal fig)	34500
			=
		↓	
		o/s as on	
		for the year ✓	

During the year ended 31st March, 2022, Sachin Cricket Club received subscriptions as follows:

For year ending 31st March, 2021	₹ 12,000 PY
For year ending 31st March, 2022	6,15,000 CY ← o/s for the
For year ending 31st March, 2023	18,000 NY
Total	6,45,000

There are 500 members and annual subscription is ₹ 1,500 per member. 150,000

On 31st March, 2022, a sum of ₹ 15,000 was still in arrears for subscriptions for the year ended 31st March, 2021.

Ascertain the amount of subscriptions that will appear on the credit side of Income and Expenditure Account for the year ended 31st March, 2022. Also show how the items would appear in the Balance Sheet as on 31st March, 2021 and the Balance Sheet as on 31st March, 2022.

→ o/s as on 31/3/21

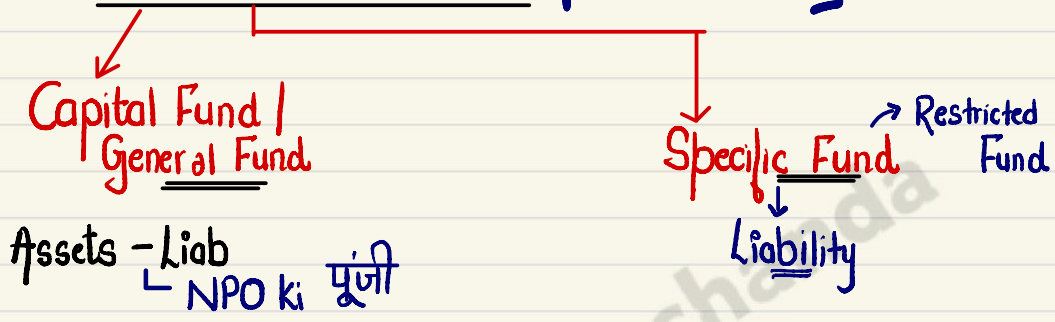
Balance Sheet (extract)  
as on 31st Mar 21

Liab	₹	Assets	₹
		o/s Sub (12000 + 18000)	21000

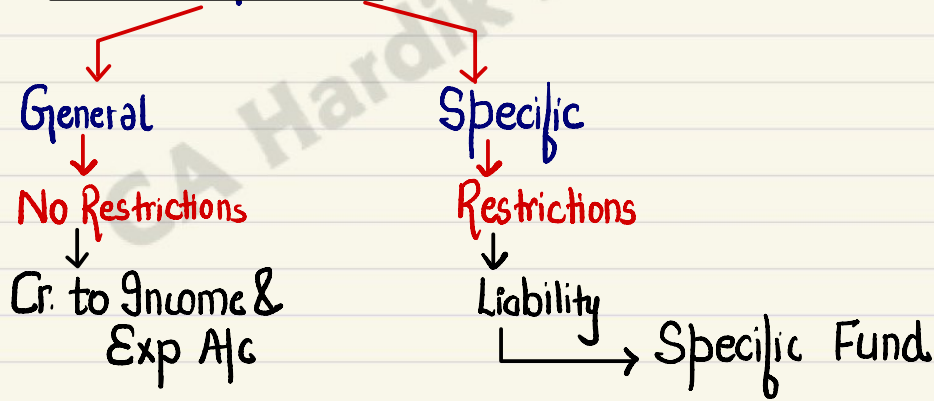
Balance Sheet (extract)  
as on 31st Mar 22

