

# NCERT SOLUTIONS

CLASS - 12th



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Class : 12th

Language : English

Chapter : 1

Chapter Name : Not for profit Organisation

Q1 State the meaning of Not-for-Profit Organisations?

Answer. Not-for-Profit Organisations are those organisations which operate for the welfare of the society or for charitable purposes and not for profit motive. These organisations are set up by getting permission from the Central government and are generally set up to promote science, culture, religion, education, etc.

Page : 47 , Block Name : Short Answer Questions

Q2 State the meaning of Receipt and Payment Account?

Answer. Receipt and Payment account is a summary of all cash and bank transactions. It shows a summarized picture of all the receipts and payments of an organization for the given period, irrespective of the fact whether they belong to current year, previous year or succeeding year and also whether they are of revenue or capital nature. It is simply like a cash A/c which records all cash transactions on cash basis rather than on an accrual basis.

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Q3 State the meaning of Income and Expenditure Account?

Answer. It is an account which records all the expenses and income of revenue nature of the organisation. It records all the expenses and losses of the current period in the expenditure side of the account and all the incomes and gains in the income side of the account. The balancing figure shows the net operating result in the form of surplus or deficit which is transferred to the capital fund in the balance sheet.

Page : 47 , Block Name : Short Answer Questions

Q4 What are the features of Receipt and Payment Account?

Answer. Features of Receipt and Payment Account are-

- It is the summary of cash book. All the cash and bank receipts are recorded in the debit side and all cash and bank payments are recorded in the credit side of receipt and payment account.
- It shows total receipts and payments for the given period, irrespective of the fact whether such receipts or payments belong to the previous year, current year or future years.
- It includes items of both revenue and capital nature.
- It excludes non cash items like depreciation, provisions, etc.
- It follows cash basis of accounting.
- It has an opening as well as closing balance. Opening balance represents cash in hand or bank or overdraft in the beginning of the year and closing balance represents cash in hand or bank or overdraft at the end of the financial year.

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Q5 What steps are taken to prepare Income and Expenditure Account from a Receipt and Payment account?

Answer. Following are the steps taken to prepare Income and Expenditure Account from a Receipt and Payment Account:

- Go through the Receipt and Payment account thoroughly.
- Exclude the opening and closing cash balance as they are not income or expenditures.
- Exclude the capital receipts and capital payments as they are not included here. They are to be shown in the balance sheet.
- Consider all the revenue receipts and revenue expenses and record it in the income side and expenditure side of the Income and Expenditure Account respectively. While considering revenue expenses and income make necessary adjustments and exclude the amount relating to previous or succeeding year and include only the amount relating to the current year.
- Also, Consider the non cash items which were not included in the Receipt and Payment Account such as depreciation.

- At last determine the surplus or deficit of the current year which will be the balancing figure.

Page : 47 Block Name : Short Answer Questions

Q6 What is subscription ? How is it calculated?

Answer. The membership fees paid by the members of Not for Profit Organisation annually is known as subscription. This is one of the main sources of income for such organisations. Subscription received from the members is shown as receipt in the Receipt and Payment Account and as income in the Income and Expenditure Account in a given period.

Subscription of the current year is calculated as follows:

Particulars	Amount (in Rs.)
Amount of Subscription received in the current year	XXX
<i>Add:</i> Subscription outstanding for the current year, yet to be received.	XXX
<i>Add:</i> Subscription received in advance in previous year, for the current year.	XXX
<i>Less:</i> Subscription outstanding for the previous year, received in the current year.	XXX
<i>Less:</i> Subscription received in advance in current year, for next year.	XXX
Subscription for the given period (to be taken to Income & Expenditure Account)	XXX

Page : 47 , Block Name : Short Answer Question

Q7 What is Capital Fund? How is it calculated?

Answer. The funds raised by a non profit organisation through various sources is credited to capital fund. The excess of assets over liabilities is termed as 'Capital Fund' or 'Accumulated

Fund' or 'Corpus Fund' or a 'General Fund' which is similar to capital account of a trading concern. It includes life membership fees, donations, surplus etc.

Capital Fund is calculated by deducting the amount of liabilities from the value of the total assets of the Non-Profit organization.

Page : 47 , Block Name : Short Answer Questions

Q1 Explain the statement 'Receipt and Payment Account is a summarized version of cash Book.'

Answer.

- Nature : Receipt and Payment Account is prepared on the basis of all the cash or bank receipts and all the cash or bank payments made in the current year irrespective of the fact whether they pertain to the previous year, current year or succeeding year in a similar way like a cash book is prepared. It follows cash basis of accounting.
- Nature of transactions recorded: Both Receipt and Payments account and Cash book records only cash items i.e. cash receipts and cash payments .It excludes all non cash items like depreciation, provisions, etc.
- Capital and revenue items : Both receipt and payment account and cash book records cash receipts and payment of revenue as well as capital nature.
- Purpose : The cash book help us in ascertaining the total cash receipts and payments of a particular financial year of a profit seeking organisation. Similarly, Receipt and Payment account is prepared to find the total of cash receipts and cash payments made in a financial year, of a not for profit organisation.
- Opening and closing balance : Receipt and payment account as well as Cash Book has opening as well as closing balance showing cash in hand or bank or overdraft in the beginning and at the end of a particular financial year respectively.

Page : 48 , Block Name : Long Answer Questions

Q2 'Income and Expenditure Account for a Not-for Profit Organisation is a kin to profit and loss account for a business concern.' Explain the statement.

Answer.

- Nature: Income and Expenditure Account is a nominal account which records the income and expenditure to ascertain the surplus or deficit of the accounting year of a Not-for-Profit Organisation. Similarly all the business concerns prepare Profit and Loss Account which includes all the expenses and income of a particular year so as to ascertain the net profit or net loss of the business for the same year.
- Basis of recording : Both Income and Expenditure account and Profit and Loss account are prepared on the accrual basis of accounting. They include items of only revenue nature and excludes that of capital nature. They also include non cash items like depreciation.
- Period:Both the accounts are prepared on accrual basis .It includes items pertaining to the current year and excludes items belonging to previous year or next year.
- Adjustments: Since both the accounts are prepared on the accrual basis, necessary adjustments must be made, to exclude the items of previous or next year. Expenses outstanding of the current year and paid in advance for the current year must be added to the respective account and expenses of previous year or next year must be deducted. In a similar manner incomes should also be adjusted.

Page : 48 , Block Name : Long Answer Questions

Q3 Distinguish between Receipt and Payment Account and Income and Expenditure Account.

Answer.

Basis of difference	Receipt and Payment Account	Income and Expenditure Account
Meaning	It is an account which includes all the cash or bank receipts and payments of the organisation.	It is an account which records all the incomes or gains and the expenses of the organization.
Nature	It is a summary of cash book.	It is similar to Profit and Loss account.
Time Period	It records receipts and payments made in the current year irrespective of the fact whether it belongs	It includes income and expenditure only of current year and excludes that of

	to the previous year, current year or future years.	previous or succeeding year.
Basis of accounting	It follows cash basis of accounting.	It follows accrual basis of accounting.
Nature of items	It includes items of both revenue or capital nature.	It includes items of revenue nature only.
Debit and credit	On the debit side, it records all the cash receipts. On the credit side, it records all the cash payments.	On the debit side, it records all the expenses and on the credit side, all the income and gains are recorded.
Non cash items	It excludes non cash items like depreciation.	It includes non cash items like depreciation.
Opening and closing balance	Opening balance represents cash in hand or at bank in the beginning of the year. Closing balance represents cash in hand or bank balance at the end of the year.	It has no opening balance. Closing balance represents net surplus or deficit of the particular financial year.

