

CBSE Test Paper 01
Ch-1 FS of Non-profit Organisation

1. XYZ club has a bar that maintains a separate trading account for its trading activities. Which of the following is the treatment of profit or loss on bar trading activities?
 - a. Profit and loss is credit in income statement
 - b. Profit and loss to be presented in Receipt and payment account
 - c. Profit and loss is added to capital fund.
 - d. Profit and loss to be transferred as income and expenditure A/c.
2. Calculate the sports material to be debited to Income & Expenditure a/c. For the yr. ended 31-3-2007 on the basis of the following information. Amount paid for sports material during the yr. was Rs.19, 000

Particulars	1=4=2006 (Rs.)	31.3.2007 (Rs.)
Stock of sports material	7,500	6,400
Creditors for sports material	2,00	2,600

- a. Rs.20300
 - b. Rs.20700
 - c. Rs.20000
 - d. Rs.20500
3. A non-profit organization received Rs.10,000 as the entrance fee of a new member. If 20% of the fee has to be capitalized, what is the amount of fee needs to be shown in the income and expenditure account?
 - a. Rs.9000
 - b. Rs.8000
 - c. Rs.2000
 - d. Rs.5000
4. Prize fund Rs.10000, Interest on prize fund investments Rs.1000, Prize paid Rs.2000, Prize fund investment Rs.8000.What will be its treatment
 - a. Rs.20000 on liability side,Rs. 8000 on Assets side
 - b. Rs.1000 on liability side,Rs. 8000 on Assets side
 - c. Rs.1700 on liability side,Rs. 8000 on Assets side
 - d. Rs.9000 on liability side, Rs. 8000 on Assets side

5. Belle, a nongovernmental not-for-profit organization, received funds during its annual campaign that were specifically pledged by the donor to another nongovernmental not-for-profit health organization. How should Belle record these funds?
 - a. Increase in assets and increase in revenue
 - b. Increase in assets and increase in liabilities
 - c. Increase in assets and increase in deferred revenue.
 - d. Decrease in assets and decrease in fund balance.
6. Not-for-profit organisations have some distinguishing features from that of profit organisations. State any one of them.
7. What is the capital of a Non-Profit Organization generally known as?
8. Name any two accounts required to be prepared in Financial Statements by Not-For-Profit Organizations at the end of the year.
9. State the main aim of a not-for-profit organisation.
10. Write any four features of Receipt and Payment Account?
11. Calculate the amount of stationery to be posted to Income and Expenditure Account of Indian Cultural Society for the year ending 31st March, 2018 from the following information :

Particulars	1.4.2017 (Rs.)	31.3.2018 (Rs.)
Stock of stationery	21,000	18,000
Creditors for stationery	11,000	23,000

Stationery purchased during the year ended 31st March 2018 was Rs.75,000. Also, present the relevant items in the Balance Sheet of the society as at 31st March 2018.

12. From the following information, calculate the amount of subscriptions to be credited to the income and expenditure account for the year 2007—08.

	Amt
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	(Rs.)
Subscriptions received during the year	50,000
Subscriptions outstanding on 31st March, 2007	20,000
Subscriptions outstanding on 31st March, 2008	6,000
Subscriptions received in advance on 31st March, 2007	8,000
Subscriptions received in advance on 31st March, 2008 Subscriptions of Rs. 1,500 are still in arrears for the year 2006-07.	9,000

13. Find out the cost of medicines consumed during 2015-16 from the following information

Particulars	Amt (Rs)
Payment for purchase of medicines	3,70,000
Creditors for medicines purchased	
On 1st April, 2015	25,000
On 31st March, 2016	17,000
Stock of medicines	
On 1st April, 2015	62,000
On 31st March, 2016	54,000
Advance suppliers of medicines	
On 1st April, 2015	11,500
On 31st March, 2016	18,200

14. From the following Receipts and Payments Accounts of Cricket Club and the additional information given, prepare the Income and Expenditure Account for the Year ending 31-12-2018 and Balance sheet as on that date:

RECEIPTS AND PAYMENTS ACCOUNT
for the year ending 31-12-2018

To bal. b/d	Rs.		Rs.
-Cash	3520	By Maintenance	6820
-Bank	27380	By Crockery Purchased	2650
-Fixed Deposit @ 6%	30000	By Match Expenses	13240
To Subscription (including Rs. 6000 for 2017)	40000	By Salaries	11000
TO Entrance fees	2750	By Conveyance	820
To Donation	5010	By Upkeep of Lawns	4240
To Interest on Fixed Deposits	900	By postage stamps	1050
To Tournament Fund	20000	By Purchase Of cricket goods	9720
To Sale of Crockery(book value Rs. 1200)	2000	By Sundry expenses	2000
		By Investments	5700
		By Tournament Expenses	18800
		By balance c/d:	
		-Cash	2200
		-Bank	23320
		Fixed Deposits	30000
	131560		131560

Additional Information:

- i. Salary outstanding is Rs. 1000.
- ii. Opening Balance of Stock of Postage and Stationery and Cricket gods is Rs. 750 and Rs. 3210 respectively. Closing stock of the same is Rs. 900 and Rs. 2800 respectively.
- iii. Outstanding subscription for 2017 and 2018 is Rs. 6600 and Rs. 8000 respectively.