Liab	₹	Assets	₹
Adv Sub	18000	O/s sub (135000+18000)	150,000

# FUND-BASED ACCOUNTING



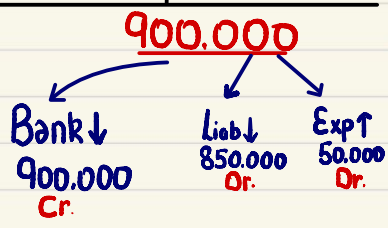
## → DONATION



Balance Sheet  
as on 31.3.24

Liab	₹	Assets	₹
<u>TOURNAMENT Fund</u>		Tournament fund Inv.	100,000
Donation - 1,00,000		Bank	120,000
Add: Interest 25,000		[10,00,000 - 100,000	
[20,000 + 5,000]		+ 20,000 - 200,000]	
Less: Tournament (200,000)		Accrued Int	5,000
expenses	82,500		

Eg- Tournament Fund  
Op bal - 82,500  
Sale of tournament tickets - 25,000 ₹  
Tournament exp - ₹900,000



Balance Sheet

<u>Tournament Fund</u>			
Op bal - 82,500			
+ Sale of tickets 25,000			
Less: Tournament (850,000)			
exp	NIL		

Excess ₹50,000 will be debited to G&E A/c



ILLUSTRATION 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 31 <sup>st</sup> 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

Balance Sheet  
as on 31.3.2022

Liab	₹	Assets	₹
<u>Match Fund</u>			
op bal - 30,000			
+ Donation 55,000	105,000		
+ Sale of tick 20,000			
- Exp (105,000)	NIL		

Income & Exp A/c  
for the year ended 31st Mar 22

Exp	₹	Income	₹
To Match exp	50,000		

→ Asset Creation Fund ✓

↓  
Building Fund

1. Donation Received : ₹50,00,000

Bank A/c Dr. 50,00,000  
To Building Fund 50,00,000

2. Investment out of Building Fund - ₹50,00,000

Building Fund Inv. Dr. 50,00,000  
To Bank 50,00,000

3. Int received from BFI - ₹20,00,000

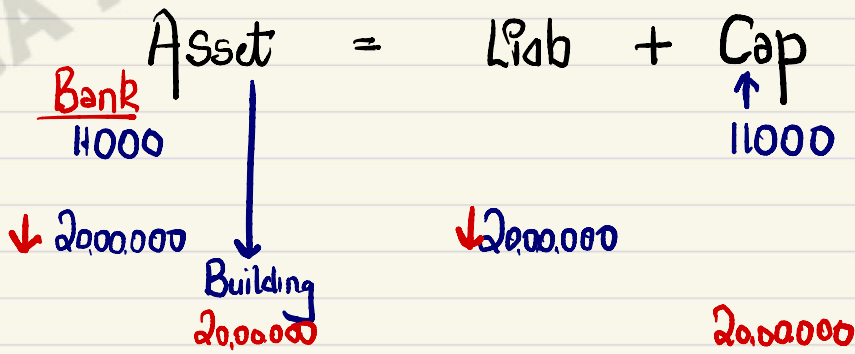
Bank A/c Dr. 20,00,000  
To Build. fund A/c 20,00,000

4. Exp. incurred for construction of Building - ₹20,00,000

→  
Building Fund Dr 20,00,000 - Liab ↓  
Building WIP Dr 20,00,000 - Asset ↑  
To Bank 20,00,000 - Asset ↓  
To Cap fund 20,00,000 - Cap Fund ↑