Page : 48 , Block Name : Long Answer Questions

Q4 Explain the basic feature of Income and Expenditure Account and Receipt and Payment Account.

Answer. Basic feature of Income and Expenditure Account are –

- Meaning and nature: It is a nominal account which records income and expenditure of the not for profit organisation of a particular financial year in the credit and debit side of the account respectively.
- Basis: It is prepared on the accrual basis of accounting. Thus it includes expenses and income only of current year and excludes that of previous year or next year.

- Nature of items: It includes expenses and incomes of revenue nature only and excludes that of capital nature . It includes both cash and non cash items.
- Similar to profit and loss account: Income and expenditure account of a not for profit organisation is a kin to profit and loss account of any profit seeking organisation.
- Adjustments are considered: Since it is prepared on accrual basis of accounting, it needs to make certain adjustments so as to exclude items belonging to previous year or next year and include the items outstanding or accrued of the current year.
- Balancing figure : It has no opening balance. Closing balance represents the net surplus or deficit of the particular financial year which is the balancing figure.

Basic feature of Receipt and Payment Account are-

- Meaning: It records all the cash or bank receipts on the debit side and all the cash or bank payments on the credit side so as to ascertain the total cash receipts and cash payments made in a particular year of a not for profit organisation.
- Similar to cash book: It is the summarized form of the cash book which records all cash and bank transactions in the particular accounting period.
- Basis of accounting: It records receipts and payments received in the current year irrespective of the fact to which year it belongs. It is prepared on cash basis of accounting.
- Nature of items: It includes receipts and payments of both revenue and capital nature. It excludes non cash items like depreciation.
- Opening and closing balance: It has an opening as well as closing balance which represents cash in hand or bank in the beginning and at the end of the year respectively.

Page : 48 , Block Name : Long Answer Questions

Q5 Show the treatment of the following items by a not-for-profit organization.

- i) Annual Subscription
- ii) Specific Donation
- iii) Sale of fixed assets
- iv) Sale of old periodicals
- v) Sale of Sports material
- vi) Life membership fee

Answer. i) Annual Subscription: Subscription received annually is shown in the receipt side of the receipt and payment account and subscription of the particular year is shown in the Income



and Expenditure Account. Subscription outstanding of current year is added to subscription in the income side of income and expenditure account of the same year and is also shown in the asset side of the closing balance sheet. Subscription outstanding of previous year is deducted from the subscription received in the income side of the income and expenditure account and is shown in the asset side of opening balance sheet. Similarly subscription received in advance for the next year is deducted from the subscription received in the current year and is shown in the liabilities side of the closing balance sheet. Subscriptions received in advance in previous year is added to the subscription received in the current year and shown in the liabilities side of opening balance sheet.

ii) Specific Donation: Specific Donation is capitalized and shown in the liabilities side of balance sheet. The amount received is also shown in the receipt side of receipt and payment account.

iii) Sale of fixed assets: The receipt amount from sale of fixed assets is shown in the Receipt column of receipt and payment account. The gain or loss are shown in the Income or expenditure column of Income and Expenditure Account respectively. The cost of the asset sold is deducted from the particular asset sold and the value so ascertained is recorded in the asset side of closing balance sheet.

iv) Sale of old periodicals: It is shown in the income side of Income and Expenditure Account. The amount received on such sale is recorded in the receipt side of receipt and payment account.

v) Sale of Sports Material: It is shown in the income side of Income and Expenditure Account. The amount received from the sale of sports material is recorded in the receipt side of receipt and payment account.

vi) Life membership: It is credited directly to the capital fund in the balance sheet. The amount of life membership fee received is shown in the receipt side of receipt and payment account.

Page : 48 , Block Name : Long Answer Questions

Q6 Show the treatment of items of Income and Expenditure Account when there is specific fund for those items.

Answer. There are various specific and general sources of receipts like donations, subscriptions, government grants, etc. in a not for profit organisation. Specific sources are used for certain specific purpose. For example, if a donation is received for construction of buildings, then this donation is a specific donation and thereby can only be used for construction of the building. These specific receipts are not considered as revenue income and thus we do not record them in the Income and Expenditure Account of an NPO. These are included in the liabilities side of the balance sheet as these amounts are received for a particular purpose and cannot be used for any other purpose. On the other side , if we invest these amounts outside

the organisations (in the form of shares, debentures, etc.), then these are called funds like, match funds, prize fund, etc. Now ,If income is earned from investment on such funds, it is added to the respective fund and if the expenses are incurred on such special purpose for which fund is created , it is deducted from the respective special fund account. Let us understand this with an example, if match fund is created for Rs. 1000 and there are match expenses of Rs 5000 and sale of match tickets of Rs. 6000. Here, match expenses will be deducted from the match fund and the income earned from sale of match tickets will be added to it. The balance amount will appear on the liabilities side of Balance Sheet as here receipts were more than expenses. In case, if the related expenses exceed the related receipts of the fund, then the difference is shown in the income and Expenditure Account.

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Q7 What is receipt and payment account? How is it different from Income and Expenditure Account?

Answer. Receipt and Payment Account is an account which records all the receipts and payments of cash or bank account made in a particular year irrespective of the fact to which year it belongs i.e. previous year, current year or future years.

It is different from Income and Expenditure Account on the following basis:

Basis of difference	Receipt and Payment Account	Income and Expenditure Account
Meaning	It is an account which includes all the cash or bank receipts and payments of the organisation.	It is an account which records all the incomes or gains and the expenses of the organisation.
Nature	It is a summary of cash book.	It is a kin of Profit and Loss account.
Time Period	It records receipt and payments made in the current year irrespective of the fact whether it belongs	It includes income and expenditure only of current year and excludes that of previous or succeeding year.

	to the previous year, current year or future year.	
Basis of accounting	It follows cash basis of accounting.	It follows accrual basis of accounting.
Nature of items	It includes items of both revenue or capital nature	It includes items of only revenue nature.
Debit and credit	On debit side it records all the cash receipts. On credit side it records all the cash payments.	On debit side it records all the expenses and on credit side all the income and gains.
Non cash items	It excludes non cash items like depreciation.	It includes Non cash items like depreciation.
Opening and closing balance	Opening balance represents cash in hand or at bank in the beginning of the year. Closing balance represents cash in hand or bank balance at the end of the year.	It has no opening balance. Closing balance represents net surplus or deficit of the particular financial year.

Page : 48 , Block Name : Long Answer Question

Q1 From the following particulars taken from the cash book of a health club, prepare Receipts and Payment Account.

Particulars	Amount
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Opening Balance :	
Cash in Hand	5000
Cash at Bank	25000
Subscriptions	165000
Donations	35000
Investment Purchased	80000
Rent Paid	20000
General Expenses	21500
Postage and Stationary	2000
Courier charges	1000
Sundry Expenses	2500
Closing cash in hand	12000

Answer.

