

## **Chapter 1: NOT FOR PROFIT ORGANIZATION**

### **COMMON ERRORS**

- (1) Confusion between subscription for the year ended and as on -----and its treatment.
- (2) No clarity of concept of revenue receipts and capital receipts and revenue expenditure and capital expenditure and their treatment.
- (3) Mistakes in calculation of interest in investments.
- (4) Confusion related to the concept of Fund Based accounting.

### **ONE MARK QUESTIONS:**

- Q1 What is meant by legacy donation?
- Q2 State the basis of accounting on which 'Receipt and Payment Account' is prepared in case of Not-for Profit Organisation.
- Q3 Is it possible for one hospital to have an income and expenditure account whereas another has a profit and loss account?
- Q4 Why depreciation on fixed assets is not recorded in Receipts and Payment Account?
- Q5 "Not – for –profit organisation" do not maintain any capital account". What do they maintain instead of capital account?
- Q6 Is it necessary to prepare a Balance Sheet with a Receipt and Payment Account?
- Q7 One horse of a horse race club died. Insurance company has offered to settle the claim at 60% will it be recorded in the Receipts and payment Account of the club and how?
- Q8 Name the financial statement prepared by a Not-For-Profit Organisation on accrual basis.
- Q9 Do, Not-for Profit Organisations prepare a Trial Balance? Explain with reason.
- Q10 Give the meaning of the term Honorarium with the help of an example.
- Q11 Why is endowment fund treated as a capital receipt?
- Q12 What do you understand by life membership fee in case of a Not-for Profit Organisation? How will it be treated?
- Q13 Identify an item of Income with example which is not to be taken to Income and expenditure account.
- Q14 State when donations are capitalised and yet not shown under the head donations in the balance sheet of a Not-for Profit Organisation
- Q15 Identify the terms for the following :
- a. Pahal, a nongovernmental not-for-profit organization, provides food and shelter to the homeless. Pahal received a Rs.15,000 gift with the stipulation that the funds be used to buy beds.

- b. The amount of money paid by the members on periodic basis for keeping their membership with the organisation alive

### 3 MARK QUESTIONS:

#### Subscription:

Q1 In 2018, the subscriptions received by the Delhi Library Society were ₹42,000. These subscriptions include ₹1,400 received for 2017. On 31st Dec., 2018 subscriptions due, but not received were ₹3,000. What amount should be credited to the Income and Expenditure Account for the year ended 31st December, 2018 as subscription.

Q2 There are 1,125 members in an institution, each paying an annual subscription of ₹10 each. Subscription received in advance at the beginning and at the end of the year ₹3,250 and ₹3,500 respectively. Subscription unpaid at the beginning of the year ₹1,750. Subscription received during the year ₹10,000. Calculate subscription unpaid at the end of the year.

Q3 In 2018, the subscription received by a Club were ₹40,900 including ₹500 for 2017 and ₹1,000 for 2019. At the end of 2018, subscription outstanding for 2018 were ₹1,500. The subscriptions due but not received at the end of the previous year i.e., 31-12-2017 were ₹800 while subscriptions received in advance on the same date were ₹1,800. Calculate the amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31.12.2018.

Q4 Extracts of receipt and payment Account for the year ended 31st March, 2018 are given below:

Subscriptions	₹
2016-17	2,500
2017-18	26,750
2018-19	1,000

Additional information:

Total number of members: ₹ 230

Annual membership fee: ₹125

Subscription outstanding on April 1, 2017: ₹2,750

Prepare a statement showing all relevant items of subscriptions viz. income, advance, outstanding etc.

Q5 Subscriptions received during the year ending 31-12-2018 are as follows:

For 2017	₹160
For 2018	₹8,440
For 2019	₹340

There are 450 members, each paying an annual subscription of ₹20; ₹180 were in arrears for 2017 at the beginning of 2018. Calculate the amount of subscriptions to be credited to Income and Expenditure Account for the year ending 31.3.2018

Q6 From the following information calculate the amount of subscriptions outstanding as on 31<sup>st</sup> March, 2018

A club has 200 members each paying an annual subscription of ₹1,000. The Receipt and Payment Account for the year showed a sum of ₹2,05,000 received as subscription.

The following additional information is provided:

Subscription Outstanding on 31 <sup>st</sup> March, 2017	₹30,000
Subscriptions Received in advance on 31 <sup>st</sup> March, 2018	₹40,000
Subscriptions Received in advance on 31 <sup>st</sup> March 2017	₹14,000

Q7 The following details are given for a club:

Subscriptions received in 2017–18 89,000

Advance subscriptions received in 2016–17 5,000

Subscriptions outstanding at the end of 2017-18 12,500 (including Rs. 1,500 for 2016–17)

Advance subscriptions received for 2018-19 3,000

Subscriptions written-off during 2017-18 600

Subscriptions receivable on 1st April, 2018 8,400

Prepare (i) a statement or account showing the subscriptions income for the year ended 31st March, 2018 and (ii) show how the relevant items will appear in the Income and Expenditure Account for the year and in the Balance Sheet as at the end of the year.