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

Receipt and Payment Account for the year ending March 31, 2017			
Receipts	Amount Rs	Payments	Amount Rs
Opening Cash in hand	2,600	Rent	18,000
Entrance fees	3,200	Wages	7,000
Donation for building	23,000	Billiard table	14,000
Locker rent	1,200	Furniture	10,000
Life membership fee	7,000	Interest	2,000
Profit from entertainment	3,000	Postage	1,000
Subscription	40,000	Salary	24,000
	.....	Cash in hand	4,000
	80,000		80,000

Prepare Income and Expenditure Account and Balance Sheet with help of following Information:

Subscription outstanding on March 31, 2016 is Rs 1, 200 and Rs 2,300 on March 31, 2017, opening stock of postage stamps is Rs 300 and closing stock is Rs 200, Rent Rs 1,500 related to 2015 and Rs 1,500 is still unpaid.

On April 01, 2016 the club owned furniture Rs 15,000, Furniture valued at Rs 22,500

On March 31, 2016. The club took a loan of Rs 20,000 (@ 10% p.a.)

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Answer

1. d. Profit and loss to be transferred as income and expenditure A/c.
Explanation: Any NPO if have its seprate trading activity then they need to know activity wise profit and loss which is to then transferred to income and expenditure account of that NPO to make consolidated Accounts. Hence, profit/loss of Trading activity of club is to be presented in income and expenditure A/c.
2. b. Rs.20700, **Explanation:** Amount to be debited to income and expenditure as Sports material consumption= Amount paid + Opening Stock -closing stock - opening creditors + Closing creditors. Amount to be debited to income and expenditure= $19000+7500-6400-2000+2600$ = Rs. 20,700
3. b. Rs.8000, **Explanation:** These are the fees collected from every member at the time of his admission into membership. It is paid only once by the new entrants on becoming a member of a society or a club. It is treated in two ways:- -if It is to be capitalized then it will be shown in to Balance sheet on the liability side. - If it is to be consider as revenue receipt then show it into income and expenditure account on the income side. Hence, Rs. 20% which means Rs. 2000 ($10,000*20\%$) will be shown on the liability side of balance sheet and balance of Rs. 8000 is to be shown in income expenditure account on income side.
4. d. Rs.9000 on liability side, Rs. 8000 on Assets side
Explanation: Calculation of balance sheet will be like this:- Prize fund - 9000
Add:- Interest on prize fund investment 1000 Less:- Prize paid 2000 Amount on Liability side = Rs. 9000 Prize fund investment Rs. 8000 will be shown on asset side.
5. b. Increase in assets and increase in liabilities
Explanation: Belle, a non-governmental NPO when receive Funds for its annual campaign, it will be a liability for them which will be recorded in balance sheet. And if Organisation pledge this fund to another non governmental NPO , it will be an assets for Belle Non govt. oranisation which is

to be recorded on the assets side of balance sheet.

6. Such organisations are not required to pay income tax on net income.
7. Capital of Not Profit Organization is shown in the Balance Sheet by the name of Accumulated Fund or Capital Fund.
8. Financial Accounts of Not-for-profit Organizations consists of :
 - i. Income and Expenditure Account ;
 - ii. Balance Sheet.
9. The main aim of a Not-for-profit organization is to provide service to the public at large. Like agriculture, education, food, health etc.
10. The main features of Income and Expenditure Account are :
 - i. It is prepared for an accounting period on the accrual concept following the matching principle. All expenses related to accounting year whether paid or not are recorded.
 - ii. Only revenue items are considered, while the capital item is excluded.
 - iii. All items both cash and non cash (depreciation) are recorded.
 - iv. Expenditure is recorded on the debit side and incomes on the credit side and ends with Surplus or Deficit as the case may be(difference between revenue and expenditure).

11. **Stationery Account**

Dr.			Cr.
Particulars	Rs.	Particulars	Rs.
To Balance b/d	21,000	By Income & Expenditure A/c	78,000
To Bank	75,000	(Balancing figure)	
		By Balance c/d	18,000
	<u>96,000</u>		<u>96,000</u>

Balance sheet
as on 31.03.2018

Liabilities	Rs.	Assets	Rs.

Creditors for stationery	23,000	Stationery's Stock	18,000
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12.

