

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.

Financial Statements

Receipt & Payment A/c

Summary of cash book without date column

Dr.
All Receipts

Cr.
All payments

→ All Receipts & payments irrespective of Revenue or Capital nature, irrespective of the year to which they relate.

Income & Exp A/c
→ Similar to p&L A/c

Only Revenue nature transactions.

→ Only relating to current year.

→ $Income_{Cr} > Exp_{Dr} = \text{Surplus}$

$Exp > Income = \text{Deficit}$

Balance Sheet

→ 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		
1.4.21	31.3.23	Salary paid -	₹240.000
closing		- Prepaid salary as on 31.3.23	(₹40.000)
<u>closing</u>		O/S salary as on 31.3.23 -	+ ₹ 20.000

Debited to Income & Exp A/c ₹2.20.000

1/4/22 - 31/3/22

ILLUSTRATION 3

21-22

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

	<u>o/s</u>	<u>1/4/21 ✓</u>	₹	
Salaries unpaid on <u>31st March,</u>		<u>2021</u>	(1,400)	23200
" <u>pre-paid on</u> " " "		<u>1/4/21</u> 2021	+ 400	
" <u>un-paid on</u> " " "		<u>2022</u>	+ 1,800	
" <u>pre-paid</u> " " "		<u>2022</u>	(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

Add: Salary prepaid as on 31/3/21
 Salary o/s as on 31/3/22

less: Salary o/s as on 31/3/21
 Salary prepaid as on 31/3/22

Salary to be Dr. to Income & Exp A/c

₹
23000
400
1800
(1400)
(600)
23200

Subscription

↓
 Amt contributed by members on a regular basis
 ↳ 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		₹ 1,90,000

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	-	(₹ 15,000)

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.		₹ 305,000
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11/4/22 ✓ 31/3/20

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.	₹	Part	Cr.
Particulars			₹
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)	+ <u>20,000</u>

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 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?

Sub. A/c

Part	₹	Part	₹
To o/s for 2021	20,000	By Adv. at the beg.	18,000
To 9&E A/c	4,31,000	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 Total

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 o/s Sub at the end (Total o/s)	18000 <u>(3000+15000)</u>
	<u> </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

22-23

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 ²¹⁻²² 31/3/22 - ₹1800 ✓

O/s sub for the year ended 31/3/23 - ₹5600
22-23 LCY

→ O/s sub as on 31/3/22 : 1600 + 1800 = 3400
 ↓
 Total o/s sub - 31/3/22

→ O/s sub 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 :
↳ 500×1500
= ₹750,000 - इतने Milne chahiye

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 ✓	

CA Foundation - Accounts

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 year - 138000
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 + 13000)	25000

Balance Sheet (extract)
as on 31st Mar 22

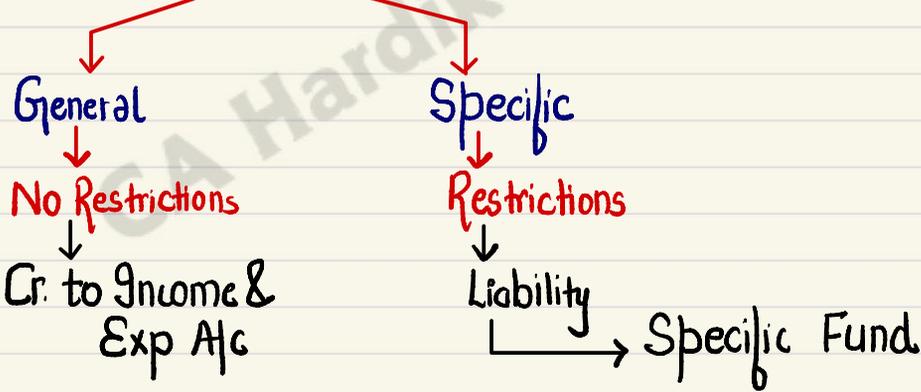
Liab	₹	Assets	₹
Adv Sub	18000	O/s sub (135000 + 18000)	150,000