Q8 The Bengal Sports Club received ₹6,50,000 by way of subscriptions for the year ended on March 31st 2018

Additional information given is as follows:

Subscription received in advance on 31.3.2018- ₹10,000

Subscription outstanding on 1.4.2017 ₹20,000

(Out of which ₹16,000 were received during 2017-18)

Subscription received in advance on 31.3.2017 ₹7,500

Subscription outstanding for 2017-18 ₹25,000

Show how the subscription will appear in Income and Expenditure account and Balance Sheet.

### Fund based:

Q9 Show how you will deal with the following items in the final accounts of a Club:

Sports Fund	35,000
Sports Fund Investments	35,000
Income from Sports Fund Investments	4,000
Donations for Sports Fund	15,000
Sports prizes awarded	10,000
Expenses on sports events	4,000

Q10 Brahmin Samaj Samiti, Ghaziabad has shown the following information pertaining to year 2017-18.

Show how you would deal with the following:

Amount (₹)

Poor Girls' marriage fund	15,00,000
Donations received towards the fund	2,00,000
Expenditure made during the year on Poor Girls' marriage	20,00,000

Q11 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 31-3-2018:

Donation received during the year for the construction	12,25,000
Pavilion Expenditure incurred upto 31.3.2018 on its construction.	10,80,000
The total estimated expenditure on construction of Pavilion being	25,00,000
Tournament Fund :	
Balance as on 1-4-2017	10,700
Subscriptions for tournament received during the year	65,800
Expenditure incurred during the year on conducting tournaments.	72,400
Life Membership fee received during the year	28,000

### Consumables:

Q12 How will you deal with the following case while preparing final accounts of a non-profit organisation?

	1.1.2018(₹)	31.12.2018(₹)
Stock of Stationery	600	100
Creditor for Stationery	400	260
Advance paid for stationery	40	60
Amount paid for stationery during 2018 was ₹2160		

Q13 Calculate the amount of sports material to be transferred to Income and Expenditure account of Raman Bhalla Sports Club, Ludhiana, for the year ended 31st March, 2018:-

Particulars	Amount (₹)
i. Sports Material sold during the year (Book Value ₹50,000)	56,000
ii. Amount paid to creditors for sports material	91,000
iii. Cash purchase of sports material	40,000
iv. Sports material as on 31.3.17	50,000
v. Sports Material as on 31.3.18	55,000
vi. Creditors for sports material as on 31.3.17	37,000
vii. Creditors for sports material as on 31.3.18	45,000

Q14 From the following information, calculate the amount of medicines to be debited to the Income and Expenditure Account of National Hospital for the year ended 31st March, 2018:

	Amount (₹)
Stock of medicines as on 1st April, 2017	2,47,000
Stock of medicines as on 31st March, 2018	3,69,000
Creditors for medicines as on 1st April, 2017	17,85,000
Creditors for medicines as on 31st March, 2018	19,37,000
Paid to creditors for medicines during the year ended 31st March, 2018	20,00,000

Q15 On the basis of the following information, calculate the amount of stationery to be shown in Income and Expenditure Account for the year ended 31st March, 2018:

	Amount (₹)
Stock of stationery on 1st April, 2017	50,000
Stock of stationery on 31st March, 2018	40,000
Amount paid for stationery during the year	2,00,000
Creditors for stationery on 1st April, 2017	20,000
Creditors for stationery on 31st March, 2018	10,000

Q16 Calculate the amount of sports materials to be debited to the Income and Expenditure Account of Capital Sports Club for the year ended 31st March, 2018 on the basis of the following information:

Particulars	1st April, 2017	31st March, 2018
Stock of sports materials	7,500	6,400
Creditors for sports material	2,000	2,600

Amount paid for sports materials during the year was Rs. 19,000.

Q17 Stock of stationery on 1st Jan, 2005 was ₹5000. Purchases of stationery in cash during the year was ₹11,000. Creditors for stationery outstanding on 1st Jan, 2005 were for ₹3000. Creditors for stationery on 31st Dec, 2005 was ₹2500 and stock on 31st Dec, 2005 was ₹1000. Calculate the amount debited to Income and Expenditure A/c. Amt. paid to creditors during the year ₹14,500.

#### TREATMENT OF EXPENSES:

Q18 How will you deal with the following items while preparing the final accounts of Lions Club for the year 2017-18?

	31st March, 2017	31st March, 2018
Outstanding Locker Rent	4600	6300
Advance Locker Rent	3000	4000

Locker Rent received during the year 2017-18 ₹30,000.