Particulars	Amount (Rs.)
Subscriptions received during the year	50,000
(+) Subscriptions Outstanding for 31st March, 2008 (6,000 - 1,500)	4,500
(+) Subscriptions Received in advance on 31st March, 2007	8,000
(-) Subscriptions Received in advance on 31st March, 2008	(9,000)
(-) Subscriptions Outstanding on 31st March, 2007 (20,000 - 1,500)	(18,500)
= Income from subscriptions for the year 2007-08	35,000

13.

Particulars	Amt (Rs)
Payment for purchases of medicine	3,70,000
(-) Decrease in Creditors for medicines during the year 2016 (25,000 - 17,000)	(8,000)
(-) Increase in Advance for medicines during the year 2016 (18,200 - 11,500)	(6,700)
Purchases of medicine during the Year 2016	3,55,300
(+) Opening stock of medicines on 1st April, 2015	62,000
(-) Closing stock of medicine on 31st March, 2016	(54,000)
= Medicine consumed during the year 2016	3,63,000

14.

**Cricket Club Income and Expenditure account
for the year ended 31-12-2018**

Expenditure	Rs.	Income	Rs.
To Maintenance	6820	By Subscription	40000
To Conveyance	820		6000

			Less: Rec. for last year		
To Upkeep of Lawns	4240		Add: outstanding for current year	<u>8000</u>	42000
To Match Expenses	13240		By Entrance Fees		2750
To Salaries	11000		By Donations		5010
Add: Outstanding	<u>1000</u>	12000	By Interest on Fixed Deposits	900	
To postage Stamps:			Add:Outstanding	<u>900</u>	1800
opening balance	750		By Profit on Sale of Crockery (2000-1200)		800
Add: Purchases	1050				
Less: Closing Stock	<u>(900)</u>	900			
To Cricket Goods:					
opening balance	3210				
Add: Purchases	9720				
Less: Closing Stock	<u>(2800)</u>	10130			
To sundry Expenses		2000			
To Excess of Income over Expenditure (balance fig.)		2210			
		52360			52360

Balance sheet
as on 31-12-2018

Liabilities		Rs.	Assets	Rs.
Tournament Fund	20000		Cash	2200

Less:Tournament Expenses	<u>18800</u>	1200	Bank	23320
Salary Outstanding		1000	Fixed Deposit	30000
Capital (Balancing Fig.)	72660		Investment	5700
Add: surplus	<u>2210</u>	74870	Crockery	2650
			Accrued Interest on Fixed Deposit	900
			Subscription Due:	
			2017 (6600-6000)	600
			2018	8000
				8600
			Stock of Postage and stationery	900
			Stock of Cricket goods	2800
		77070		77070

15.

Books of Shankar Sports Club Income and Expenditure Account as on 31 Dec. 2017					
Dr.					Cr.
Expenditure		Amount (₹)	Income		Amount (₹)
Rent	18,000	.....	Entrance Fees		3,200
Add: Outstanding for 2017	1,500	.....	Locker Rent		1,200
.	19,500	.....	Profit from Entertainment		3,000
Less: Outstanding for 2016	(1,500)	18,000			.....

.		...	Subscription received during the year	40,000	.....
Wages		7,000	Less: Outstanding for 2016	(1,200)	.....
Depreciation on Furniture		2,500	.	38,800	.....
Interest		2,000	Add: Outstanding for 2017	2,300	41,100
Postage	1,000	...	Deficit (Balancing Figure)		6,100
Add: Opening Stock	300	...			...
	1,300	...			...
Less: Closing Stock	(200)	1,100			...
Salaries		24,000			...
	
		54,600			54,600

Balance Sheet as on December 31, 2016

Liabilities	Amount Rs	Assets	Amount Rs
Rent Outstanding	1,500	Cash in Hand	2,600
10% Loan	20,000	Subscription Outstanding	1,200
.	...	Furniture	15,000
.	...	Stock of Postage Stamps	300
.	...	Capital fund Deficit (Balancing figure)	2,400
.	21,500	.	21,500

Balance Sheet as on December 31, 2017

Expenditure		Amount (₹)	Income		Amount (₹)

Rent Outstanding		1,500	Subscription Outstanding		2,300
10% Loan		20,000	Stock of Postage Stamps		200
Donation for Building		23,000	Billiard Table		14,000
Capital Fund	(2,400)	...	Furniture	15,000	...
Add: Life Membership Fee (note 1)	7,000	...	Add: Purchases	10,000	...
Less: Deficit	(6,100)	...		25,000	...
		...	Less: Depreciation	(2,500)	22,500
		...	Cash in Hand		4,000
		...	*Capital Fund (Deficit)(note 2)		1500
		44,500			44,500

Note : 1. Some members of the organisation pay their subscription (to become the member) in lump sum for the entire life. This amount is called Life Membership Fees. So, Life Membership Fees is a receipt of Capital nature or non-recurring amount since the members will not be required to pay the fee annually. Hence it is not credited to the Income and Expenditure account but added to the Capital Fund.

2. Since there is insufficient amount in Capital Fund, it will be shown in the Assets side of Balance Sheet.