

Important Questions Part -1

Not for Profit Organisation

1. Define the Not for profit organisation?

Ans. Not for profit organisation (NPO) can be defined as, "an economic entity that provides services beneficial to the society without making profits". These organisations work for the promotion of charity, religion, education, literature, sports, art and culture, without aiming at profit.

2. What are the objectives of accounting for NPO?

Ans.

- i. To assess financial performance of the organisation.
- ii. To appraise the members about the financial affairs of the organisation.
- iii. To evaluate the organisation's efficiency in spending money on some social cause.

3. Explain accounting treatment of 'Sale of old newspaper and magazine by NPO?

Ans. Amount received from the sale of old newspapers and magazine are treated as revenue receipts because it is a regular feature of NPO. Hence sale of old newspaper etc. are shown on the credit side of income and expenditure account.

4. During the year 2007 a club received Rs. 1, 00,000 as entrance fees. According to accounting policy for the club 40% of the entrance fees is to be capitalised. How will you deal with entrance fees received by NPO?

Ans. Entrance fees Rs. 60,000 (i.e. 60% of Rs. 1,00,000) will be credited to 'Income and Expenditure Account' and Rs. 40,000 (i.e. 40% of Rs. 1,00,000) will be added to capital fund in the balance sheet.

5. What is meant by Fund Based Accounting?

Ans. In fund based accounting separate accounts are maintained for specific activities of the organisation such as sports fund, price fund etc. All items related to the specific fund are recorded fund wise and consolidation of these statements or accounts are presented in the financial results.

6. Mention any two categories of funds?

Ans.

- i. Fixed Assets fund : These are the funds specially for investment in fixed assets or

already invested in fixed assets. Creating a separate fixed assets fund may imply to some extent that fixed assets are somehow not related to the day-to-day operation of the organisation.

- ii. Annuity fund : These funds are used to account for resources that are given to a Not for profit organisation to accept to make periodic payment to the designated recipient. In this situation the original amount will be credited to the equity fund.

7. What is Endowment fund?

Ans. Endowment funds contain assets donated by the donors with the donation that only the income covered by these assets can be used to finance the specific activities and not the principle amount.

8. How would you calculate the amount of consumable materials?

Ans. Opening stock of Material + purchase during the year - closing stock of material = consumable material.

9. How would you account for the cost of prizes purchased for distribution, of a 'Prize-Flood' is maintained?

Ans. The main sources of income of a not for profit organisation are :

- i. Membership subscription.
- ii. Donations.
- iii. Life membership fees.
- iv. 'Profit from the sale of food in the club, restaurant or cafeteria.
- v. 'Profit from bar sales.
- vi. Profit from social events, such as dinner - dance
- vii. Interest received on investment.

10. Give two main sources of income of a Not for profit organisation ?

Ans. Receipts and payment account and cash book :

	Basis	Fund Based Accounting	Non fund based Accounting
i)	Accounting base	It is on cash basis	Non fund based accounting. It is an accrual basis
ii)	Funds	Specific funds are used for specific purposes except for general fund	Funds can be used for any profit earning purpose.
iii)	Economic interest	Owners have no economic interests	Owners have economic interest in the form of profit.

iv)	Account ability	Accountability is towards law, regulations, legislature, parliament contributors and donors of fund.	Accountability is towards all stock holders, viz, owners creditors, government regulations etc.
v)	Usual earnings	Usually expenditure is more than income known as deficit.	The result of matching of revenue and expenses may either be profit or loss.

11. Give any two points of difference between receipts and payment account and cash book ?

Ans. Difference between receipts and payment A/c and Trial balance

Basis	Receipts and payment account	Trial balance
Preparation of accounts	It is prepared after summarizing cash receipts and cash payment.	It is prepared after balancing all ledger accounts.
Opening Balance	It starts with opening balance of cash and bank.	It has no opening balance.