### Receipts and Payments Account

Dr for the year ending.. Cr

Receipts	Amount	Payments	Amount
To Balance b/d:		By Investment A/c	80000

Cash in Hand	5000	By Rent A/c	20000
Cash at Bank	25000	By General expenses A/c	21500
To Subscriptions A/c	165000	By Postage and stationary A/c	2000
To Donations A/c	35000	By Courier charges A/c	1000
		By Sundry expenses A/c	2500
		By Balance c/d :	
		Cash in hand	12000
		Cash at bank (balancing figure)	91000
	<u>230000</u>		<u>230000</u>

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Q2 The Receipt and Payment Account of Harimohan charitable institution is given:

Dr                      Receipts and Payment Account for the year ending March 31,2015                      Cr

Receipts	Amount	Payments	Amount
Balance b/d :		Furniture	3000
Cash at bank	22000	Investments	55000

Cash in hand	8800	Advance for building	20000
Donations	32000	Charities	60000
Subscriptions	50200	Salaries	10400
Endowment Fund	60000	Rents and Taxes	4000
Legacies	24000	Printing	1000
Interest on Investment	3800	Postage	300
Interest on Deposits	800	Advertisements	1100
Sale of old newspapers	500	Insurance	4800
		Balance c/d :	
		Cash at Bank	32000
		Cash in hand	10500
	<b><u>202100</u></b>		<b><u>202100</u></b>

Prepare Income and Expenditure Account for the year ended 31 March, 2015 after considering the following:

- i) It was decided to treat fifty percent of the amount received on account of legacies and donations as income.
- ii) Liabilities to be provided for are: Rent Rs 800; Salaries Rs 1200; Advertisements Rs 200.
- iii) Rs 2000 due for interest on investment was not actually received.

Answer.

## Income and Expenditure Account

Dr

for the year ending 31 March,2015

Cr

Expenditure	Amount	Income	Amount
To Rent 400		By Legacies 24000	
Add: Rent Outstanding <u>800</u>	4800	- Capitalised (12000)	12000
To Salaries 10400		By Donations 32000	
Add: Salaries Outstanding <u>1200</u>	11600	. - Capitalised (16000)	16000
To Advertisement 1100		By interest on investment 3800	
Add: Outstanding advertisement <u>200</u>	1300	Add: interest Outstanding <u>2000</u>	5800
To charities	60000	By Subscriptions	50200
To Printing	1000	By interest on deposits	800
To Postage	300	By Sale of Old Newspapers	500
To Insurance	4800		
To surplus (Balancing Figure)	1500		
	<b><u>85300</u></b>		<b><u>85300</u></b>

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Q3 From the following particulars, prepare Income and Expenditure Account:

Details	Amount ( Rs )
Fees collected, including Rs 80000 on account of previous year	520000
Fees for the year outstanding	30000
Salary paid including Rs 5000 on account of previous year	68000
Salary outstanding at the end of the year	3000
Entertainment expenses	8000
Tournament expenses	25000
Meeting expenses	18000
Travelling expenses	7000
Purchase of books and periodicals including Rs 31000 for purchase of books	40000
Rent	15000
Postage, telegrams and telephones	6000
Printing and Stationary	18000
Donation received	25000

Answer.

Dr

Income and expenditure Account

Cr.



for the year ending...

<b>Expenditure</b>	<b>Amount</b>	<b>Income</b>	<b>Amount</b>
To Salary            68000 Less: salary Outstanding of Previous year : 5000 Add: Salary Outstanding of current year: <u>3000</u>	66000	By fees                520000 Less: fees outstanding of previous year: (80000) Add: fees outstanding for current year: <u>30000</u>	470000
To Entertainment expenses	8000	By Donation	25000
To Tournament expenses	25000		
To Meeting expenses	18000		
To Travelling expenses	7000		
To Rent	15000		
To Postage and telegram	6000		
To printing and Stationary	18000		
To Purchase of periodicals (40000 – 31000)	9000		
To Surplus ( balancing figure)	323000		
	<b><u>495000</u></b>		<b><u>495000</u></b>

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Q4 Following is the information given in respect of certain items of a sports club. Show these items in the Income and Expenditure Account and Balance sheet of the club:

	Amount (Rs)
Sports fund as on 1.04.2015	35000
Sports fund investment	35000
Interest on sports fund	4000
Donations for sports fund	15000
Sports prizes awarded	10000
Expenses on sports events	4000
General fund	80000
General fund investments	80000
Interest on general fund investment	8000

Answer.

Income and Expenditure A/c

For the year ending .....

Dr.

Cr.

Expenditure	Amount ₹	Income	Amount ₹

		By interest on general fund investment	8000
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## Balance Sheet

as on...

Liabilities		Amount	Assets		Amount
Sports fund	35000		Sports Fund Investment	35000	
Add: Interest	4000				
Add: Donation	<u>15000</u>				
	54000				
Less: Sports prizes awarded (10000)					
Less : Expenses	<u>(4000)</u>	40000			
General Fund		80000	General Fund Investment		80000

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Q5 How will you deal with the following items while preparing for the Bombay Women Cricket Club its Income and Expenditure Account for the year ending 31.03.2017 and its balance sheet as on 31.03.2017.

	Particulars	Amount (Rs)

a)	Donation received during the year for the construction of a permanent pavilion  Expenditure incurred up to 31.03.2017 on its construction  The total estimated expenditure on the construction of Pavilion being	1225000  1080000  2500000
b)	Tournament fund :  Balance as on 1.04.2016  Subscription for tournament received during the year  Expenditure incurred during the year	10700  65800  72400
c)	Life membership fee received during the year	28000

Give reasons for your answers.

Answer. a)

Donation received for the pavilion= 1225000

Less: Expenditure incurred = 180000

Balance of pavilion fund = 145000

This balance of pavilion fund will appear on the liability side of the balance sheet as it is a special fund created for the construction of pavilion.

b) Tournament fund:

Opening Balance= 10700

Add: Subscriptions received= 65800

Less: Expenditure incurred = 72400

Balance of tournament fund= 4100

This balance of 4100 will be shown at the balance of tournament fund in the liability side of the balance sheet.

c) Life membership fee=28000

This will appear in liability side of the balance sheet as it is revenue of capital nature.

Bombay Women Cricket Club

Balance Sheet

as on 31.03.2017

Liabilities	Amount	Assets	Amount
Pavilion fund	145000		
Tournament fund	4100		
Life Membership Fee	28000		

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Q6 From the following receipts and payments and information given below, prepare Income and Expenditure Account and opening Balance Sheet of Adult Literacy Organisation as on December 31, 2017.

Receipts and Payment account

as on 31 December,2017

Receipts	Amount	Payment	Amount
Balance b/d:		General expenses	3200
Cash in hand	4000		

Cash at bank	15550		
Subscription:		Newspaper	1850
2016:           1200			
2017:           26500			
2018:           500	28200		
Sale of old newspapers	1250	Electricity	3000
Government grants	12000	Fixed deposit with bank on 31.06.2017 @10% p.a	18000
Sale of old furniture (book value 5000)	3700	Books	7000
Interest received on fixed deposit	450	Salary	3600
		Rent	6500
		Postage charges	300
		Furniture (purchased)	10500
		Balance c/d:	
		Cash in hand	3000
		Cash at bank	8200
	<b><u>65150</u></b>		<b><u>65150</u></b>

i) subscription outstanding as on 31.12.2016, Rs 2000 and on December 31,2017 Rs 1500.

ii) On December 31,2017 Salary outstanding Rs 600 and one month rent paid in advance.

iii) On January 01 ,2016 organization owned furniture of Rs 12000 and books Rs 5000.

Answer.