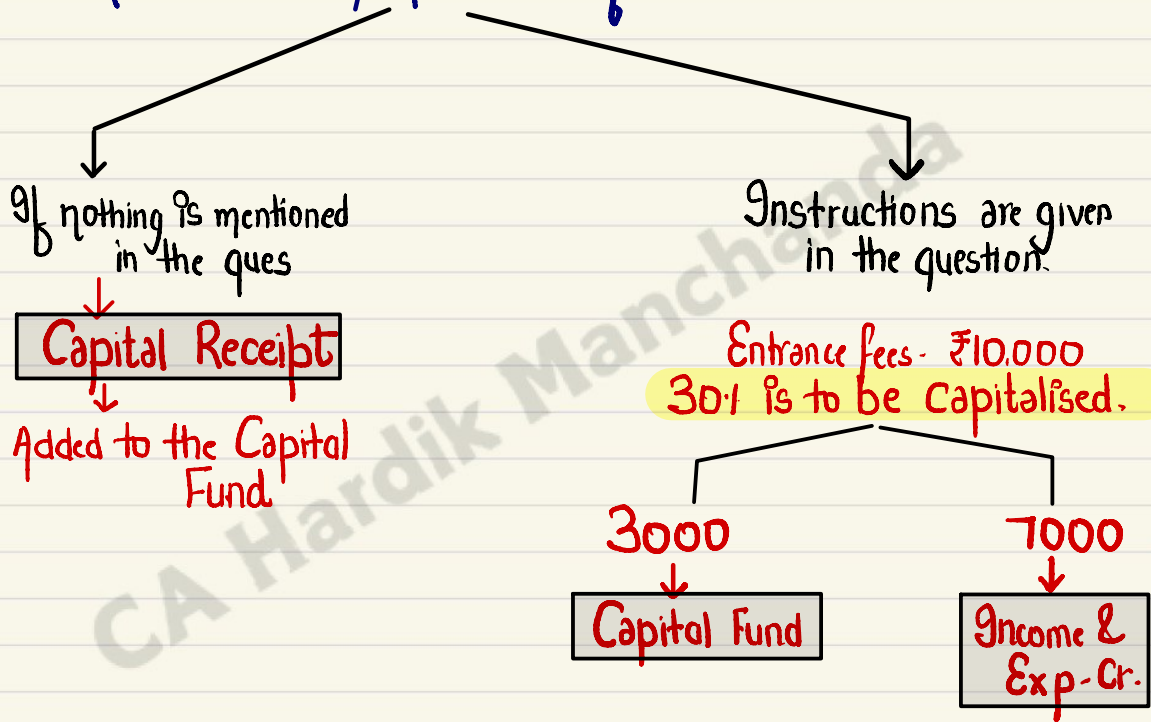
Balance Sheet  
as on ..

Liab	₹	Assets	₹
<u>Capital Fund</u> Add: tlf from BF - 2000.000		<u>Bank</u> [50.00.000 - 500.000 + 20.000 - 20.00.000]	
<u>Building Fund</u> Donation - 5000.000 + Int 20.000 (- Exp (2000000))		<u>Build. fund Inv</u> <u>Building WIP</u>	500.000 2000000

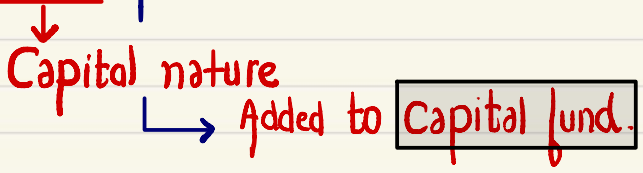


Important Adj

1. Entrance Fees / Admission fees



2. Life Membership Fees



3. Legacy - Amt received by NPO as per the will of a deceased person.



Will - Donate to NPO

↓  
Capital Nature

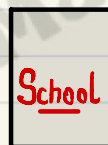
↓  
Capital Fund

4. Endowment Fund



₹10,00,000

↳ Restrictions

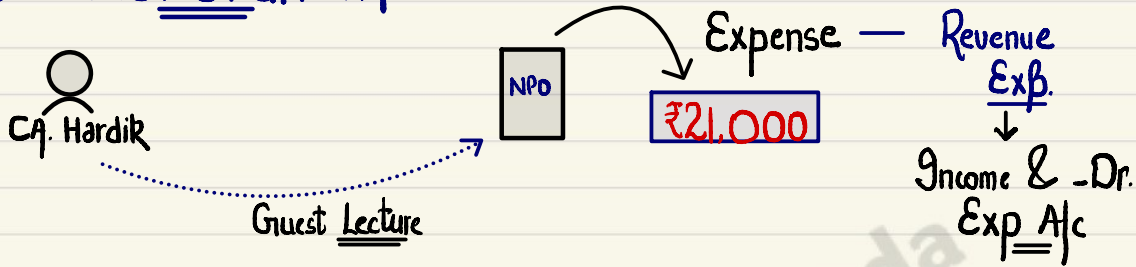


→ Rent 10,000 pm.  
↳ ₹120,000 pa.