12. Difference between receipt and payment account and trial balance ?

Ans. Legacy : It is the amount received as per the will of a deceased person. It appears on the receipts side of the Receipt and payment account and is directly added to capital fund / general fund in the balance sheet.

13. What do you mean by legacy ?

Ans. Honorarium : A token payment made to a person who has voluntarily undertaken a service which will normally demand of fee. It is thus an expression of gratitude rather than a payment for the work done.

14. What is honorarium ?

Ans Silent features of Non-profit organisation are :

- i. Such organisation are formed for providing services to a specific group or public.
- ii. The main sources of income of such organisation are :
 - a. Subscription
 - b. Donations
 - c. Legacies
 - d. Grant-in-aid

-
- e. Income from investments.
 - iii. The funds raised by such organisation through various sources are credited to capital fund or general fund.
 - iv. Their affairs are usually managed by a managing executive committee elected by its members.

15. Write any four features of receipt and payment account ?

Ans. The main features of Income and Expenditure Account :

- i. It is prepared for an accounting period on accrual concept following the matching principle.
- ii. Only revenue items are considered, while capital item are excluded.
- iii. All items both cash and non cash (depreciation) are recorded.
- iv. Expenditure are recorded on the debit side and incomes on the credit side.

Important Questions Part-2

Not for Profit Organisation

1. Explain accounting treatment of 'Life Membership Fees in case of NPO ?

Ans. It is a non recurring receipt, therefore, it is not credited to income and expenditure account but shown separately on the liabilities side of the Balance sheet. If membership is create d it is transferred to capital fund.

2. A club has 500 members each paying annual subscription received in advanced for the current year Rs. 10,000. Subscription received during the year Rs. 30,000.

Calculate the amount of outstanding subscription ?

Ans. Rs. 10,000.

3. Define restricted fund and unrestricted fund ?

Ans.

- i. Restricted fund : Restricted fund is that fund, the use of which is restricted to the activities for which this fund is created the donors. For example : the use of prize fund will be restricted to the cawarding of prizes.
- ii. Unrestricted fund : Unrestricted fund is also known as capital fund or general fund. The organisation is free to use this fund in any manner it likes. The accounting basis of the unrestricted fund is the actual method as used by profit making organisations that primary sources of income for this fund is annual subscription or membership fees general government grants, gifts from individuals and income from investments.

4. Define subscription, donation and grant ?

Ans. Subscription: A periodic amount received by a not for profit organisation from its members for keeping their membership alive is called subscription. Donation : Donation is an amount received by way of gift. If donation is received for a specific purpose, it should be shown distinctly on the liabilities side of the Balance sheet and should be used for assigned purpose. Government grant : Not for profit organisation receives different types of

5. Distinguish between fund based accounting and non fund accounting ?

Ans. The main difference between fund base accounting :

	Basis	Fund Based Accounting	Non fund based Accounting

i)	Accounting base	It is on cash basis	Non fund based accounting. It is an accrual basis
ii)	Funds	Specific funds are used for specific purposes except for general fund	Funds can be used for any profit earning purpose.
iii)	Economic interest	Owners have no economic interests	Owners have economic interest in the form of profit.
iv)	Accountability	Accountability is towards law, regulations, legislature, parliament contributors and donors of fund.	Accountability is towards all stock holders, viz, owners creditors, government regulations etc.
v)	Usual earnings	Usually expenditure is more than income known as deficit.	The result of matching of revenue and expenses may either be profit or loss.

6. Distinguish between profit - seeking organisation and not for profit organisation ?

Ans. A profit seeking organisation may be distinguished from a not for profit organisation as under :

7. Write any four features of non profit organisation ?

Ans. The main features of Receipts and payment account :

- i. It is a real account.
- ii. It does not show the date of transactions.
- iii. It gives summary of all cash receipts and cash payment.
- iv. It does not show net income or net loss i.e. surplus or deficit.s

Important Questions Part-3

Not for Profit Organisation

1. During the year 2007 a club received Rs. 1, 00,000 as entrance fees. According to accounting policy for the club 40% of the entrance fees is to be capitalised. How will you deal with entrance fees received by NPO?