Opening Balance sheet

as on 01 January ,2017

Liabilities	Amount	Assets	Amount
Capital fund (balancing figure)	38550	Outstanding subscription	2000
		Furniture	12000
		Books	5000
		Cash in hand	4000
		Cash at bank	15550
	<u>38550</u>		<u>38550</u>

Income and Expenditure Account

Dr

as on 31 December ,2017

Cr

Expenditure	Amount	Income	Amount
To salary 3600	4200	By Subscription	26500
Add: salary outstanding <u>600</u>		Received for current year	

		(+) Outstanding for current year                      1500	28000
To rent                      6500 Less: prepaid rent <u>500</u>	6000	By sale of old newspapers	1250
To loss on sale of furniture	1300	By interest on investment 450 Add: Interest outstanding <u>450</u>	900
To general expenses	3200	By government grant	12000
To newspapers	1850		
To electricity	3000		
To postage charges	300		
To Surplus (balancing figure)	22300		
	<b><u>42150</u></b>		<b><u>42150</u></b>

Closing balance sheet

as on 31 December ,2017

Liabilities	Amount	Assets	Amount
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Advance Subscription (2018)	500	Outstanding Subscription: 2016: 800 2017: <u>1500</u>	2300
Outstanding salary	600	Advance rent	500
Capital fund 38550 Add: Surplus <u>22300</u>	60850	Books : 5000 Add: Purchase <u>7000</u>	12000
		Furniture	17500
		Outstanding Interest	450
		Fixed Deposit	18000
		Cash in hand	3000
		Cash at bank	8200
	<u>61950</u>		<u>61950</u>

Working Note:

1) Subscription A/c

Particulars	Amount ₹	Particulars	Amount ₹
To subscription Outstanding (2016) A/c	2000	By cash A/c	28200
To Income and Expenditure A/c	28000	By Subscription outstanding 2017	2300
To Subscription received in advance 2017	500		

	30500		30500
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**2) calculation of rent paid in advance:**

Rent of 13 months is given as = 6500

Thus rent of one month (6500/13) = 500

**3) Calculation of value of furniture on 31.12.17**

furniture as on 01.1.17 = 12000

Less: Sale of furniture = 5000

= 7000

Add: Purchase of furniture = 10500

Thus closing value of furniture = 17500

4) Interest on fixed deposit of 18000 @10% for 6 months = 900

Less: Interest received = 450

Outstanding interest = 450

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Q7 The following is the account of cash transactions of the Nari Kalayan Samittee for the year ended December 31, 2017:

Receipts	Amount	Payments	Amount
Balance from last year	2270	Rent	6600
Subscription	32500	Electric charges	3200

Life membership fees	3250	Lecturer's fee	730
Donation	2500	Office expenses	1480
Profit from entertainment	7250	Printing and stationary	1050
Sale of old books ( book value Rs 1000)	750	Legal fees	1870
Interest	350	Books	6500
		Furniture purchased	8600
		Expenses on nukkar drama	1300
		Cash in hand	8040
		Cash at bank	9500
	<b><u>48870</u></b>		<b><u>48870</u></b>

- a) Subscription still to be received are Rs 750 but subscription include Rs 500 for the year 2016.
- b) In the beginning of the year the Sangh, owned building Rs 20000, furniture Rs 3000 and books Rs 2000.
- c) Provide depreciation on furniture @5% (including purchase), books @10% and building@ 5%.

Answer.

Income and Expenditure Account

Dr

for the year ending 31 December, 2017

Cr

<b>Expenditure</b>	<b>Amount</b>	<b>Income</b>	<b>Amount</b>
To depreciation:		By Subscription	32750
Furniture:           580			
Building:           1000			
Books: <u>750</u>	2320		
To loss on sale of old books (1000 – 750)	250	By Donation	2500
To rent	6600	By Profit from entertainment	7250
To electric charges	3200	By interest	350
To lecturers' fee	730		
To office expenses	1480		
To Printing and stationary	1050		
To legal fees	1870		
To expenses on nukkar drama	1300		
To surplus ( balancing figure)	24040		
	<b><u>42850</u></b>		<b><u>42850</u></b>

Working Note:

**1. Calculation of depreciation:**

- Opening value of furniture = 3000
  - Add: Purchase = 8600
  - Value of furniture =11600
  - Depreciation on 11600 @5% = 580
- Depreciation on building of 20000 @5% = 1000
- Value of books as on 1 January 2017 = 2000
  - Less: sale of books =1000
  - 1000
  - Add: Books purchased =7500
- Now,
  - Depreciation on 7500 @10% = 750

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Q8 Following is the Receipt and Payment Account of Indian Sports club; prepare Income and Expenditure Account, Balance Sheet as on December 31, 2015.

Receipt and Payment Account

for the year ending December 31,2015

Receipt	Amount	Payments	Amount
Balance b/d	7890	Salary	11000
Subscriptions	52000	Electric charges	5500
Life membership fee	2200	Billiard table	17500
Entrance fee	3200	Office expenses	4100

Tournament fund	26000	Printing and stationary	2300
Locker rent	1250	Tournament Expenses	18500
Sale of old sports equipment (costing Rs 2200)	2500	Repair of ground	2000
Sale of old newspapers	750	Furniture purchased	7700
Legacy	37500	Sports equipment	12000
		Cash in hand	12690
		Cash at bank	10000
		Fixed Deposit (on 1.10.2017 for 10% p.a.)	30000
	<b><u>133290</u></b>		<b><u>133290</u></b>

Subscriptions Outstanding was on December 31 2016 Rs 1200 and Rs 3200 on 31 December 2017. Locker rent outstanding on December 31, 2017 Rs 250. Salary outstanding on December 31, 2017 Rs. 1000.

On January 1, 2017 club has building of 36000, furniture of 12000, sports equipment of 17500. Depreciation charged on these items @10% (including purchase).

Answer.

Balance sheet

as on 01.1.2017

Liabilities	Amount	Assets	Amount

Capital fund (balancing figure)	74590	Outstanding Subscription	1200
		Cash balance	7890
		Building	36000
		Furniture	12000
		Sports equipment	17500
	<b><u>74590</u></b>		<b><u>74590</u></b>

Dr

Income and Expenditure A/c

Cr.

For the year ended 31.12.2017

Expenditure	Amount	Assets	Amount
To salary 11000 Add: salary outstanding <u>1000</u>	12000	By subscriptions	54000
To depreciation: Building 3600 Furniture 1970 Sports equipment <u>2730</u>	8300	By locker rent 1250 Add: Outstanding rent <u>250</u>	1500
To electric charges	5500	By interest on fixed deposits @10 %	750
To office expenses	4100	By profit on sale of equipment	300

To printing and stationary	2300	By sale of old newspaper	750
To repair of ground	2000	By entrance fees	3200
To surplus (balancing figure)	26300		
	<b><u>60500</u></b>		<b><u>60500</u></b>

## Balance Sheet

as on 31.12.2017

Liabilities	Amount	Assets	Amount
Outstanding salary	1000	Outstanding subscription	3200
Tournament Fund 26000		Outstanding locker rent	250
Less: Tournament expenses <u>18500</u>	7500		
Capital fund 74590		Building 36000	
		Less: Depreciation: <u>3600</u>	32400
Add: Life membership fee 2200		Furniture 19700	
		Less: Depreciation <u>1970</u>	17730
Add: Legacy 37500		Sports equipment 27300	
		Less: Depreciation <u>2730</u>	24570
Add: Surplus <u>26300</u>	140590	Billiard Table	17500



		Fixed Deposit	30000	
		Add: Interest	<u>750</u>	30750
		Cash in hand		12690
		Cash at bank		10000
	<b><u>149090</u></b>			<b><u>149090</u></b>

Working Note:

1. Calculation of subscription for the year 2017:

Subscription received during the year = 5200

Less: Outstanding subscription of previous year = 1200

Add: Outstanding subscription of the year 2017 = 3200

Subscription of the year = 54000

2. Calculation of depreciation

· Building of 36000 @ 10% = 3600

· Value of furniture as on 31.12.17 = 12000 + 7700 = 19700

Depreciation on furniture @ 10% = 1970

· Sports equipment as on 1.1.17 = 17500

Less: Sale of equipment = 2200

Add: Purchase of equipment = 12000

= 27300

depreciation @10% on 27300 = 2730

3. Interest on fixed deposit of 30000 @10% for 3 months = 750

Page : 52 , Block Name : Numerical Questions

Q9 From the following receipt and payment Account of Jan Kalyan Club, prepare Income and Expenditure Account and Balance Sheet for the year ending March 31,2017.