[Ans. Rs. 30,700] (3)

Q19 From the following particulars of Young Entertainment Club, show the amount of salaries to be posted to the Income and Expenditure Accounts for the year ended on 31st March, 2018.

Salaries paid during the year 2017-18	6,40,000
Prepaid salaries on 1st April, 2017	30,000
Outstanding salaries on 1st April, 2017	60,000
Prepaid salaries on 31st March, 2018	20,000
Outstanding salaries on 31st March, 2018	40,000

Q20 How will you deal with the following case while preparing the final accounts for 2018?

	01.01.2018	31.12.2018
Outstanding	300	550
Advance Salaries	.....	600
Salaries paid during 2018 ₹9,410		

#### 6 MARKS QUESTIONS

Q1 From the following information related to Amar Nath Charitable Society, prepare Income and Expenditure Account for the year ended March 31, 2018

Receipts	(₹)	Payments	(₹)
To Balance b/d	4,400	By Investments	30,000
To Sale of old New paper	600	By Salaries	29,000
To Subscriptions	56,000	By Miscellaneous Expenses	400
To Donations	34,000	Telephone Charges	25,800
To Rent received	24,000	By Furniture	6,000
To Interest on Investment	4,600	By Printing & Stationery	800
		By Fax Machines	12,000
		By Balance c/d	19,600
	<b>1,23,600</b>		<b>1,23,600</b>

**Additional Information:** Subscription received includes ₹ 1,200 for 2018-19. The amount of subscription outstanding on March 31, 2018 ₹ 1,000; Salaries unpaid for the year 2017-18 ₹ 1,400; 60% of the Donations are to be capitalized. Rent receivable as on 31-03-2018 is ₹ 400

Q2 From the following Receipt and Payment Account for the year ending March 31, 2018 of Negi's Club, prepare Income and Expenditure Account for the same period:

**Receipt and Payment Account for the year ending March 31, 2018**

Receipts	(₹)	Payments	(₹)
To Balance b/d		By Purchase of furniture (1.7.17)	5,000
Bank	25,000		
To Subscriptions		By Salaries	2,000
2017 1,500			
2018 10,000			
2019 500	12,000		
To Hall Rent	300	By Electricity Charges	600
To Donations	2,000	BY Telephone Charges	300
To Interest on bank deposits	450	By Entertainment expenses	900
To Entrance fees	1,000	By Postage and Stationery	150
		By Purchase of books	2,500
		By Purchase of 5% government papers (1.7.17)	8,000
		Miscellaneous expenses	600
		By Balance c/d	
		Cash	300
		Bank	20,400
	<b>40,750</b>		<b>40,750</b>

The following **additional information** is available:

- Salaries outstanding – ₹ 1,500 and Entertainment expenses outstanding – ₹ 500;
- Bank interest receivable – ₹ 150 and Subscriptions accrued – ₹ 400;
- 50 per cent of entrance fees is to be capitalised;
- Furniture is to be depreciated at 10 per cent per annum

Q3 The Receipt and Payment Account of Harimohan charitable institution is given:

**Receipt and Payment Account for the year ending March 31, 2018**

Receipts	(₹)	Payments	(₹)
Balance B/d:		Furniture	3,000
Cash at Bank	22,000	Investments	55,000
Cash in Hand	8,800	Advance for building	20,000
Donations	32,000	Charities	60,000
Subscriptions	50,200	Salaries	10,400
Endowment Fund	60,000	Rent and Taxes	4,000
Legacies	24,000	Printing	1,000
Interest on Investment	3,800	Postage	300
Interest on Deposits	800	Advertisements	1,100
Sale of old newspapers	500	Insurance	4,800
		Balance c/d:	
		Cash at Bank	32,000
		Cash in Hand	10,500
	<b>2,02,100</b>		<b>2,02,100</b>

Prepare the Income and Expenditure Account for the Year ended on March 31, 2018 after considering the following:

- It was decided to treat Fifty per cent of the amount received on account of Legacies and Donations as income.
- Liabilities to be provided for are: Rent ₹800; Salaries ₹1,200; advertisement ₹200.
- ₹2,000 due for interest on investment was not actually received.

Q4 Prepare Income and Expenditure Account and Balance Sheet for the year ended March 31, 2018 from the following Receipt and Payment Account of Mahi's Club

**Receipt and Payment Account for the year ending March 31, 2018**

Receipts	(₹)	Payments	(₹)
To Balance b/d Bank	45,000	By Purchase of furniture (1.7.17)	9,000
To Subscriptions 2017 2,700 2018 18,000 2019 900	21,600	By Salaries	3,600
To Admission Fee	1,800	By Electricity Charges	1,620
To Donations	1,940	By Entertainment expenses	1,620
To Interest on bank deposits	810	By Postage and Stationery	270
To Rent of Hall	1,500	By Purchase of books	4,500
To Sale of newspaper	700	By Purchase of 5% government papers (1.10.17)	14,400
		Miscellaneous expenses	1,080
		By Balance c/d	
		Cash	36,720
		Bank	540
	<b>73,350</b>		<b>73,350</b>