Ans. Entrance fees Rs. 60,000 (i.e. 60% of Rs. 1,00,000) will be credited to 'Income and Expenditure Account' and Rs. 40,000 (i.e. 40% of Rs. 1,00,000) will be added to capital fund in the balance sheet.

2. What is meant by Fund Based Accounting?

Ans. In fund based accounting separate accounts are maintained for specific activities of the organisation such as sports fund, price fund etc. All items related the specific funds are recorded fund wise and consolidation of these statements or accounts are presented in the financial results.

3. How would you calculate the amount of consumable materials?

Ans. Opening stock of Material + purchase during the year - closing stock of material = consumable material.

4. Difference between receipt and payment account and trial balance ?

Ans

Basis	Receipts and payment account	Trial balance
Preparation of accounts	It is prepared after summarizing cash receipts and cash payment.	It is prepared after balancing all ledger accounts.
Opening Balance	It starts with opening balance of cash and bank	It has no opening balance

5. Following are the brief particulars of cash transactions of Geeta Pustakalaya Allahabad for the year ended 31st December 2002.

Ans.

Receipts	Rs	Payments	Rs.
To balance b/f	1319	By rent and rates	168

To entrance fees	255	By wages	245
To subscriptions	1600	By lighting	72
To donation	165	By lecturers fee	435
To life membership fee	250	By books	213
To interest	14	By office expenses	450
To profit on entertainment	42	By 3% fixed deposits (1.7.2002)	800
		By bank balance	242
		By cash in hand	1020
	3,645		3,645

Library has books worth Rs 2,000 and furniture worth Rs 850 in the beginning of year. Outstanding subscription was Rs 35 in the beginning of year and Rs 45 at the end of year. Outstanding rent was Rs 60 in the beginning as well as at the end of year. Charge depreciation Rs 50 on Furniture and Rs 113 on Books. Required: from the above particulars prepare Income and Expenditure Account and Balance Sheet of Pustakalaya as on 31st December 2002.

Ans.

Income and expenditure account
For the year ending 31st Dec. 2002

Particulars		Rs.	Particulars		Rs.
To Rent	168		By Subscription	1600	
Add Outstanding	60		Add: Outstanding	45	
Less: of previous year	60	168	Less: of previous year	35	1610
To wages		245	By interest	14	
To Lighting		72	Add: Accrued int.	12	26
To Lecture fee		435	By profit on		42

			entertainment		
To office expenses		450	By entrance fees		255
Book	113		By Donations		165
Furniture	50	163			
To excess of income over expenditure		565			
		2,098			2,098

Balance sheet as at 31st Dec. 2002

Liabilities	Rs		Assetss	Rs
Capital Fund	4144		Cash in hand	1020
Add: Surplus of this year	565	4709	Cash at bank	242
Life membership fees		250	Fixed deposit	800
Outstanding rent		60	Outstanding subscriptions	45
			Books	2100
			Furniture	800
			Accrued interest	12
		5,019		5,019

Working note calculation of opening capital fund

Balance sheet as at 31st Dec. 2001

Liabilities	Rs	Assets	Rs
Outstanding rent	60	Cash in hand	1319
Capital fund (balancing figure)	4144	Outstanding subscription	35
		Book	2000
		Furniture	850

	4,204		4,204
--	-------	--	-------

IMPORTANT POINTS

Illustration 1: From the following extracts of the Receipt and Payments Account and the additional information, you are required to computer the income from subscription for the ended March 31, 2015 and show it in the Income and Expenditure Account for the year ended on March 31, 2015.