## Receipt and Payment Account

Dr

for the year ending March 31,2017

Cr

Receipts	Amount	Payments	Amount
Cash in hand as on 1.4.16	6800	Salaries	24000
Subscriptions	60200	Travelling expenses	6000
Donations	3000	Stationary	2300
Sale of furniture ( Book value 6000)	4000	Rent	16000
Entrance fees	800	Repair	700
Life membership fees	7000	Books purchased	6000
Interest on investment @5% for full year	5000	Building purchased	30000
		Cash in hand as on 31.3.2017	1800
	<b><u>86800</u></b>		<b><u>86800</u></b>

Additional information:

	As on 01.04.2016	As on 31.03.2017
Subscriptions received in advance	1000	3200
Outstanding subscription	2000	3700
Stock of stationary	1200	800
Books	13500	16500
Furniture	16000	8000
Outstanding rent	1000	2000

Answer.

Balance Sheet

as on 01.04.2016

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Advance subscription	1000	Outstanding Subscription	2000
Outstanding rent	1000	Stock of Stationary	1200
Capital fund (balancing figure)	37500	Books	13500
		Furniture	16000
		Cash in hand	6800

	<b><u>39500</u></b>		<b><u>39500</u></b>
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## Income and Expenditure Account

Dr.

For the year ending 31.03.2017

Cr.

Expenditure	Amount	Income	Amount
To loss of stationary		By Subscription	59700
To depreciation on books		By donation	3000
To depreciation on furniture		By entrance fees	800
To rent	16000	By interest on investment	5000
Add: outstanding rent			
As on 31.3.2017	2000		
Less: Outstanding rent			
As on 1.4.2016	<u>1000</u>		
	17000		
To salaries	24000		
To travelling expenses	6000		
To repair	700		
To loss on sale of furniture	2000		
To surplus (balancing figure)	11100		
	<b><u>68500</u></b>		<b><u>68500</u></b>

Balance Sheet  
as on 31.03.2017

Liabilities	Amount	Assets	Amount
Advance subscription	3200	Outstanding Subscriptions	3700
Outstanding rent	2000	Stock of Stationary	800
Capital fund            37500		Books	16500
Add: Life membership fee 7000		Furniture	8000
Add: Surplus <u>11100</u>	55600		
		Building	30000
		Cash in hand	1800
	<b><u>60800</u></b>		<b><u>60800</u></b>

Working Note:

1. Calculation of subscription for the year:

Subscription received during the year = 60200

Add: Subscription in advance as on 1.4.2016 = 1000

Add: Subscription outstanding on 31.3.2017 = 3700

64900

Less: Subscription in advance as on 31.3.2017 = 3200

Less : Subscription as on 1.4.2016                    = 2000

59700

2. Opening stock of stationary	= 1200
Add: Purchases	= 2300
Less: Closing Stock	= <u>800</u>
Loss of stationary	= 2700

## 3. Depreciation on books:

Value of books as on 1.4.2016 = 13500

Add: Purchase of books = 6000

Less: Books as on 31.03.2017 = 16500

Depreciation = 3000

## 4. Depreciation on furniture:

Value of furniture as on 1.04.2016 = 16000

Less : Sale of furniture = 6000

Less: Value as on 31.03.2017 = 8000

Depreciation = 2000

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Q10 Receipt and Payment Account of Shankar Sports club is given below for the year ending March 31, 2017.

Receipt and Payment Account  
for the year ending March 31, 2017

Receipt	Amount	Payment	Amount
Opening cash in hand	2600	Rent	18000
Entrance fees	3200	Wages	7000
Donation for building	23000	Billiard table	14000
Locker Rent	1200	Furniture	10000
Life Membership fee	7000	Interest	2000
Profit from entertainment	3000	Postage	1000
Subscription	40000	Salary	24000
		Cash in Hand	4000
	<b>80000</b>		<b>80000</b>

Prepare Income and Expenditure Account and balance sheet with the help of following Information:

Subscription outstanding on March 31, 2016 is Rs 1200 and Rs 2300 on March 31, 2017. Opening Stock of postage stamps is Rs 300 and closing stock is Rs 200, Rent Rs 1500 related to 2015 and Rs 1500 is still unpaid. On April 1, 2016 the club owned furniture of 15000, furniture valued at Rs. 22500 on March 31, 2017. The club has a loan of 20000 @ 10% p.a in 2017.

Answer.

#### Balance Sheet

as on 1.4.2016

Liabilities	Amount	Assets	Amount
Outstanding rent	1500	Outstanding subscriptions	1200

Loan	20000	Postage stamps	300
		Furniture	15000
		Cash in hand	2600
		Capital fund (balancing figure)	2400
	<b><u>21500</u></b>		<b><u>21500</u></b>

## Income and Expenditure Account

Dr

for the year ending 31 March,2017

Cr

Expenditure	Amount	Income	Amount
To postage stamps	1100	By Subscriptions	41100
To rent	18000	By entrance fees	3200
Less: Outstanding rent of 2015	1500		
Add: Outstanding rent of 2017	<u>1500</u>		
	18000		
To depreciation on furniture	2500	By locker rent	1200
To interest on loan	2000	By profit from entertainment	3000
To wages	7000	By deficit ( balancing figure)	6100



To salary	24000		
	<b><u>54600</u></b>		<b><u>54600</u></b>

## Balance Sheet

as on 31 March, 2017

Liabilities	Amount	Assets	Amount
Outstanding rent	1500	Outstanding Subscription	2300
Loan	20000	Postage stamp	200
Capital fund (2400)		Furniture	22500
Add: Donation for building 23000		Billiard table	14000
Add: Life membership fees 7000		Cash in hand	4000
Less: Deficit <u>6100</u>	21500		
	<b><u>43000</u></b>		<b><u>43000</u></b>

Working Note:

1. Calculation of subscription of the year

Subscription received in 2017 = 40000

Less: Outstanding Subscription of 2016 = 1200

Add: Subscription outstanding of 2017 = 2300

Subscription of 2017= 41100

2. Opening stock of Postage stamp = 300

Add: Purchase of stamps = 1000

Less: Closing Stock of stamps = 200

Loss of stamps = 1100

3. Value of furniture on 1.4.2016 = 15000

Add: Purchase of furniture = 10000

Less: Value of furniture as on 31.3.2017 = 22500

Thus depreciation = 2500

Page : 53 , Block Name : Numerical Questions

Q11 Prepare Income and Expenditure Account and balance sheet for the year ending March 31, 2016 from the following receipt and payment Account and Balance sheet of culture club:

Receipt and Payment Account

for the year ended March 31, 2016

Receipts	Amount	Payments	Amount
Opening cash balance	12000	Furniture	
Subscription:		Telephone expenses	
2014-15                      2000			
2015-16 <u>22000</u>	24000		
Entrance fees	2800	Salary:	

Locker Rent	1000	2014-15	1000
Life membership fee	1200	2015-16	4000
Government Grant	11000	Newspapers	700
		Sundry Expenses	1000
		Defense bonds	18000
		Land	20000
		Closing cash balance	2500
	<b><u>52000</u></b>		<b><u>52000</u></b>

Opening Balance Sheet  
for year ending March 31,2016.