Additional information:

- Depreciate Furniture by 10% p.a
- Accrued Subscription ₹720

- (iii) Outstanding Salaries ₹2,700
- (iv) Outstanding Entertainment expenses ₹900
- (v) Bank Interest receivable ₹270

Q5 Following is the Receipt and Payment Account of Women's Welfare Club for the year ended December 31, 2018:

**Receipt and Payment Account  
For the year ending December 31, 2018**

<b>Receipts</b>	<b>(₹)</b>	<b>Payments</b>	<b>(₹)</b>
Balance B/d	7,250	Salaries	12,500
Subscriptions	81,750	Stationary	1,700
Sundries income	400	Electricity Charges	9,550
Donations	3,000	Lectures Fees	16,500
Sale of old newspapers	300	Equipment	30,000
Proceeds from Charity show	16,500	Newspapers	1,000
Interest on Investment @ 10% for full year	7,000	Expenses on Charity Show	12,900
Grant from Government	15,000	Petty expense	500
		Honorarium to Secretary	12,000
		Insurance	7,500
		Balance c/d	27,050
	<b>131,200</b>		<b>131,200</b>

**Additional Information:**

	<b>01.01.2018 (₹)</b>	<b>31.12.2018 (₹)</b>
Outstanding salaries	1,200	1,800
Insurance prepaid	700	300
Subscription outstanding	3,750	2,500
Subscription received in advanced	1,750	1,000
Electricity charges outstanding	-	1,250
Stock of stationery	2,250	700
Equipment	25,600	50,200
Building	1,20,000	1,14,000

Prepare Income and Expenditure Account for the year ended December 31, 2018

Q6 From the following Receipts and Payments Account of a Cricket Club and the additional information prepare an Income and Expenditure Account for the year ended 31st March 2018.

<b>Receipts</b>	<b>(₹)</b>	<b>Payments</b>	<b>(₹)</b>
To Balance b/d		By Crockery purchased	2,650
Bank	27,380		
Cash	3,520		
Fixed Deposit@6%pa	30,000		
To Members Subscription (Including ₹6,000 for 2017)	40,000	By Maintenance	6,820



To Entrance Fee	2,750	By Match Expense	13,240
To Donations	5,010	By Salaries	11,000
To Interest on fixed deposit		By Conveyance	820
To Tournament Fund	900	By Upkeep of lawn	4,240
To Sale of Crockery ( book value □1,200)	20,000	By Postage Stamps	1,050
	2,000	By Purchase of Cricket Materials	9,720
		By Sundry Expenses	2,000
		By Investments	5,700
		By Tournament Expenses	18,800
		By Balance c/d	
		Bank	23,320
		Cash	2,200
		Fixed Deposit@6%p	30,000
	<b>1,31,560</b>		<b>1,31,560</b>

- (i) Monthly salary is □1,000
- (ii) The value of unused Postage Stamps is as follows -  
31st Dec., 2017, □750; 31st Dec., 2018, □900.
- (iii) Stock of Cricket Materials is as follows:  
31st Dec., 2017 □3,210; 31st Dec., 2018, □2,800
- (iv) Arrear of membership subscriptions:  
On 31st Dec. 2017, □6,600; on 31st Dec., 2018, (for 2018) □8,000.
- (v) Donation and Entrance Fees are not to be capitalised

Q7 From the following item of Receipts & Payments A/c. of Young Ladies Club, prepare an Income and Expenditure Account for the year ended 31-3-2018

Salaries paid	50,000
Lighting and Heating	5,000
Printing and Stationery (including □500 for the previous year)	3,500
Subscriptions received (including □2,000 received in advance and □5,000 for the previous year)	40,000
Net proceeds of Refreshment Room	45,000
Miscellaneous expenses	16,000
Interest paid on Loan for half year	1,200
Rent and Rates (including □1,000 prepaid)	7,500
Locker rent received	4,500

Additional Information:

Subscriptions in arrears on 31-3-2018 were □8,000 and Half year's interest on loan was also outstanding.