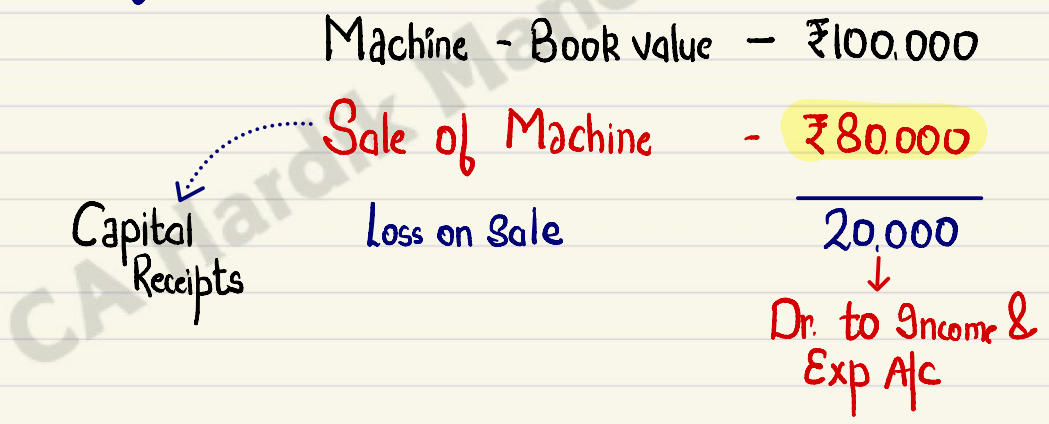
→ Investment  
@12% p.a.  
→ ₹120,000

→ Donation received & income from that donation can be used for specific purpose.

## 5. Honorarium



## 6. Sale of Fixed Assets



## → Cost of Material Consumed

1/4/23 - ₹10,000  
Purchased during the year - ₹80,000 } 90,000  
31/3/24. (₹5000) → Balance Sheet  
85000 - Dr. to Income & Exp

- Sports Equipment - Fixed Asset eg. Cricket Bat
- Sports Material - eg. Cricket ball, etc.

## \* Cost of Material Consumed

→ op. stock + Purchases - closing stock

↓  
Cash

↓  
Credit

↳ prepare Creditor A/c

Eg-

- Op stock of Medicines - ₹10,000 ✓
- Op bal. of Creditors - ₹90,000
- Cash purchases - ₹2,50,000 ✓
- Cl. stock of Medicines - ₹150,000 ✓
- Cl. bal. of Creditors - ₹130,000 ✓
- Amt paid to Creditors - ₹ 50,000

WN

Creditors A/c ✓

		Cr.	
To Bank A/c	50,000	by bal b/d	90,000
To bal c/d	<u>130,000</u>	by purchases A/c	<u>90,000</u>

Cost of Medicines Consumed =  $10,000 + 250,000 + 90,000 - 150,000$   
 $\Rightarrow ₹200,000$



→ Preparation of Income & Exp A/c  
from Receipts & Payment A/c

Receipt & Payment A/c

Income & Exp A/c

- |   |                      |        |                    |
|---|----------------------|--------|--------------------|
| - | Op balance           | .....→ | X                  |
| - | Revenue nature items | .....→ | ✓                  |
|   | Capital nature items | .....→ | X                  |
| - | Previous year items  |        | X                  |
|   | Current year items   | .....→ | Current year items |
|   | Next year items      |        | X                  |
- + Adjustment
- O/s Exp
  - Non cash items
  - Accrued income