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Advance locker rent	200	Cash in hand	12000
Subscription in advance	1000	Outstanding subscription	3000
Outstanding salary	2000	Building	35000
Loan	10000		
Capital fund	36800		
	<b><u>50000</u></b>		<b><u>50000</u></b>

Answer.

## Income and Expenditure

Dr

for the year ending March 31,2016

Cr

Expenditure	Amount	Income	Amount
To telephone expenses	800	By subscriptions	23000
To salary	4000	By entrance fees	2800
To newspapers	700	By Locker rent	1000
		Add: Advance rent	<u>200</u>
			1200
To sundry expenses	1000	By government grant	11000
To Surplus (balancing figure)	31500		
	<b><u>38000</u></b>		<b><u>38000</u></b>

## Balance Sheet

for the year ending March 31, 2016

Liabilities	Amount	Assets	Amount
Loan	10000	Furniture	4000
Outstanding salary (2000-1000)	1000	Outstanding furniture (3000-2000)	1000

Capital fund	36800		Land	20000
Add: Life membership fee	1200		Building	35000
Add: Surplus	<u>31500</u>	69500	Defense bonds	18000
			Cash in hand	2500
		<b><u>80500</u></b>		<b><u>80500</u></b>

Working Note:

1. Calculation of subscription of 2016:

Subscription received in 2016. = 22000

Add: Subscriptions received in advance = 1000

Subscription of 2016 = 23000

Page : 54 , Block Name : Numerical Questions

Q12 From the following Receipt and Payment Account prepare final accounts of a Unity Club for the year ended March 31, 2017.

Receipts and Payments Account

Dr for the year ending March 31,2017 Cr

Receipts	Amount	Payments	Amount
Balance b/d	15000	Furniture	18000
Sale of old furniture (Costing Rs 6000)	4000	Library Books	10000

Subscriptions:		Salaries	72000
2015-16	18000	General expenses	18000
2016-17	60000	Electric charges	12000
2017-18	<u>12000</u>	Newspapers	33800
Sale of old newspapers	10800	Postage	3000
Profit from entertainment	44000	Stationary	40000
Rent	84000	Audit fee	8000
		Balance c/d	33000
	<b><u>247800</u></b>		<b><u>247800</u></b>

## Balance Sheet

as on March 31, 2017

Liabilities	Amount	Assets	Amount
Outstanding Salary	6000	Cash	15000
Capital fund	694000	Outstanding Subscriptions	18000
		Library Books	30000
		Furniture	37000
		Land and building	600000

	<b><u>700000</u></b>		<b><u>700000</u></b>
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1. The club had 500 members each paying an annual subscription of Rs 150
2. On 31.3.2016 salaries outstanding amounted to Rs 1200 and salaries paid included Rs 6000 for the year 2015-2016.
3. Provide 5% depreciation on land and building.

Answer.

Income and Expenditure A/c

Dr for the year ending March 31,2017 Cr

Expenditure	Amount	Income	Amount
To salary	67200	By Subscription	75000
To depreciation @5% on land and building	30000	By sale of newspapers	10800
To loss on sale of furniture	2000	By profit from entertainment	44000
To general expenses	18000	By Rent	84000
To electric charges	12000	By Deficit ( balancing figure)	200
To newspapers	33800		
To stationary	3000		
To postage	40000		
To audit fee	8000		
	<b><u>214000</u></b>		<b><u>214000</u></b>

## Closing balance sheet

For the year ending March 31,2017

Liabilities		Amount	Assets		Amount
Advance Subscription		12000	Outstanding Subscription		15000
Outstanding Salary		1200	Land and building	600000	570000
			Less: Depreciation	<u>30000</u>	
Capital fund	694000		Furniture		49000
Less: Deficit	<u>200</u>	693800	Library books		40000
			Cash in hand		33000
		<u>707000</u>			<u>707000</u>

Working note:

$$1. \text{ Annual subscription} = 500 \times 150 = 75000$$

$$\text{Subscription received in 2017.} = \underline{60000}$$

$$\text{Outstanding subscription} = 15000$$

$$2. \text{ Salary paid in 2017} = 72000$$

$$\text{Less: Outstanding salary of 2016} = 6000$$

$$\text{Add: Outstanding salary of 2017} = \underline{1200}$$

$$\text{Salary of 2017} = 67200$$



3. Opening value of furniture = 37000

Less: Sale of furniture = 6000

Add: Purchase of furniture = 18000

Closing value of furniture = 49000

4. Opening Value of library books = 30000

Add: Purchase of Library books = 10000

Closing Value of library books = 40000

Page : 55 , Block Name : Numerical Questions

Q13 Following is the information in respect of certain items of a sports club. You are required to show them in the income and expenditure account and the balance sheet.

Details	Amount
Sports Fund as on April 1, 2016	80000
Sports Fund investments	80000
Interest on Sports Fund Investments	8000
Donations for Sports Fund	30000
Sports Prizes awarded	16000
Expenses on Sports events	7000
General Fund	200000

General Fund Investment	200000
Interest on General Fund Investments	20000

Answer.

### Balance Sheet

As on.....

Liabilities		Amount	Assets		Amount
Sports fund	80000		Sports fund investment	80000	
Add: Interest	8000				
Add: Donation	30000				
Less: Sports Prizes awarded	16000				
Less: Expenses	<u>7000</u>	95000			
General fund	200000		General fund investment	200000	
Add: Interest on general Fund investment	<u>20000</u>	220000			

Page : 55 , Block Name : Numerical Questions

Q14 Receipt and payment Account of Maitrey Sports Club showed that Rs 68500 were received by way of subscriptions for the year ended on March 31,2017.

The additional information was as under:

1. Subscription outstanding as on March, 31 2016 were 6500.
2. Subscription received in advance as on March 31, 2016 were Rs 4100
3. Subscription outstanding as on March 31, 2017 were Rs 5400
4. Subscription received in advance as on March 31,2017 were Rs. 2500.

Show how the above information would appear in the final accounts for the year ended on March 31, 2017 of Maitrey Sports Club.

Answer.

Calculation of subscription of the year ending 31 March, 2017:

Details	Amount
Subscription received during the year	68500
Less: Subscription outstanding as on March 31,2016	6500
Less: Subscription in advance as on March 31, 2017	2500
Add: Subscription in advance as on March 31,2016	4100
Add: Subscription outstanding as on March 31,2017	5400
	<b>69000</b>

### Balance Sheet

as on 31.03.2016

Liabilities	Amount	Assets	Amount

Advance subscription	4100	Outstanding subscription	6500
----------------------	------	--------------------------	------

## Income and Expenditure A/c

Dr.

For the year ending 31.03.2017

Cr.