Receipts & Payments A/C for the year ended on 31st march 2015

<i>Receipts</i>	<i>Amount</i>	<i>Payments</i>	<i>Amount</i>
To Subscriptions	50,000		

Additional information: -

March 31 2015 March 31 2014

Subscription Outstanding 15,000 8,000

Subscription paid in advance 5,000 3,000

Solution:

Statement of Actual amount of subscription for the current year.

<i>Particulars</i>	<i>Details</i>	<i>Amount</i>
Subscription received during the year	15,000	50,000
Add: outstanding subscription (End or current year) Prepaid Subscription (Beg. Or previous year)	3,000	18,000
Less: Outstanding subscription (Beg. Or previous year)		

Prepaid Subscription (End or current year)	8,000	68,000
	5,000	13,000
Amount of subscription to be shown in Income & Exp. A/C		55,000

OR

By Preparing ledger Account.

Subscription A/C

<i>Particulars</i>	<i>Amount</i>	<i>Particulars</i>	<i>Amount</i>
To Bal. b/d ((outstanding Subscription at the Beginning) To Income & Expenditure A/C (Balancing Figure)	8,000 55,000 5,000	By Bal. b/d (Prepaid Subscription at the Beginning) By Receipts & Payment A/C By Bal. c/d (Outstanding subscription at the end)	3,000 50,000 15,000
To Bal. c/d ((Prepaid Subscription at the end)	68,000		68,000

Illustration 2: Receipts & Payments A/C of Star Young Club disclosed that is has received Rs. 1,50,000 by way of subscription during the year ended on March 31, 2015.

<i>Additional information:</i>	<i>Amount</i>
Subscription Outstanding as on 01-04-2014 (Out of which Rs. 3,500 were received in 2014-15)	5,000 3,000
Subscription received in advance on 31-03-2014	
Subscription received in advance on 31-03-2015	4,100

Show how the subscription will appear in Income & Expenditure A/C for the year

ending March 31, 2015 in each of the following alternative cases: -

Case I If subscription outstanding for 2014-15 is Rs. 6,400

Case II If subscription outstanding as on 31-03- 2015 is Rs. 6,400

Solution:

Income & Expenditure A/C

For the year ended on March 31, 2015

<i>Expenditure</i>	<i>Amount</i>	<i>Income</i>	<i>Amount</i>
		By Subscription	1,50,000
		Add: Outstanding (End)	7,900
		Prepaid (Beginning)	3,000
		Less: Outstanding	
		(Beginning) Prepaid (end)	1,60,900
			5,000
			4,100
			1,51,800

Note: Calculation of Outstanding as on 31-03-2015 (end)

Outstanding as on 31-03-2014 (Previous Year)	5,000
Received during the year	1,500
Still outstanding as on 31-03-2015	3,500
Outstanding for the current year (2014-15)	6,400
Still outstanding as on 31-03-2015	1,500
Outstanding as on 31-03-2015	7,900

Case: II

Income & Expenditure A/C

For the year ended on March 31, 2015

<i>Expenditure</i>	<i>Amount</i>	<i>Income</i>	<i>Amount</i>	
		1,50,000		
		By Subscription Add:	6,400	
		Outstanding (End) Prepaid	3,000	
		(Beginning)		
		Less: Outstanding (Beginning)	1,59,400	
		Prepaid (end)	5,000	
		4,100	1,50,300	

Illustration 3: Subscription received during the year ended March 31, 2015 at Royal Club were as under:

	Rs.	
2013-14	5,000	
2014-15	90,000	
2016-17	2,500	97,500

The club has 500 members each paying @ Rs. 200 as annual subscriptions. Subscription outstanding as on March 31, 2014 were Rs. 9,500. Calculate the amount of subscription to be shown in the Income & Expenditure A/c for the year ended on March 31, 2015.