Q8 Following is the 'Receipt and Payments Account' of 'New Club' for the year ended 31.3.2018:

**Receipt and Payment Account for the year ending March 31, 2018**

<b>Receipts</b>	<b>(₹)</b>	<b>Payments</b>	<b>(₹)</b>
Balance b/d	3,400	By Salaries (paid for 8 months only)	24,000
To Subscriptions	21,000	By Rent	3,000
To Entrance fee	5,750	By Electricity	2,750
To donations (includes ₹1,000 for building)	2,100	By Honorarium	5,000
To Hall rent	7,550	By Books	7,500
To sale of Investments (Book value ₹16,000)	15,400	By 9% Fixed Deposits (on 30.6.2017)	10,000
		By Balance c/d	2,950
	<b>55,200</b>		<b>55,200</b>

From the above 'Receipts and Payments Account', Prepare an 'Income and Expenditure Account' of 'New Club' for the year ended 31.3.2018

Q9 From the following Receipts and Payments Account of Sonic Club and from the given additional information; prepare Income and Expenditure Account for the year ending 31st December, 2018 and the Balance Sheet as on that date:

**Receipts and Payments Account for the year ending 31st December, 2018**

<b>Receipts</b>	<b>(₹)</b>	<b>Payments</b>	<b>(₹)</b>
Balance b/d	1,90,000	By Salaries	3,30,000
To Subscriptions	6,60,000	By Sports Equipment	4,00,000
To Interest of Investments @8%p.a.for full year	40,000	By Balance c/d	1,60,000
	<b>8,90,000</b>		<b>8,90,000</b>

Additional Information:

- (i) The club had received ₹ 20,000 for subscription in 2017 for 2018.
- (ii) Salaries had been paid only for 11 months
- (iii) Stock of Sports Equipment on 31st December, 2017 was ₹ 3,00,000 and on 31st December, 2018 ₹ 6,50,000.

Q10 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, 2018

**Receipt and Payment Account for the year ending as on December 31, 2018**

<b>Receipts</b>	<b>(₹)</b>	<b>Payments</b>	<b>(₹)</b>
To Balance b/d		General Expenses	3,200
Cash at Bank	15,550		
Cash in hand	4,000		
To Subscriptions		By Salaries	3,600
2017 1,200			
2018 26,500			
2019 500	28,200		
Sale of old newspapers	1,250	Electricity	3,000
Govt. grant	12,000	News paper	1,850

Sale of old furniture (book value ₹5000)	3,700	Fixed deposit with bank (on 31.06.2018) @ 10% p.a.	18,000
Interest received on FD	450	Postage	300
		Books	7,000
		Rent	6,500
		Furniture purchased	10,500
		By Balance c/d	
		Cash at Bank	3,000
		Cash in Hand	8,200
	<b>65,150</b>		<b>65,150</b>

**Information:**

- (i) Subscription outstanding as on 31.12.2017 ₹2,000 and on December 31, 2018 ₹1,500.
- (ii) On December 31, 2018 Salary outstanding ₹600, and one month Rent paid in advance.
- (iii) On Jan. 01, 2018 organisation owned Furniture ₹12,000, Books ₹5,000

Q11 Prepare Income and Expenditure Account and Balance Sheet for the year ended December 31, 2018 from the following Receipt and Payment Account and Balance Sheet of culture club:

**Receipt and Payment Account**  
**For the year ending December 31, 2018**

<b>Receipts</b>	<b>(₹)</b>	<b>Payments</b>	<b>(₹)</b>
To Balance b/d	12,000	By furniture	4,000
To Subscriptions		By Salaries	
2017 2,000		2017 1,000	
2018 22,000	24,000	2018 4,000	5,000
To Locker Rent	1,000	By Defence bonds	18,000
To Government Grant	11,000	By News paper	700
To Life membership Fee	1,200	By Land	20,000
To Entrance fees	2,800	By Sundry expenses	1,000
		By Telephone expense	800
		By Balance c/d	2,500
	52,000		52,000

**Balance Sheet**  
**For the year ending December 31, 2017**

<b>Liabilities</b>	<b>(₹)</b>	<b>Assets</b>	<b>(₹)</b>
Advance locker rent	200	Cash in hand	12,000
Subscription Received in Advance	1,000	Outstanding Subscription	3,000
Outstanding salary	2,000	Building	35,000
Loan	10,000		
Capital fund	36,800		
	50,000		50,000

Q12 From the following particulars of M/s. Jalaram Charity Hospital, prepare Income & Expenditure A/c & the balance sheet as on 31st March 2018.

<b>Receipts</b>	<b>(₹)</b>	<b>Payments</b>	<b>(₹)</b>
To Cash in hand	7,130	By Medicines	30,590
To Subscriptions	47,996	By Doctor's Honorarium	9,000
To Donations	14,500	By salaries	27,500
To Interest on Bank Fixed Deposit For full yr.	7,000	By Petty expenses	461
To charity show proceeds	10,450	By Equipment	15,000
		By charity show expenses	750
		Cash in hand	3,775
	87,076		87,076

**Additional information:**

	1.4.2017 (₹)	31.3.2018 (₹)
Subscription due	240	280
Subscription received in advance	64	100
Stock of medicines	8,810	9,740
Estimated value of equipment	21,200	31,600
Building (Cost less depreciation)	40,000	38,000

Q13 Following Receipt and Payment Account was prepared from the cash book of Delhi Charitable Trust for the year ending December 31, 2018