Expenditure	Amount	Assets	Amount
		By Subscriptions	68500

## Balance sheet

as on 31.03.2017

Liabilities	Amount	Assets	Amount
Advance subscription	2500	Outstanding Subscription	5400

Page : 56 , Block Name : Numerical Questions

Q15 Following is the receipt and payment account of Rohatgi Trust:

## Receipt and Payment Account

Dr

for the year ending December 31,2017

Cr

Receipts	Amount	Payments	Amount
Cash in hand	14000	Rent	6000

Cash in bank	60000	Salary	12000
Subscriptions:		Postage	300
2016:                   5000		Electricity charges	6000
2017:                   83000		Purchase of furniture	20000
2018: <u>3000</u>	91000	Books	3000
Sale of investments	90000	Defense Bonds	150000
Interest on investments	2000	Help to needy students	22000
Sale of furniture (book value Rs 3000)	3200	Cash in hand	10900
		Cash at bank	30000
	<b><u>260200</u></b>		<b><u>260200</u></b>

Prepare income and expenditure a/c for the year ended December 31,2017 and a balance sheet as on that date after following adjustments: Subscription for 2017, still owing Rs7000/-. Interest due on defense bonds was 7000/-. Rent still owing was 1000/-. The book value of investment sold was 80,000/- , Rs 30,000/- investment was still in hand. Subscription received in 2017 included Rs 400/- from a life member. The total furniture on January 1, 2017 was worth Rs 12000/-. Salary paid for the year 2018 is Rs 2000/-

Answer.

Opening balance Sheet

As on Dec 31,2017

Liabilities	Amount	Assets	Amount
Capital fund(balancing fig)	201000	Outstanding subscription	5000
		Investment	110000
		Furniture	12000
		Cash in hand	14000
		Cash at bank	60000
	<b>201000</b>		<b>201000</b>

## Income and Expenditure A/c

Dr

for the year ending Dec 31, 2017

Cr

Expenditure	Amount	Income	Amount
To rent 6000		By Subscription 83000	
Add: o/s rent <u>1000</u>	7000	Add: Outstanding subscription 7000	
		Less: Subscription of a life member <u>400</u>	89600
To salary 12000		By outstanding interest on defense bonds	7000
Less: advance salary <u>2000</u>	10000		
To Postage 300		By interest on investment	2000

To electric charges	6000	By profit on Sale of investment	10000
To help to needy	22000	By profit on sale of furniture	200
To surplus balancing figure)	63500		
	<b><u>108800</u></b>		<b><u>108800</u></b>

## Closing Balance sheet

for the year ending Dec 31,2017

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Capital fund	201000	Outstanding subscription	7000
Add: Surplus	<u>63500</u>	Investment	30000
Subscription from member	400	Furniture	29000
Prepaid Subscription	3000	Advance salary	2000
Outstanding rent	1000	Outstanding interest on defense bonds	7000
		Books	3000
		Defense bonds	150000
		Cash in hand	10900
		Cash at bank	30000

	<u>268900</u>		<u>268900</u>
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Working Note:

1. Value of Investment sold =80000

Closing Value of investment= 30000

Opening Value of investment = 110000

Page : 56 , Block Name : Numerical Questions

Q16 Following receipt and payment account was prepared from the cash book of Delhi Charitable Trust for the year ending December 31, 2017.

Receipt and payment Account

Dr

for the year ending December 31,2017

Cr

Receipts	Amount	Payments	Amount
Balance b/d		Charity	11500
Cash in hand	11500	Rent and taxes	3200
Cash in bank	12600	Salary	6000
Donations	9000	Printing	600
Subscriptions	42800	Postage	300
Legacies	18000	Advertisements	4500
Interest on Investments	4500	Insurances	2000



Sale of old newspapers	200	Furniture	21600
		Investments	23000
		Balance c/d	
		Cash in hand	9900
		Cash at bank	16000
	<b><u>98600</u></b>		<b><u>98600</u></b>

Prepare Income and Expenditure account for the year ended December 31, 2017 and a balance sheet as on that date after the following adjustments:

- It was decided to treat one third of the amount received on account of donation as income.
- Insurance premium was paid in advance for three months.
- Interest on investments Rs 1100 accrued was not received.
- Rent Rs 600: salary Rs 900 and advertisement expenses Rs 1000 outstanding as on December 31, 2017.

Answer.

#### Opening balance sheet

for the year ending December 31, 2017

Liabilities	Amount	Assets	Amount
Capital fund (balancing fig)	24100	Cash in hand	11500
		Cash at bank	12600
	<b><u>24100</u></b>		<b><u>24100</u></b>

## Income and Expenditure A/c

Dr

for the year ending Dec 31, 2017

Cr

Expenditure	Amount	Income	Amount
To Insurance premium 2000 Less: Prepaid insurance 400	1600	Donation	3000
To salary 6000 Add: salary O/s 900	6900	By interest on investment 4500 Add: Outstanding interest 1100	5600
To Rents and taxes 3200 Add: Outstanding rent 600	3800	By subscriptions	42800
To advertisement 4500 Add: Outstanding 1000	5500	By sale of old newspapers	200
To charity	11500		
To printing	600		
To postage	300		
To surplus	21400		
	<b>51600</b>		<b>51600</b>

Closing Balance sheet  
for the year ending Dec 31,2017

Liabilities	Amount	Assets	Amount
Legacies	18000	Prepaid insurance premium	400
Outstanding rent	600	Outstanding interest on investments	1100
Outstanding salary	900	Furniture	21600
Outstanding advertisements	1000	Investment	23000
Capital fund	24100	Cash in hand	9900
Add: Donation	6000	Cash at bank	16000
Add: Surplus	<u>21400</u>		
	51500		
	<u>72000</u>		<u>72000</u>

1. Insurance premium of 15 months given as 2000

thus, insurance premium of 3 months is 400.

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Q17 From the following Receipt and Payment Account of a club, prepare Income and Expenditure Account for the year ended March 31,2017 and balance sheet as on that date.

Receipt and payment Account

Dr

for the year ending March 31, 2017

Cr

Receipts	Amount	Payments	Amount
Balance b/d	3500	General expenses	900
Subscription:		Salary	16000
2015-2016            2000		Postage	1300
2016-2017            70000		Electricity charges	7800
2017-2018 <u>3000</u>	75000	Furniture	26500
Sale of old books (costing Rs 3200)	2000	Books	13000
Rent from use of hall	17000	Newspapers	600
Sale of newspapers	400	Meeting expenses	7200
Profit from entertainment	7300	T.V. set	16000
		Balance c/d	15900
	<b><u>105200</u></b>		<b><u>105200</u></b>

(a) The club has 100 members each paying an annual subscription Rs 900. Subscription outstanding on March 31, 2016 were Rs 3600

(b) On March 31, 2017 salary outstanding amounted to Rs 1000, salary paid included Rs 1000 for the year 2016.

(c) On April 1, 2017 the club owned land and building Rs 25000, furniture Rs 2600 and books Rs 6200.

Answer.