Solution:

Income & Expenditure A/C

For the year ended on March 31, 2015

Expenditure	Amount	Income	Amount
		By Subscription 97,500	
		Add: Outstanding (End) 14,500	
			1,12,000

		Less: Outstanding (Beginning)	9,500	
		Prepaid (end) 2,500		1,00,000

Note: In this question members are given so the amount to be shown is always equal to the amount members has to pay in any one year i.e. $500 \times 200 = 1,00,000$

Calculation of Outstanding as on 31-03-2015 (end)

Total amount to be received during the year	$500 \times 200 =$	1,00,000
Amount received during the year (2014-15)		90,000
Outstanding for the current year (2014-15)		10,000
Outstanding as on 31-03-2014 (Previous Year)	9,500	
received during the year	5,000	
Still outstanding as on 31-03-2015	4,500	
Outstanding for the current year (2014-15)	10,000	
Still outstanding as on 31-03-2015	4,500	
Outstanding as on 31-03-2015	14,500	

Illustration 4: On the basis of the following information, calculate the amount of stationery to be debited to Income and expenditure A/c for the year ended on March 31, 2015.

	Amount (Rs)
Stock Stationary on April 1, 2014	6,000
Creditors for stationary on April 1, 2014	4,000
Amount Paid to Creditors for Stationary during 2014-15	21,600
Stock of stationery on March 31, 2015	1,000
Creditors for stationary on March 31, 2015	3,600

Solution: Calculation of Stationary to be shown in income and expenditure A/C

<i>Particular</i>	<i>Details</i>	<i>Amount</i>
Amount paid to Creditors for stationary during current year Add: Opening Stock of stationary Closing Creditors of Stationary Less: Closing Stock of stationary Opening Creditors of Stationary	6,000	21,600
	<u>3,600</u>	9,600
	4,000	31,200
	1,000	5,000
Amount of subscription to be shown in Income & Exp. A/C		36,200

Illustration 5: On the basis of the information given below, calculate the amount of stationary to be shown in the ‘Income and Expenditure Account’ of ‘Rohan Literary Society’ for the year ended March 31,2015.

	Apr. 1, 2014 (Rs.)	Mar. 31, 2015 (Rs.)
Stock of stationary	4,000	3,000
Creditors for stationary	4,500	5,500

Stationary purchased during the year ended March 31, 2015 was Rs. 23,500.

Solution: Calculation of Stationary to be shown in income and expenditure A/C

<i>Particular</i>	<i>Details</i>	<i>Amount</i>
Stationery purchased during the year		23,500
Add: Opening Stock of stationary		4,000
Less: Closing Stock of stationary		3,000
Amount of subscription to be shown in Income & Exp. A/C		24,500

Illustration 6: From the following information’s of Arjun Sports Club, show the Sports

Material' in the 'Income and Expenditure Account' for the year ending March 31, 2015 and the Balance Sheets as on March 31, 2014 and March 31, 2015:

	Apr. 1, 2014 (Rs.)	Mar. 31, 2015 (Rs.)
Stock of stationary	4,800	13,200
Creditors for stationary	11,500	15,800
Advance to supplier of sports material	30,000	50,000

Payment to suppliers for the Sports Material during 2014-2015 was Rs. 1,85,000. No sports material purchased on cash basis during the year 2014-15

Solution:

Balance Sheet as at 01st April 2014

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
Creditors	11,500	Advance to suppliers	30,000
		Stock of Sports Material	4,800

Calculation of Stationary to be shown in income and expenditure A/C

<i>Particular</i>	<i>Details</i>	<i>Amount</i>
		1,85,000
Amount paid to suppliers for sports Material during year	4,800	
Add: Opening Stock of stationary	15,800	
Closing Creditors of Stationary	30,000	
Prepaid or advance (Beg. Or previous year)		50,600
		2,35,600
<i>Particular</i>	<i>Details</i>	<i>Amount</i>
Less: Closing Stock of stationary	13,200	

Opening Creditors of Stationary	11,500	74,700
Prepaid or Advance (End or current year)	50,000	
Amount of sports Material to be shown in Income & Exp. A/C		1,60,900