**Receipt and Payment Account  
For the year ending December 31, 2018**

<b>Receipts</b>	<b>(₹)</b>	<b>Payments</b>	<b>(₹)</b>
Balance B/d:		Furniture	21,600
Cash at Bank	11,500	Investments	23,000
Cash in Hand	12,600	Advance for building	
Donations	9,000	Charities	11,500
Subscriptions	42,800	Salaries	6,000
Legacies	18,000	Rent and Taxes	3,200
Interest on Investment	4,500	Printing	600
Sale of old newspapers	200	Postage	300
		Advertisements	4,500
		Insurance	2,000
		Balance c/d:	
		Cash at Bank	9,900
		Cash in Hand	16,000
	<b>98,600</b>		<b>98,600</b>

Prepare Income and expenditure account for the year ended December 31, 2018, and a balance sheet as on that date after the following adjustments:

- (i) It was decided to treat one-third of the amount received on account of donation as income.
- (ii) Insurance premium was paid in advance for three months.
- (iii) Interest on investment ₹ 1,100 accrued was not received.

- (iv) Rent ₹ 600; salary ₹ 900 and advertisement expenses ₹ 1,000 outstanding as on December 31, 2018

Q14 From the following Receipts and Payments Account of Wahi Club and from the given additional Information. Prepare Income and Expenditure Account for the year ending 31-12-2018 and the Balance-Sheet as on that date.

**Receipts and Payments Account for the year ending 31st December, 2018**

Receipts	(₹)	Payments	(₹)
Balance b/d	2,85,000	By Electricity Charges	40,000
To Subscriptions	9,90,000	By Salaries	4,95,000
To Donation	35,000	By Sports Equipment	6,00,000
To Rent of Hall	25,000	By Miscellaneous Expenses	20,000
To Interest of Investments @8%p.a. for full year	60,000	By Balance c/d	2,40,000
	<b>13,95,000</b>		<b>13,95,000</b>

**Additional information:**

- (1) Stock of Sports Equipment on 31-12-2017 was ₹ 4,50,000 and on 31-12-2018 ₹ 9,75,000.
- (2) ₹ 30,000 received for subscription in 2017 for 2018.
- (3) Salaries had been paid only for 11 months

Q15 Prepare income and expenditure account for the year ended 31st March 2018 and the balance-sheet as at 31st March 2018 from the following receipts and payments account of Mamta Devi Education Society for the year ended 31st March, 2018:

**Receipts and Payments Account for the year ending 31st March, 2018**

Receipts	(₹)	Payments	(₹)
Balance b/d	42,250	By Books	3,900
To Life Membership fees	19,500	By stationary	1,950
To Subscriptions	9,100	By Telephone Charges	1,560
To Entrance Fee	6,500	By Honorarium	1,300
To Sale of Old magazine	520	By Salary	1,300
		By Wages	3,250
		By Computer	58,500
To Sale of old sports Material	1,040	By Balance c/d	7,150
	<b>78,910</b>		<b>78,910</b>

**Additional information:**

On 1st April, 2017, the society had assets worth ₹ 26,000 (including books of ₹ 6,500, investments ₹ 13,000 and furniture ₹ 6,500) creditors for stationary on 1st April, 2017 were ₹ 260. Outstanding bills for salary as on 31st March, 2018 were ₹ 1,430 and wages outstanding were ₹ 650. Subscriptions outstanding as on 1-4-2017 were ₹ 780 and as on 31-3-2018 were ₹ 910.

Depreciation is to be provided on computer @ 25% p.a. and book @ 10% p.a. (including current year's Purchase)

**FILL IN THE BLANKS QUESTIONS**

Q1 Put in the missing figures and complete the solution. Details with respect to stationery of the club are: (3)

Particulars	31 <sup>st</sup> March 2019	1 <sup>st</sup> April 2018
Stock of Stationery	3,000	500
Creditors for Stationery	4,000	2,600
Advance for Stationery paid in 2018-19	700	-
Advance paid for Stationery Carried forward from 2017 -18	500	-

Creditors for Stationary A/c			
Advance Balance B/d	-----	Balance b/d	2,600
Bank A/c	8,970	Stock of stationery A/c	-----
Balance C/d	4,000	Advance C/d	-----
	<b>13,470</b>		<b>13,470</b>
Stock of Stationary A/c			
Balance B/d	500	Income & Expenditure A/c	-----
Creditors for stationery	-----	Balance c/d	3,000
	-----		-----

Q2. Following is the Receipts and payments account of the Indian Youth Association for the year ended Dec. 31, 2018:

**Receipts & Expenditure A/c**

Receipts	Rs.	Payments	Rs.
Balance b/d	1,90,000	Salary	3,30,000
Subscriptions	6,60,000	Sports Equipment	4,00,000
Interest on Investments @8% pa for a full year	40,000	Balance c/d	1,60,000
	8,90,000		8,90,000