Opening balance sheet  
for year ending March 31,2017

Liabilities	Amount	Assets	Amount
Capital fund(balancing fig)	40900	Outstanding subscription	3600
		Land and Building	25000
		Furniture	2600
		Books	6200
		Cash	3500
	<b><u>40900</u></b>		<b><u>40900</u></b>

Income and Expenditure A/c

Dr for the year ending Dec 31, 2017 Cr

Expenditure	Amount	Income	Amount
To salary 16000		By Subscription	90000
Add: salary o/s 1000			
Less: salary of 2016 <u>1000</u>	16000		
To loss on sale of books	1200	By rent	17000
To general expenses	900	By sale of newspapers	400
To postage	1300	By profit from entertainment	7300

To electric charges	7800		
To newspaper	600		
To meeting expenses	7200		
To Surplus	79700		
	<b><u>114700</u></b>		<b><u>114700</u></b>

## Closing Balance sheet

As on Dec 31,2017

Liabilities		Amount	Assets		Amount
Advance subscription		3000	Outstanding subscription		21600
			2016	1600	
			2017	<u>20000</u>	
Capital fund	40900		Land and Building		25000
Add: Surplus	<u>79700</u>	120600			
			Furniture		29100
			Books		16000
			TV Set		16000
			Cash in hand		15900
		<b><u>123600</u></b>			<b><u>123600</u></b>

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Q18 Following is the Receipt and Payment Account of Women's Welfare Club for the year ended December 31, 2017:

Receipt and Payment Account

Dr for the year ending December 31, 2017 Cr

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
Balance b/d	7250	Salary	12500
Subscriptions	81750	Stationary	1700
Donations	3000	Electricity Charges	9550
Grant from Government	15000	Insurance	7500
Sale of newspapers	300	Equipment's	30000
Proceeds of charity show	16500	Petty Expenses	500
Interest on Investments @ 10% for full year	7000	Expenses on charity shows	12900
Sundries income	400	Newspapers	1000
		Lectures fee	16000
		Honorarium to Secretary	12000
		Balance c/d	27050

	<b><u>131200</u></b>		<b><u>131200</u></b>
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Additional Information:

	01.01.2017 (Rs.)	31.12.2017 (Rs.)
Outstanding Salaries	1200	1800
Insurance Period	700	300
Subscription Outstanding	3750	2500
Subscription received in advance	1750	1000
Electricity charges outstanding	-	1250
Stock in stationary	2250	700
Equipment's	25600	50200
Building	120000	114000

Prepare Income and Expenditure Account for the year ended December 31, 2017 and Balance Sheet as on date.

Answer.

Opening balance sheet

as on Dec 31,2017

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Outstanding salaries	1200	Outstanding subscription	700



Advance Subscription	1750	Insurance prepaid	3750
Capital Fund (balancing figure)	226600	Stationary	2250
		Equipment	25600
		Building	120000
		Cash	7250
		Investments	70000
	<b><u>229550</u></b>		<b><u>229550</u></b>

## Income and Expenditure A/c

Dr

for the year ending Dec 31, 2017

Cr

<b>Expenditure</b>	<b>Amount</b>	<b>Income</b>	<b>Amount</b>
To salary 12500 Add: salary outstanding 1800 Less: salary outstanding as on 1.01.2017 <u>1200</u>	13100	By Subscription	81250
To insurance	7900	By donation	3000
To electric charges 9550 Add: Outstanding <u>1250</u>	10800	By grant from government	15000
To stationary	3250	By sale of newspapers	300

To depreciation of equipment	5400	By Profits from charity show <i>pk<sub>A</sub></i>	3600
To depreciation of building	6000	By interest on investments	7000
To petty expenses	500	By sundries income	400
To newspapers	1000		
To lecturers fee	16500		
To Honorarium to secretary	12000		
To Surplus (Balancing Figure)	34100		
	<b><u>110550</u></b>		<b><u>110550</u></b>

Closing Balance sheet

As on Dec 31,2017

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Advance subscription	1000	Outstanding subscription	2500
Outstanding salaries	1800	Insurance Prepaid	300
Capital fund           226600		Stationary	700
Add: Surplus <u>34100</u>	260700	Equipment	50200
Otsd. Electricity Charges	1250	Building	114000

		Cash in hand	27050
		Investments	70000
	<b><u>264750</u></b>		<b><u>264750</u></b>

Working note:

1. Subscription received = 81,750/-

Less outstanding subscription = 3,750/-

Less: prepaid subscription = 1,000/-

Add: outstanding subscription = 2,500/-

Add: prepaid subscription = 1,750/-

Subscription of the year = 81,250/-

2. Opening stationary = 2250/-

Add: purchases = 1700/-

Less: closing stationary = 700/-

Loss of stationary = 3250/-

3. Opening equipment = 25600/-

Add: purchases = 30000/-

Less: closing equipment = 50200/-

Depreciation on equipment = 5400/-

4. Insurance paid = 7500/-

Add: prepaid insurance = 700/-

Less: prepaid insurance = 300/-

Therefore insurance paid = 7900/-

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Q19 As at march 31, 2015 the following balances have been extracted from the books of an Indian Chartered Accountants Recreation Club and you are asked to prepare (1) Trading Account for ascertaining gross profit delivered from running restaurant and dining room and (2) Income and Expenditure Account for the year ended March 31, 2017 (3) and a Balance Sheet as at that date.

Debit Balances	Amount (Rs.)	Credit Balances	Amount (Rs.)
Stock-in-hand	1170	Receipts Dining Room	87660
Purchases	24660	Subscriptions	9450
Dining Room	32370	Billiard's Receipts	7300
Rent	10470	Interest on Fixed Deposits	410
Wages	18690	Sundry Creditors	270
Repairs and Renewals	5400	Grant form Institute	5370
Fuel and Light	5280	(permanent)	42000
Misc. Expenses	4050	Income and Exp. A/c.	1380
Cash in Hand	560		
Cash at Bank	2760		
Fixed Deposit	8500		

Sundry Debtors	2250		
China glass, cutlery & linen	600		
Billiard Table	2070		
Fixtures and Fittings	870		
Furniture	4140		
Club Premises	30000		
	<b><u>153840</u></b>		<b><u>153840</u></b>

Answer.

Trading account

for the year ending Mar 31, 2017

Particulars	Amount	Particulars	Amount
To opening stock	1170	By closing stock	960
To purchases	24660	By receipts dining room	87660
To wages	18690		
To gross profit (balancing figure)	44100		
	<b><u>88560</u></b>		<b><u>88560</u></b>

Income and Expenditure A/c

Dr.

for the year ending March 31, 2017

Cr

<b>Expenditure</b>	<b>Amount</b>	<b>Income</b>	<b>Amount</b>
To depreciation:		By Subscription	9450
Fixtures and Fittings   60			
Billiard table           390			
Furniture <u>560</u>	1010		
To rent	10470	By billiard receipt	7300
To repairs and renewals	5400	By sundry receipts	410
To fuel and light	5280	By interest on fixed deposits	270
To miscellaneous expense	4050	By gross profit c/d	44100
To dining room	32370		
To surplus	2950		
	<b><u>61530</u></b>		<b><u>61530</u></b>

Closing Balance sheet

As on March 31,2017

<b>Liabilities</b>	<b>Amount</b>	<b>Assets</b>	<b>Amount</b>
Sundry creditors	5370	Closing stock	960
Government grant	42000	Fixtures and fittings   870	

		Less: depreciation	<u>60</u>	810
Add: Surplus	2950	Billiard table	2070	
		Less: depreciation	<u>390</u>	1680
Income and expenditure A/c	1380	Furniture	4140	
		Less: depreciation	<u>560</u>	3580
		Fixed deposits		8500
		Sundry debtors		2250
		Club premises		30000
		China glass, cutlery & linen		600
		Cash in hand		560
		Cash at bank		2760
Total	<u>51700</u>	Total		<u>51700</u>

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