Balance Sheet as at 31st March 2015

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
Creditors	15,800	Advance to suppliers	50,000
		Stock of Sports Material	13,200

Illustration 7: Following is the Receipts and Payments Account of women club for the year ended March 31, 2015. Prepare the Income and Expenditure A/C for the year ended on March 31, 2015 and also the balance sheet as at the date:

Receipts	Amount	Payments	Amount
			17220
	28,260	By Rent & Taxes	18,800
To Balance b/d	11,040	By Salaries	840
To Entrance Fees	44,000	By Electricity Charges	2,500
To Subscriptions	21,220	By General Expenses	6,240
To Donations	820	By Books	9,000
To Interest	1,640	By Office Expenses	28,000
To Profit from Entertainment		By Investments	24,380
	<hr/>	By Balance c/d	
	1,06,980		1,06,980

Additional Information:

(i) In the beginning of the year, the club had books worth Rs. 60,000 and Furniture worth Rs. 11,600.

(ii) Subscription in arrears on April 1, 2014 were Rs. 1,200 and on March 31, 2015 Rs. 1,400.

(iv) Write off Rs. 1,000 as depreciation on Furniture and Rs. 6,000 on Books.

(v) On March 31, 2015 Salaries Rs. 3,000 and Electricity Charges Rs. 4,000 were outstanding.

Solution:

Balance Sheet as at 01st April 2014

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
Capital Fund (Bal. Fig.)	1,01,060	Cash	28,260
		Subscriptions Outstanding	1,200
		Books	60,000
		Furniture	11,600
	1,01,060		1,01,060

Income & Expenditure A/C For the year ended on March 31, 2015

Expenditure		Amount	Income		Amount
To Rent & Taxes		17,220	By Subscription	44,000	
To Salaries	18,800		Add: Outstanding (End)	1,400	
Add: Outstanding	3,000	21,800	45,400		
To Electricity Charges	840		Less: Outstanding (Beginning)	1,240	44,200
Add: Outstanding	400	1,240	By Entrance Fees		11,040
To General Expenses		2,500	By Donations		21,220
To Office Expenses		9,000	By Interest		820
To Depreciation			By Profit from		1,640

on:			Entertainment			
Books	6,000					
Furniture	1,000	7,000				
To Surplus		20,160				
		78,920				78,920

Balance Sheet as at 31st March 2015

<i>Liabilities</i>		<i>Amount</i>	<i>Assets</i>		<i>Amount</i>	
	1,01,060				24,380	
	20,160					
Capital Fund			Cash	60,000		
Add: Surplus		1,21,220	Subscriptions	6,240	1,400	
Salaries outstanding		3,000	Outstanding			
Electricity charges		400	Books			
Outstanding			Add: Addition			
				66,240		
Liabilities		Amount	Assets		Amount	
				6,000		
			Less: Depreciation	11,600	60,240	
			Furniture	1,000	10,600	
			Less: Depreciation		28,000	
			Investments			
		1,24,620			1,24,620	

Illustration 8: The following is the 'Receipts and Payments Account' of Yashoda Hospital, for the year ended on March 31, 2015. You are required to prepare 'Income and Expenditure Account' for the year ended on March 31, 2015 and 'Balance Sheet' as

on that date.

Receipt & Payment A/C

Receipts	Amount	Payments	Amount
To Balance b/d	17,000	By Payment for Medicines	66000
To Grant	40,000	By Salaries	54,000
To Subscriptions	96,000	By Fees to Doctors	48000
To Donations	30,000	By General Expenses	2,400
To Proceeds from Charity Show	24000	By Equipments	30,000
To Interest on Investment	18,000	By Charity Show Expenses	8,000
@ 9% p.a. for 1 year		By Balance c/d	16,600
	2,25,000		225000
<i>Other information:</i>		<i>April 1, 2014</i>	<i>March 31, 2015</i>
(i) Subscriptions in Arrears		1,000	2,000
(ii) Subscription in Advance		3,000	2,500
(iii) Stock of medicines		22,000	25,000
(iv) Amount due to suppliers of Medicines		14,000	23,000
(v) Value of Equipments		54,000	68,000
(vi) Value of Building		1,36,000	1,28,000