**Additional information:**

- (i) The club had received Rs.20,000 for subscription in 2017 for 2018
- (ii) Salaries had been paid only for 11 months.
- (iii) Stock of sports equipment on 31<sup>st</sup> December 2017 was Rs.3,00,000 and on 31<sup>st</sup> December 2018; Rs.6,50,000. Complete the Income & Expenditure account (3)

INCOME & EXPENDITURE ACCOUNT			
for the period ended December 31, 2018			
Expenditure	RS.	Income	Rs.
To salary 3,30,000		By Subscriptions 6,60,000	
-----	-----	-----	-----
To Depreciation on sports equipment	-----		

To Excess of Income over Expenditure	-----		
	7,20,000		7,20,000

Q3. College students in a locality had formed the Indian Sports Club to promote health and fitness among youngsters Following is the receipt and payment account for the year ended 31-12-2018

Receipts	Rs.	Payments	Rs.
Balance b/d	10,000	Salary	15,000
Subscriptions	52,000	Billiard Table	20,000
Entrance Fee	5,000	Office Expenses	6,000
Children's Day Fund	26,000	Children's Day Expenses	31,000
Sale of old newspaper	1,000	Sports Equipment	40,000
Legacy	37,000	Balance c/d	19,000
	<b>1,31,000</b>		<b>1,31,000</b>

**Other Information:**

Subscription outstanding on 31-12-2018 was Rs.2,000 and on 31-12-2017 was Rs.3,000. Salary outstanding on 31-12-2018 was Rs.1,500.

On 1-1-2018 the club had Building Rs.75,000, Furniture Rs.18,000, Sports equipment Rs.30,000. Depreciation charged on all these items including purchases was 10%. The club also had 12% Investment of Rs.30, 000.

Complete the Income & Expenditure account of the club for the year ended 31-12-2018 by putting in the missing figures

<b>INCOME &amp; EXPENDITURE ACCOUNT</b>			
<b>for the period ended December 31, 2018</b>			
Expenditure	RS.	Income	Rs.
To salary 15,000		By Subscriptions 52,000	
----- 1,500	-----	----- 3,000	
To Office Expenses	6,000	-----	
To Children day Expenses	-----	----- 2,000	-----
		By Entrance Fees	5,000
To Depreciation		By sale of old Newspapers	1,000
Building 7,500		By interest	-----
Furniture -----			
Billard Table 2,000			
Sports equipment -----	18,300		
To Excess of Income over Expenditure	-----		
	<b>60,600</b>		<b>60,600</b>

## MISSING FIGURE QUESTIONS

### NOT – FOR – PROFIT ORGANISATION

Q1 Put in the missing figures and complete the solution. Details with respect to stationery of the club are: (3)

Particulars	31 <sup>st</sup> March 2019	1 <sup>st</sup> April 2018
Stock of Stationery	3,000	500
Creditors for Stationery	4,000	2,600
Advance for Stationery paid in 2018-19	700	-
Advance paid for Stationery Carried forward from 2017 -18	500	-

Creditors for Stationary A/c			
Advance Balance B/d	-----	Balance b/d	2,600
Bank A/c	8,970	Stock of stationery A/c	-----
Balance C/d	4,000	Advance C/d	-----
	<b>13,470</b>		<b>13,470</b>
Stock of Stationary A/c			
Balance B/d	500	Income & Expenditure A/c	-----
Creditors for stationery	-----	Balance c/d	3,000
	-----		-----

Q2. Following is the Receipts and payments account of the Indian Youth Association for the year ended Dec. 31, 2018:

### Receipts & Expenditure A/c

Receipts	Rs.	Payments	Rs.
Balance b/d	1,90,000	Salary	3,30,000
Subscriptions	6,60,000	Sports Equipment	4,00,000
Interest on Investments @8% pa for a full year	40,000	Balance c/d	1,60,000
	<b>8,90,000</b>		<b>8,90,000</b>

#### Additional information:

- (i) The club had received Rs.20,000 for subscription in 2017 for 2018
- (ii) Salaries had been paid only for 11 months.
- (iii) Stock of sports equipment on 31 st December 2017 was Rs.3,00,000 and on 31<sup>st</sup> December 2018; Rs.6,50,000. Complete the Income & Expenditure account (3)

INCOME & EXPENDITURE ACCOUNT			
for the period ended December 31, 2018			
Expenditure	RS.	Income	Rs.
To salary 3,30,000		By Subscriptions 6,60,000	



-----	-----	-----	-----	-----
To Depreciation on sports equipment	-----			
To Excess of Income over Expenditure	-----			
	7,20,000			7,20,000

Q3. College students in a locality had formed the Indian Sports Club to promote health and fitness among youngsters Following is the receipt and payment account for the year ended 31-12-2018

Receipts	Rs.	Payments	Rs.
Balance b/d	10,000	Salary	15,000
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Children's Day Fund	26,000	Children's Day Expenses	31,000
Sale of old newspaper	1,000	Sports Equipment	40,000
Legacy	37,000	Balance c/d	19,000
	<b>1,31,000</b>		<b>1,31,000</b>

**Other Information:**

Subscription outstanding on 31-12-2018 was Rs.2,000 and on 31-12-2017 was Rs.3,000. Salary outstanding on 31-12-2018 was Rs.1,500.

