

Accounts of Non-Trading Concerns

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1. Introduction

Generally, trading firms or concerns come into existence for profit generation motto. To know the result of any business trading firm or concerns, prepare a trading account, profit and loss account. Balance sheet is prepared to know the economic status of the business. There are several institutions in society, those who do not have an objective of generating profit. They have an aim to serve the society, to provide facilities and services to the members, to undertake the activities for the welfare of the members, to extend the academic activities with an intention to develop academic, social, religious, cultural or art related and donation generating activities. These kinds of concern are known as non-trading concerns. These concerns generate income from their predetermined activities and use it for the society or predetermined aims of the concern. These concerns maintain own accounts, which are known as account of non-trading concerns. Accounts of non-trading concerns are prepared differently than the accounts of trading concerns.

2. Meaning and Characteristics of Non-Trading Concerns

(1) **Meaning** : Concerns which are not having an aim to generate profit but having the aim of social service, welfare of the members of the concern, to protect the interest of the members, to extend academic and sports activities, to develop cultural activities are known as non-trading concerns.

In these concerns sports clubs, Rotary-lions clubs, trade associations like chamber of commerce, political associations, labours associations, medical associations, public hospitals, charitable concerns, library, educational institutes, associations for cultural activities, orphanages, religious organisations etc are included. Such organizations generate income from their activities and pay the expenses, but their intention is not to earn profit.

E.g. Rajpath club, Ahmedabad gymkhana, Maniben library, Jivraj Mehta hospital etc.

(2) **Characteristics** : Characteristics of non-trading concerns are as follows :

(i) **Service** : These kind of concerns do not have profit earning objective but has service objective.

(ii) **Trading Account** : These concerns do not have an objective of trading, thus they do not prepare their trading account. Inspite of this, sports club and other concerns undertake purchase-sale of some items for the facility of the members.

(iii) **Income-Expenditure Account** : Since their objective is not to generate profit, they do not prepare a profit and loss account at the end of the year, but to know the status of the income-expense, they prepare an income-expenditure account.

(iv) **Receipt-Payment Account** : Generally, cash transactions take place in a significant size, thus to record such cash transactions in the place of cash account, receipt and payment account is prepared.

(v) **Balance sheet** : These kind of concerns prepare a balance sheet to know the economic status at the end of the year.

(vi) **Capital fund** : The capital of non-trading concerns is known as a capital fund or a permanent fund.

(vii) **Subscription** : The main income of these kind of concerns is subscription for the members. Besides this, the income is obtained through donation, government aid, income of interest on investments, dividend income, charity etc.

3. Accounts of Non-Trading Concerns

Generally, there are two methods to maintain accounts :

(1) **Mercantile System** : Under this method expense paid and income received during the year are considered with unpaid expenses and outstanding income accounts are prepared. Trading institution maintain accounts under this method.

(2) **Cash System** : Under this method to prepare accounts only cash expense and incomes are considered.

Generally non-trading concerns prepare their accounts as follows :

(i) **Receipt and Payment Account** : This account has similar nature to cash account (cash book). In this, balances of cash and banks as well as cash incomes and expenses are recorded.

(ii) **Income and Expenditure Account** : This account is similar to the Profit and Loss Account of trading concerns. The Income and Expenditure account prepared on the same rules as the Profit and Loss account. The only revenue incomes and revenue expenditures of current year are disclosed. The excess of income over the expenditure of this account is added to the capital fund in the balance sheet. The excess of expenditure over income is deducted from the capital fund in the balance sheet. Alternatively, the balance of income – expenditure account (excess of income or excess of expenditure) are disclosed separately in balance sheet.

(iii) **Balance-Sheet** : At the end of the year, to know the economic status, the non-trading concern prepare a balance sheet. Capital is known as capital fund or Permanent fund by these kind of concerns. The remaining items are similar to the balance sheet of the trading concerns. E.g. Assets, incomes, received in advance, income outstanding, prepaid expenses, outstanding expenses, payable and receivables etc. The balance of income expenditure account available in the form of excess of income over expenditure is added to the capital fund on the liability side of the balance sheet and the excess of expenditure over income is deducted from the capital fund on the liability of the balance sheet.

4. Difference Between the Accounts of Trading and Non-Trading Concerns

Sr. No.	Point of Difference	Trading concern	Non Trading concern
(1)	Meaning and objective	The concern which has an objective to generate profit through purchase-sales activities or through other trading activities is a trading concern.	The concern which has an objective to provide social service is a non-trading concern.