Solution:

Income & Expenditure A/C

For the year ended on March 31, 2015

Expenditure	Amount	Income	Amount
To Fees to Doctors			
To Salaries	66,000	By Subscription	96,000
To Medicines	22,000	Add: Outstanding	2,000
Add: Opening	23,000	(End)	3,000
	48,000		

Stock		54,000	Prepaid		97,500	
Closing Creditors	1,11,000	72,000	(Beginning)		40,000	
Less: Closing Stock	25,000	2,400	Less: Prepaid (end)		30,000	
Opening Creditors	14,000	8,000	Outstanding	1,01,000	18,000	
To Sundry		24,000	(Beginning)	2,500	24,000	
Expenses To		1,100	By Grant in Aid	1,000		
Charity Show Exp.	16,000		By Donations			
To Depreciation	8,000		By Interest			
on: Equipments			By Proceeds from			
Building			Charity Show			
To Surplus		2,09,500			2,09,500	

Note: Calculation of Depreciation

Depreciation = Opening Bal. + Addition - Closing Bal. Equipments = 54,000 + 30,000 - 68,000 = 16,000

Building = 1,36,000 - 1,28,000 = 8,000

Balance Sheet

as at 31st March 2015

<i>Liabilities</i>		<i>Amount</i>	<i>Assets</i>	<i>Amount</i>	
Creditors for Medicines Prepaid Subscriptions Capital Fund Add: Surplus	4,13,000			16,600	
	1,100	23,000	Cash	2,000	
		2,500	Subscriptions	2,00,000	
		4,14,100	Outstanding	68,000	
			Investments	1,28,000	
			Equipment Building	25,000	
			Stock of Medicines		
		4,39,600		4,39,600	

Working Note:**Balance Sheet as at 01st April 2014**

<i>Liabilities</i>	<i>Amount</i>	<i>Assets</i>	<i>Amount</i>
Creditors for Medicines Prepaid Subscriptions Capital Fund (Bal. Fig.)	14,000	Cash	17,000
	3,000	Subscriptions	1,000
	4,13,000	Outstanding	2,00,000
		Investments Equipment	54,000
		Building	1,36,000
		Stock of Medicines	22,000
	4,30,000		4,30,000

Illustration 9: From the following information related to Amar Nath Charitable Society, prepare Income and Expenditure Account for the year ended March 31, 2015

Receipt & Payment A/C

<i>Receipts</i>	<i>Amount</i>	<i>Payments</i>	<i>Amount</i>
			30,000
To Balance b/d	4,400	By Investments	29,000
To Sale of old New paper	600	By Salaries	400
To Subscriptions	56,000	By Miscellaneous Exp. By	25,800
To Donations	34,000	Telephone Charges	6,000
To Rent received	24,000	By Furniture	800
To Interest on Investment	4,600	By Printing & Stationery	12,000
		By Fax Machines	
		By Balance c/d	19,600
	1,23,600		123600

Additional Information: Subscription received includes Rs. 1,200 for 2015-16. The amount of subscription outstanding on March 31, 2015 Rs. Rs. 1,000; Sal- aries unpaid for the year 2014-15 Rs. 1,400; 60% of the Donations are to be capitalized. Rent receivable as on 31-03-

2015 is Rs. 400

Solution:

