

Practice Test-3 (Subjective)

Sampurna June 2024

Accounting

Non-Profit Organisation

Q1 The Income and Expenditure Account of City Sports Club for the year ended 31st March, 2019 was as follows:

Expenditures	₹	Incomes	₹
To Salaries	1,20,000	By Subscription	1,60,000
To Printing and Stationery	6,000	By Entrance Fees	10,000
To Rent	12,000	By Contribution for Annual Dinner	20,000
To Repairs	10,000		
To Sundry Expenses	8,000	By Profit on Annual Sports meet	20,000
To Annual Dinner Expenses	30,000		
To Interest to Bank	6,000		
To Depreciation on Sports Equipment	6,000		
To Excess of Income over Expenditure	12,000		
	2,10,000		2,10,000

The above account had been prepared after the following adjustments:

	₹
Subscription outstanding on 31.03.2018	12,000

Subscription received in advance on 31.03.2018	9,000
Subscription received in advance on 31.03.2019	5,400
Subscription outstanding on 31.03.2019	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 ₹ 2,00,000. 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.

Q2 From the following information supplied by M.B.S. Club prepare Receipts and Payments Account and Income and Expenditure Account for the year ended 31st March 2019.

	01.04.2018 ₹	31.03.2019 ₹
Outstanding subscription	1,40,000	2,00,000
Advance Subscription	25,000	30,000
Outstanding Salaries	15,000	18,000
Cash in Hand and at	1,10,000	??



Bank		
10% Investment	1,40,000	70,000
Furniture	28,000	14,000
Machinery	10,000	20,000
Sports Goods	15,000	25,000

Subscription for the year amount to ₹3,00,000.
Salaries paid ₹60,000. Face value of the Investment was ₹1,75,000, 50% of the Investment was sold at 80% of Face Value. Interest on Investments was received ₹14,000.

Furniture was sold for ₹ 8000 at the beginning of 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



Answer Key

Q1 Receipts and Payments account for the year ended 31.03.2019

Receipts	₹	Payments	₹
To balance b/d (balancing fig)	27,800	By Salaries (WN 2)	1,18,000
To Subscriptions (WN 1)	1,53,400	By Printing & Stationery	6,000
To Entrance Fees	10,000	By Rent	12,000
To Annual Dinner Receipts	20,000	By Repairs	10,000
To Profit on Annual Sports Meet	20,000	By Sundry Expenses (₹ 8,000+ ₹ 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: Opening Balance (WN 4)	2,34,800	Freehold Ground	2,00,000
	2,46,800		

Add: Surplus			
12,000			
Bank Loan	40,000	Sports Equipment	54,000
Subs. Received in Advance	5,400	Subscription Receivable	15,000
Salary Outstanding	10,000	Prepaid Insurance	1,200
		Cash in Hand	32,000
	3,02,200		3,02,200

Working Notes:

• Subscription Account

Dr.

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To balance b/d (Receivables)	12,000	By Balance c/d (Received in Advance)	9,000
To Income & Expenditure A/c (Subscription Income for the year)	1,60,000	By Cash/Bank A/c (Received balancing fig.)	1,53,400
To Balance c/d	5,400	By balance c/d	15,000
	1,77,400		1,77,400

• Salary A/c

Dr.

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)



To Bank A/c (Paid: Bal. fig.)	1,18,000	By Outstanding balance b/f	8,000
To Outstanding balance c/f	10,000	By Income & Expenditure A/c (Salaries for the year)	1,20,000
	1,28,000		1,28,000

3. Sports Equipment A/c

Dr.

Cr.

Particulars	Amount (₹)	Particulars	Amount (₹)
To Balance b/d	52,000	By Depreciation A/c	6,000
To Bank A/c Purchase (Balancing Figure)	8,000	By Balance c/d	54,000
	60,000		60,000

4. Balance Sheet

as at 01.04.2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund (Balancing Fund)	2,34,800	Freehold Ground	2,00,000
Bank Loan	40,000	Sports Equipments	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

Q2 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 Investment A/c (iii)	70,000	By Salaries A/c	60,000
To Interest on Investments A/c	14,000	By Machinery A/c (Purchased)	10,000
		By Sports Goods A/c (Purchased)	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

Particulars	₹	Particulars	₹
To Salaries A/c	60,000	By Subscription A/c	3,00,000
Add: O/s at the end	18,000	By Interest on Investment A/c	14,000
Less: O/s in the beg. (15,000)	63,000	(iv)	
To Sports Expenses A/c	50,000		
To Rent A/c	22,000		
Add: O/s at the end	2,000		
To Miscellaneous Expenses A/c	5,000		
To Depreciation A/c			
Furniture	1,400		
Machinery	1,500		
Sports Goods	2,250		
	5,150		
To Loss on Sale of Furniture A/c (ii)	6,000		
To Surplus (Transferred to Capital Fund)	1,60,850		
	3,14,000		3,14,000

Working Notes: (i)

Subscription Account

Particulars	₹	Particulars	₹
To Outstanding Subscription A/c (at the beg.)	1,40,000	By Advance Subscription A/c (at the beg.)	25,000
To Income and Expenditure A/c to Advance Subscription A/c (at the end)	3,00,000	By Cash/Bank A/c (bal. figure)	2,45,000
	30,000	By Outstanding Subscription A/c (at the end)	2,00,000
	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

$$\text{Loss on sale of Furniture} = ₹14,000 - ₹8,000 = ₹6,000$$

(iii) Sale Value of Investment

$$= 1,75,000 \times 50\% = 87,500 \text{ (Face Value)}$$

$$= 87,500 \times 80\% = 70,000$$

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 investments of **₹14,000** is the interest of the year.



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