CA Hardik Manchanda

FUND-BASED ACCOUNTING



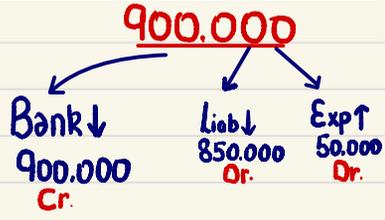
→ DONATION



Balance Sheet as on 31.3.24

Liab	₹	Assets	₹
		Tournament fund Inv.	700.000
		Bank	120.000
		[10.00.000 - 700.000 + 20.000 - 200.000]	
		Accrued Int	5000
<u>Tournament Fund</u>			
Donation - 1000.000			
Add: Interest 25000			
[20000 + 5000]			
Less: Tournament expenses (200000)	825000		

Eg- Tournament Fund
 op bal - 825000
 Sale of tournament tickets - 25000 ₹
 Tournament exp - ₹900.000



Balance Sheet

<u>Tournament Fund</u>			
Op bal - 825000			
+ Sale of tickets 25000			
Less: Tournament exp (850.000)	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 st 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	105000		
+ Donation 55,000			
+ 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	5000		

→ 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

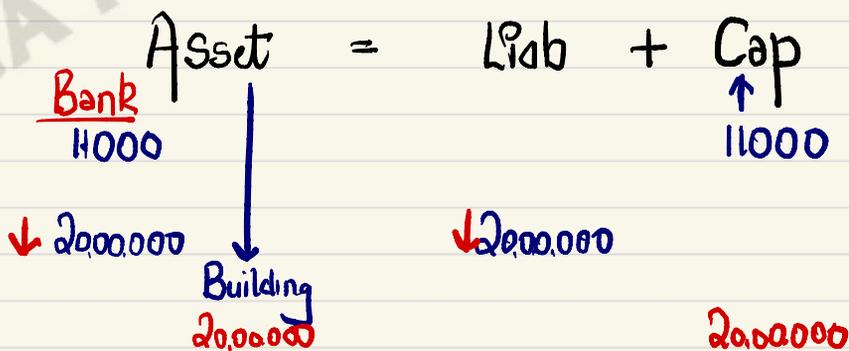
Bank A/c Dr. 20,00,000
To Build. fund A/c 20,00,000

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 ↑

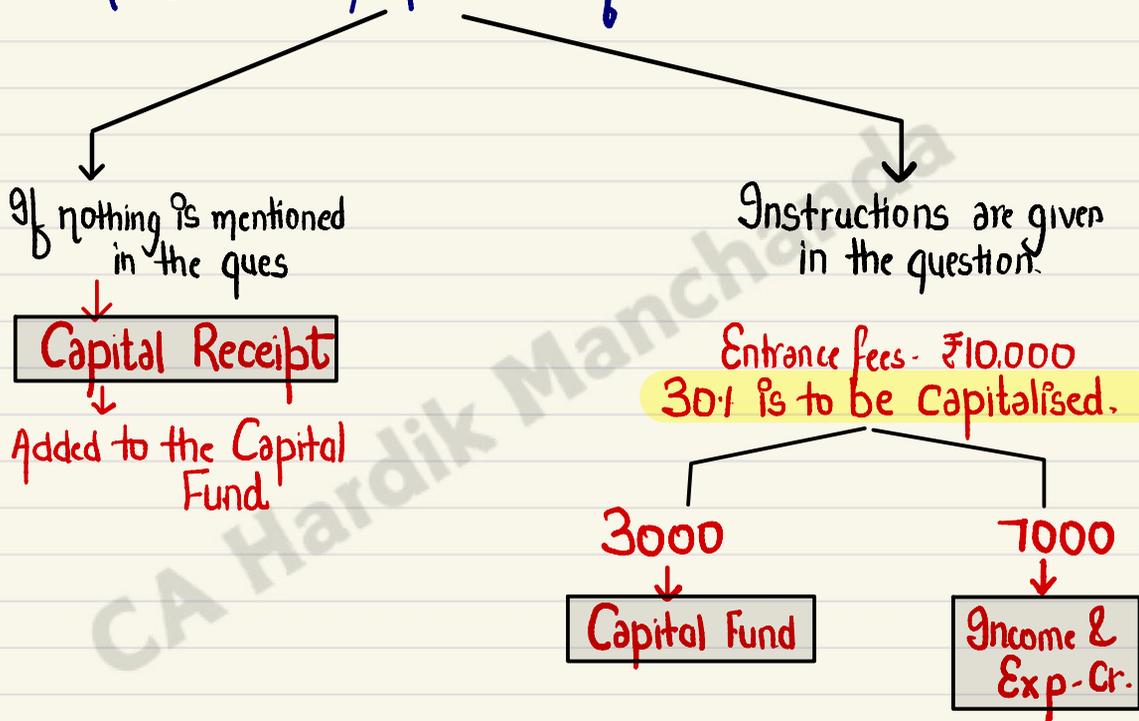
Balance Sheet as on ..