→ Balance Sheet

Capital Fund

	Op balance	x x x	Calculation from op balance Asset - Liab.
Add:	Surplus	x x x	
	Deficit	(x x x)	
Add:	Capital Receipts	x x x	
	- Entrance fees		
	- Life Memb. fees		
	Closing balance	<u>x x x</u>	

PQ-3

Summary of receipts and payments of Bombay Medical Aid society for the year ended 31.12.2022 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:

	1.1.2022	31.12.2022
Subscription due ✓ o/s	1,500	2,200
Subscription received in advance	1,200	700
Stock of medicine ✓ Cost of MC	10,000	15,000
o/s Amount due for medicine supply - Creditors	9,000	13,000 ✓
Value of equipment	21,000 ✓	30,000 ✓
Value of building ✓	50,000	Dep 48,000

You are required to prepare receipts and payments account and income and expenditure account for the year ended 31.12.2022 and balance sheet as on 31.12.2022.

↳ op Cap fund

WN op bal sheet  
Sub. ✓

WN Investment = x

$$x \times \frac{9}{100} = 9000$$
$$x = 100.000$$

Dr.	Receipt & Payment A/c		Cr.
Receipt	₹	Payment	
To bal bld	8000	By Creditors	30.000
To Sub.	50.000	By sp Eq.	15000
To Donation	15000	By Honorarium	10.000
To Int on Inv	9000	By Salaries	28000
To Charity sh.	12500	By Sundry exp	1000
		By charity sh.	1500
		by bal cld	9000
	<u>          </u>		<u>          </u>

Income & Exp A/c  
for the year ended ..

Exp	₹	Income	₹
To Cost of Med. cons.	29000	By Sub (WN2)	51200
To Dep on Sp Eq.	6000	By Donation	15000
To Dep on Build (50,000 - 48000)	2000	By Int	9000
To Honorarium	10,000	by ch:sh coll	12500
To Salary	28000		
To Sundry exp	1000		
To charity sh	1500		
To Surplus	10200		
	<u>          </u>		<u>87100</u>

Balance Sheet  
as on 31.12.2022

Liab.	₹	Assets	₹
Cap Fund		o/s Sub	2200
op bal - 180300		CL st of Med.	15000
+ Surplus - 10200	190500	Sp Eq.	30.000
Adv Sub.	700	Build.	48000
Creditors	13000	Invatment	100.000
		Cash in hand	9000
	<u>204200</u>		<u>204200</u>

WN1

# Balance Sheet

as on 1.01.2022

Liab.	₹	Assets	₹
Cap fund	180300	Cash in hand	8000
		o/s sub	1500
Adv sub	1200	Opst of Medicine	10.000
Creditors	9000	Sp Eq.	21000
		Buil.	50.000
		Inv.	100.000
			<hr/>

WN2

## Subscription A/c

To o/s in the beg.	1500	By Adv in the beg..	1200
to Income & Exp	51200	By Bank	50,000
To Adv at the end	<u>100</u>	by o/s at the end	<u>2200</u>

WN3

Creditors A/c

to Bank	30.000	by bal b/d	9000
to bal c/d	<u>13000</u>	by purchases (bal. fig)	<u>34000</u>

Cost of Med. Consumed = Op st + Purch - cl. st  
= 10.000 + 34000 - 15000  
= 29000

WN4

Sports Equipment A/c

Dr. ↑

Cr

To bal b/d	21000	By Dep (bal. fig)	6000
to Bank	<u>15000</u>	by bal c/d	<u>30.000</u>



PYQ  
June 24

Similar  
to Q11.9

20,000  
Income  
30,000  
Cap fund

The Receipts and Payments Account of Vandana Sports Club for the year ended 31<sup>st</sup> March, 2024 are as follows:

Receipts and Payments Account

Receipts	Amount (₹)	Payment	Amount (₹)
To Balance b/d		By Salaries ✓	1,55,000
Cash in hand 5,200		By Rent & Electricity	69,750
Cash at Bank 35,500	40,700	By Library Books	10,500
To Subscriptions	2,95,000	By Newspaper & Magazines	16,600
To Entrance fees	50,000	By Sports Equipment	28,500
To Miscellaneous Income	19,850	By Sundry Expenses	71,050
To Interest on Investments	8,000	By Balance c/d	
		Cash in hand 8,750	
		Cash at Bank 53,400	62,150
	4,13,550		4,13,550