Income & Expenditure A/C

For the year ended on March 31, 2015

Expenditure		Amount	Income		Amount	
	29,000			56,000		
	1,400		By Subscription	1,000		
To Printing & Stationery	800		Add: Outstanding (End)			
To Salaries	30,400		Less: Prepaid (End)	57,000	55,800	
Add: Outstanding	25,800		By Rent Received	1,200	24,400	
To Telephone Charges	400		Add: Outstanding (End)		13,600	
To Misc. Expenses	41,600		By Donations (40%)	24,000	4600	
To Surplus			By Interest on Investments	400	600	
			By Sale of old Newspaper			
		99,000			99,000	

EXERCISE

Q.No.1 A club has 1,000 members each paying subscription @ Rs. 50. Total subscription received during the year 2014-15 is Rs. 97,000 including Rs. 23,000 for the year 2013-14 & Rs. 24,000 for the year 2015-16. 25 members paid their subscription for 2014-15 in the year 2013-14.

Show the amount of Subscription in Income & Expenditure A/C for the year ended 31st March 2015 and in the Balance Sheet as at that date.

Q.No.2 On the basis of the information given below calculate the amount of medicines to be debited to the "Income & Expenditure AC" of Perfect Health Club for the year ended on 31-03-2015:

--	--	--

	April 1st, 2014	March 31st, 2015
Stock of Medicines	1,70,000	1,34,650
Creditors for Medicines	15,06,900	18,20,700

Medicines purchased during the year ended 31-03-2015 were Rs. 65,80,700.

Q.No.3 Subscription received during the year ended March 31, 2015 by Allahabad Arts Club were as under:

<i>Year</i>	<i>Amount (Rs.)</i>
2013-14	5,000
2014-15	1,08,000
2015-16	3,000
	1,16,000

Additional Information:

Total number of members = 240

Annual Subscription Fee = Rs. 500

Subscription Outstanding as on 01-04-2014 Rs. 9,000

Show the amount of Subscription in Income & Expenditure A/C for the year ended 31st March 2015 and in the Balance Sheet as at that date.

Q.No.4 Following is the Receipt and Payment Account of Tulsi Literary Society for the ended March 31, 2015. Prepare Income and Expenditure Account for the year March, 31, 2015

Receipt & Payment A/C

Receipts	Amount	Payments	Amount
			4,000
To Balance b/d	65,000	By Honorarium to Cashier	1,000
To Life Membership Fees	30,000	By Stationery	6,000
	14,000	By Books	2,400

To Subscriptions	1,000	By Telephone Charges	90,000
To Sale of old Newspaper	1,400	By Computer	2,000
To Locker Rent	10,000	By Repairs	5,000
To Entrance Fees		By Wages	11,000
		By Balance c/d	
	1,21,400		121400

Additional Information: On 1st April 2014 Subscription outstanding were Rs. 1200 & Subscription outstanding as on 31-03-2015 is Rs. 1400. Creditors for Stationery as on 30-03-2014 were Rs. 400 & the same as on 31-03-2015 is Rs. 800. Bills outstanding for repairs on March 31, 2015 were 2200 & Wages outstanding were Rs. 1000. 75 % of the Entrance Fees is to be Capitalized. Depreciation is to be provided on computers @ 25 % p.a. And books @ 10 % p.a.

Q. No. 5 From the following receipts & Payments Account of Sonic Club & from the given additional information; prepare Income & Expenditure Account for the year ending 31st March 2015 & the Balance Sheet as on that date:

Receipt & Payment A/C

<i>Receipts</i>	<i>Amount</i>	<i>Payments</i>	<i>Amount</i>
To Balance b/d	1,90,000	By Salaries	3,30,000
To Subscriptions	6,60,000	By Sports Equipment	400000
To Interest on Investments @ 8% p.a. for full year	40,000	By Balance c/d	160000
	8,90,000		8,90,000

Additional Information

(i) The club received Rs. 20,000 for subscriptions in 2014-15 for 2015-16.

(ii) Salaries had been paid only for 11 months.

(iii) Sock of Sports Equipment on 31st March, 2014 was Rs. 3,00,000 & on 31st March, 2015 Rs. 6,50,000.00