Liab	₹	Assets	₹
<u>Capital Fund</u> Add: t/f from BF - 2,00,000		<u>Bank</u> [50,00,000 - 500,000 + 20,000 - 20,00,000]	
<u>Building Fund</u> Donation - 5,00,000 + Int 20,000 (-) Exp (2,00,000)		Build. fund Inv Building WIP	500,000 2,00,000



Important Adj

1. Entrance Fees / Admission fees



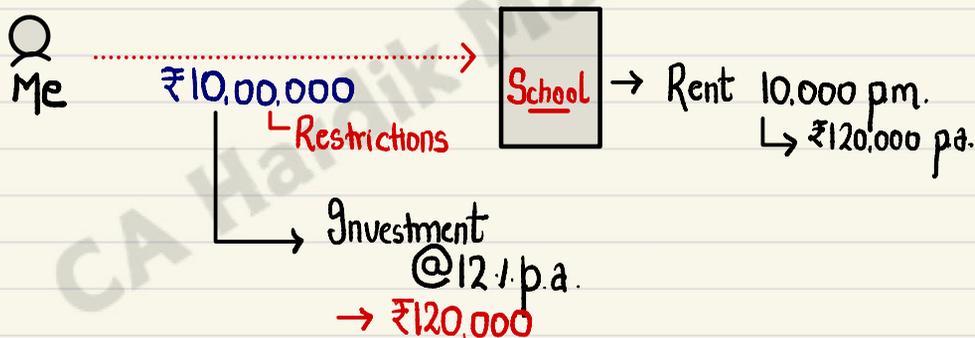
2. Life Membership Fees



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

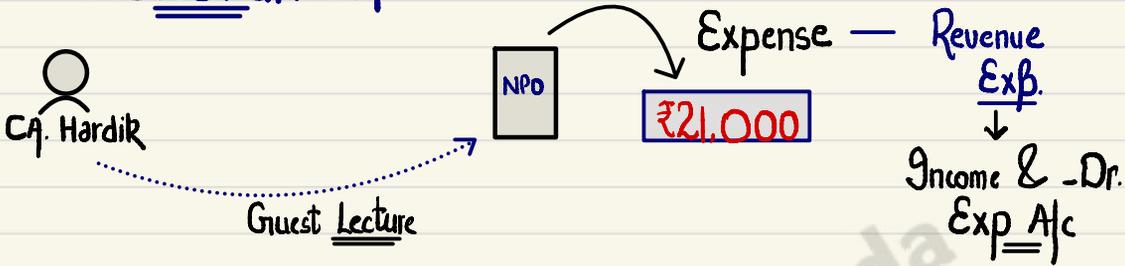


4. Endowment Fund

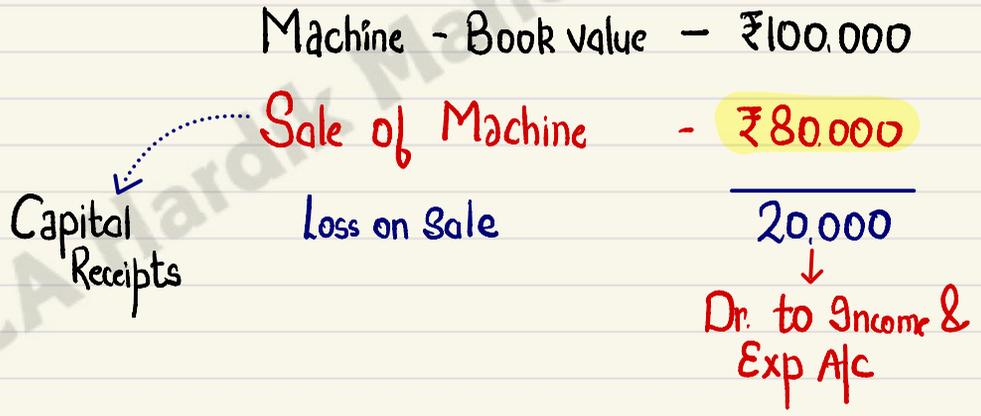


→ Donation received & income from that donation can be used for specific purpose.