A/c

Details of other assets and liabilities are furnished as follows:

Particulars	31 <sup>st</sup> March 2023 (₹)	31 <sup>st</sup> March 2024 (₹)
Salaries Outstanding ✓	10,200	12,400
Outstanding Rent & Electricity	6,500	7,600
Investment (8% Govt. Bonds) - 8000	1,00,000	1,00,000
Interest Accrued on Bonds	2,000	2,000
Subscription receivable	18,700	20,600
Subscription received in advance	7,000	8,400
Furniture ✓	65,500	
Sports Equipment ✓	41,500	
Library Books	22,000	

Bal.

Bal. Ass.

op + Purch - Dep = cl.  
+ 28500 - 10500 = cl.

The closing values of furniture and sports equipment are to be determined after charging depreciation at 10% and 15% respectively inclusive of 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 31<sup>st</sup> March, 2024 was ₹ 30,000. 60% of the Entrance fee is to be capitalized.

Lcl. value. cl. bal

You are required to prepare:

- (i) Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2024
- (ii) Balance Sheet as on 31<sup>st</sup> March, 2024

(12 Marks)

Int Rec- 8000  
(-) Int acc- beg (2000)  
+ Int acc- end 2000  
CY Int- 8000

## CA Foundation - Accounts

၅

## Balance Sheet

as on 31st March, 2021

[illegible]

[illegible]

[illegible]

CA Foundation - Accounts

<u>WN1</u>	<u>Salaries</u>	<u>Rent</u>
Amt paid	155000	69150
Add: o/s at the end		
less: o/s at the beg		

<u>WN2</u>	<u>Subscription A/c</u>

WN3

<u>WN4</u>		Library <u>Books</u>	
To bal b/d	<sup>op</sup> 22000	by Dep	2500
To Bank	10300		<sup>Exp</sup>
		by bal c/d	<sup>cl</sup> 30.000

→ Preparation of Receipt & Payment A/c  
from Income & Exp A/c

Eg - Rent for the year - ₹20,000  
O/s at the beginning - ₹5000 + ✓  
O/s at the end - ₹4000 -

Rent paid 21000

1. Expense paid - xxx  
Add: O/s at the end. xxx  
Adv. at the beg xxx  
Less: O/s at the beg (xxx)  
Adv. at the end (xxx)  
Current year Exp xxx

1. Current year Exp xxx  
Add: O/s at the beg. xxx  
Adv. at the end xxx  
Less: O/s at the end (xxx)  
Adv at the beg (xxx)  
Expense paid xxx

Similar Ques in  
Nov 22, Dec 21

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

cl. B/s  
Liab.

CY Exp

Cy paid

Cap fund

Cap fund x

L Rec.

L Rs

L Rec

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.

op B/s  
cl. B/s

The Club owned a freehold 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.

op bal - Liab

Receipts & Payment A/c  
for the year ended

Dr			Cr
Receipts	₹	Payment	₹
to bal b/d [op bal]		By Salaries [ CY exp - 4750 + o/s at beg - 400 - o/s at end (450) ]	4700
		By Gen Exp (500 + 60) Lcl b/s- Asset	560
		By Audit fees	200
		by bal c/d	



## Balance Sheet

as on 31.12.22

Liab	₹	Assets	₹
CA Hardik Manchanda			

as on 1.1.2022

Liab	₹	Assets	₹
CA Hardik Manchanda			

WN2

Sub. A/c


WN3

Sp. Equipment

fb bal b/d	2600	By Dep	300
fo Bank	400		
LR&PA/c		by balcd	2700
	<u>3000</u>		<u>3000</u>

100% Concepts ✓