On 1-1-2018 the club had Building Rs.75,000, Furniture Rs.18,000, Sports equipment Rs.30,000. Depreciation charged on all these items including purchases was 10%. The club also had 12% Investment of Rs.30, 000.

Complete the Income & Expenditure account of the club for the year ended 31-12-2018 by putting in the missing figures

<b>INCOME &amp; EXPENDITURE ACCOUNT</b>				
<b>for the period ended December 31, 2018</b>				
Expenditure	RS.	Income	Rs.	
To salary 15,000		By Subscriptions 52,000		
----- 1,500	-----	----- 3,000		
To Office Expenses	6,000	-----		
To Children day Expenses	-----	----- 2,000	-----	
		By Entrance Fees	5,000	
To Depreciation		By sale of old Newspapers	1,000	
Building 7,500		By interest	-----	
Furniture -----				
Billard Table 2,000				
Sports equipment -----	18,300			
To Excess of Income over Expenditure	-----			
	<b>60,600</b>			<b>60,600</b>



## ANSWERS AND HINTS

### ONE MARK QUESTIONS:

- Ans1 It is the amount received as per the will of a deceased person  
Ans2 Cash basis  
Ans3 yes- if the objective of one is to earn profit and for another is not to earn profit  
Ans4 No – non cash expense  
Ans5 Capital Fund/ General Fund  
Ans6 No; as it only records cash receipts & payments  
Ans7 No; since the claim has not been received yet and only cash items are recorded)  
Ans8 Income & Expenditure a/c  
Ans9 Yes, NPO follows Double entry system  
Ans10 Answer: amount paid to the person who is not the regular employee of the institution. Payment to an artist for giving performance at the club is an example of honorarium  
Ans11 Fund arising from a bequest or gift, the income of which is devoted for a specific purpose.  
Ans12 Some members prefer to pay lump sum amount as life membership fee instead of paying periodic subscription. Such amount is treated as capital receipt and credited directly to the capital/general fund.  
Ans13 An income arising out of a specific fund – Interest received from prize fund  
Ans14 In case of large amount of Donations  
Ans15(a) Specific Donation; (b) Subscription

### 3 MARK QUESTIONS:

- Ans1 □43,600  
Ans2 □3,250  
Ans3 □42,700  
Ans4 O/S Subscription □2,000  
Ans5 □9,000  
Ans6 □51,000  
Ans7 □95,700, Sub : in Arrear □12,500 & Sub : in advance □3,000  
Ans8 □656,000  
Ans9 Balance of Sports Fund □40,000  
Ans10 □3,00,000  
Ans11 Capital Fund : □11,08,000; Pavillion Fund : □1,45,000 ; Tournament Fund □4,100  
Ans12 Stationary Consumed □2,500  
Ans13 □1,34,000  
Ans14 □20,30,000  
Ans15 □2,00,000  
Ans16 □20,700  
Ans17 □30,700  
Ans18 □6,30,000  
Ans19 □9,060  
Ans20 □29,000

## 6 MARKS QUESTIONS

Ans1 (Answer: Surplus: □41,600)

Ans2 (Answer: Surplus: □7,075)

Ans3 (Answer: Surplus: □1,500)

Ans4 (Answer: Surplus: □13,635)

Ans5 (Answer: Surplus: □34,100)

Ans6 (Answer: Surplus: □2,210)

Ans7 (Answer: Surplus: □7,600)

Ans8 (Answer: Deficit: □11,275)

Ans9 (Answer: Surplus: □3,10,000; Capital Fund: 9,70,000, Total of Balance sheet: 13,10,000)

Ans10(Answer: Surplus: □22,300; Capital Fund: □38,550, Total of Balance sheet: □61,950)

Ans11(Answer: Surplus: □31,500; Total of Balance sheet: □80,500)

Ans12(Answer: Surplus: □5,979; Capital fund: □1,77,316; Total of Balance sheet : □1,83,395)

Ans13(Answer: Surplus: □21,400; Capital Fund: □24,100, Total of Balance sheet: □72,000)

Ans14(Answer: Surplus: □4,65,000; Capital Fund: 14,55,000, Total of Balance sheet: 19,65,000)

Ans15(Answer: Deficit: □9,555; Capital Fund: 68,770, Total of Balance sheet: 80,795)