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

$$\text{Cost of Medicines Consumed} = 10,000 + 250,000 + 90,000 - 150,000$$

$$\Rightarrow ₹200,000$$

→ 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	
Add:	Surplus	x x x	
	Deficit	(x x x)	
Add:	Capital Receipts	x x x	
	- Entrance fees		
	- Life Memb. fees		
	Closing balance	x x x	

Calculation from
Op balance
Asset - Liab.

CA Harsh Chandra

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. ₹ 9,000, 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	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

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

$$x = 100.000$$

Receipt & Payment A/c

Dr.				Cr.
Receipt	₹	Payment		
To bal b/d	8000	By Creditors	30000	
To Sub.	50000	By sp Eq.	15000	
To Donation	15000	By Honorarium	10000	
To Int on Inv	9000	By Salaries	28000	
To Charity sh.	12500	By Sundry exp	1000	
		By charity sh.	1500	
		by bal d/d	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
		by ch:sh call	12500
To Honorarium	10,000		
To Salary	28000		
To Sundry exp	1000		
To charity sh	1500		
To Surplus	10200		
	87100		87100

Balance Sheet

as on 31.12.2022

Liab.	₹	Assets	₹
Cap Fund		O/s Sub	2200
op bal - 180300		CL st of Med.	15000
+ Surplus - <u>10200</u>	190500	Sp Eq.	36000
Adv Sub.	700	Build.	48000
Creditors	13000	Investment	100000
		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
Adv Sub	1200	o/s sub	1500
Creditors	9000	Opst of Medicine	10.000
		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>700</u>	by o/s at the end	<u>2200</u>

WN3

Creditors A/c

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

$$\begin{aligned}
 \text{Cost of Med. Consumed} &= \text{Op st} + \text{Purch} - \text{cl. st} \\
 &= 10.000 + 34000 - 15000 \\
 &= 29000
 \end{aligned}$$

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	30.000

CA Foundation - Accounts

PYQ
June 24

The Receipts and Payments Account of Vandana Sports Club for the year ended 31st 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 A/c
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

Similar to Q11.9

20,000 share
30,000 cap fund

Details of other assets and liabilities are furnished as follows:

Particulars	31 st March 2023 (₹)	31 st March 2024 (₹)
Salaries Outstanding ✓	10,200	12,400 Bal.
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 Bal. Ass.
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	

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 31st March, 2024 was ₹ 30,000. 60% of the Entrance fee is to be capitalized.

Cl. value. cl. bal

You are required to prepare:

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

(12 Marks)

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

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

WN3

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

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

Eg - Rent for the year - ₹20,000
 o/s at the beginning - ₹5,000 + ✓
 o/s at the end - ₹4,000 -

Rent paid 21,000

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 ✓	CY Exp ✓	500	By Entrance Fees ✓		250
To Audit Fee ✓		250	By Contribution for		1,000
To Secretary's Honorarium ✓	Cy paid ✓	1,000	annual dinner		
To Stationery & Printing ✓		450	By Annual Sport meet		750
To Annual Dinner Expenses ✓		1,500	receipts		
To Interest & Bank Charges ✓		150			
To Depreciation		300			
To Surplus	Cap fund	600			
		9,500			9,500

cl. B/s
Liab.

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.

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.

op B/s
cl. B/s

op bal - Liab

Required cl.

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

Receipts & Payment A/c for the year ended

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

Cl. b/s- Asset

WN2

Sub. A/c

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WN3

Sp. Equipment

To bal b/d	2600	By Dep	300
To Bank LR&PA/c	400	by bal c/d	2700
	3000		3000

100% Concepts ✓