Sr. No.	Point of Difference	Trading concern	Non Trading concern
(2)	Trading Account	To know the gross profit or gross loss at the end of the year trading concerns prepares trading account.	Non trading concerns do not have an objective to generate profit as well as they do not undertake purchase-sale of goods, so they are not required to prepare a trading account.
(3)	Method for disclosing the result at the end of the year	Trading concerns prepares a profit and loss account to know the result.	Non trading concerns prepares an income and expenditure account to know excess of income over expenditure or excess of expenditure over income.
(4)	Identification of result	The result of trading concerns is either net profit or net loss.	The result of non trading concerns is either 'excess of income over expenditure' or 'excess of expenditure over income'.
(5)	Source of Income	The main income of trading concern is income from sales.	The main source of income for non trading concerns is the subscription of members, entrance fees, donations as well as incomes from other main activities.
(6)	Annual Accounts	(i) Trading Account (ii) Profit and Loss Account and (iii) Balance sheet are prepared by these concerns.	(i) Income-Expenditure Account (ii) Balance sheet and to know cash balance and cash transaction receipt payment account is prepared.
(7)	Capital – Capital Fund	In trading concerns the difference of amount of assets and liabilities is capital (Investment of owners)	In non trading concerns the difference between the amounts of assets and liabilities is capital fund or permanent fund.
(8)	Cash Transactions	For cash transactions cash book is prepared by the trading concerns.	For cash transactions at the end of the year receipt payment account is prepared.

5. Classification of Incomes

Incomes are of two types :

(1) **Capital Income** : Income of a concern which is not regular in nature, as well as the benefit of which income is available for a longer period of time is known as the capital income.

E.g. Donation received for a specific purpose, legacy, life membership fees or life subscription, loan borrowed etc.

The capital income received by non trading concerns other than loan borrowed like donation, legacy etc are capitalized and added to the capital fund. In addition to this the prize fund, construction fund etc. are disclosed separately at the liability side of the balance sheet.

(2) **Revenue Income** : Income of the concern which is regular in nature and arising from the activities of concern is known as revenue income.

E.g. Annual subscription of members, Fees, Interest on investments, Sale of old news papers, Income of entertainment programme, rent, income of sports ground, lockers rent, rent of hall, income from amenities provided to members, aid (subsidy, grant) received from the government etc.

The revenue income are disclosed at the credit side of the income - expenditure account by the non-trading concerns.

(3) Difference Between Capital Income and Revenue Income :

Sr. No.	Points of Difference	Capital income	Revenue Income
(1)	Meaning	Income of concerns which is not regularly received as well as the benefit of which available to the concerns for a longer period of time and which is capitalized is known as capital income.	Income of concerns which is regularly received and arising from the activities of the concern is known as revenue income.
(2)	Objective	The objective of capital income is to procure long term fund.	The objective of revenue income is to procure regular income.
(3)	Presentation in accounts	Capital income is disclosed on the liability side of the balance sheet.	Revenue income is disclosed on the credit side of the income-expenditure account.
(4)	Balance	Every year the balance of capital income is carried forwarded.	Revenue income is transferred to the income expenditure account.
(5)	Illustrations	Capitalized legacy, donation for specific purpose, charity, income from sale of assets etc.	Subscription, Lockers rent, sale of old news papers, rent of hall, etc.

6. Classification of Expenses

Expenses are of three types :

(1) **Capital Expense** : Expense which is not incurred regularly and the benefit of which is available to the concern for a longer period of time from which fixed assets are acquired by the concern, is known as capital expense.

E.g. Land, building, machineries, investments, books for library, X-ray machines, sports equipments, swimming pools etc.

Capital expense is disclosed at the asset side of the balance sheet. Apart from the purchase price of asset, its installation expenses, its stamp fees and document expense, expense incurred to increase efficiency of assets are also capital expense, which are added to the cost of the respective asset.

(2) **Revenue Expense** : Expense which is incurred on regular basis to run a routine activity of the concern and the benefit of which is available to the concern for the respective year only is known as revenue expense.

E.g. Daily administrative expenses like salary of employees, rent, taxes, postage expense, telephone expense, stationery- printing, entertainment programme expense, subscription of news papers and periodicals, assets repairing expense, depreciation on assets, ground maintenance expense etc.

(3) Difference Between Capital Expense and Revenue Expense :

Sr. No.	Points of Difference	Capital Expense	Revenue Expense
(1)	Meaning	An expense which is not incurred regularly and the benefit of which is to the concern for a longer period of time and through which the concern acquires fixed asset is the capital expense.	To run a routine activity of the concern, expense which is incurred and benefit of which is available to the concern for the current year is the revenue expense.
(2)	Objective	The objective of the capital expense is either to acquire fixed assets and with their help to create facilities to generate income.	The objective of the revenue expense is to run activities of the concern.
(3)	Presentation in accounts	Capital expense is disclosed on the asset side of balance sheet.	Revenue expense is disclosed on the debit side of income-expenditure account.
(4)	Balance	Every year the balance of capital expense is carried forwarded.	Revenue expense are transferred to income expenditure account.
(5)	Illustrations	Fixed assets purchase of land, building, machine, furniture and their installation expense etc.	Routine administrative expenses like salary, postage, stationery etc.

(4) Deferred Revenue Expense : The benefit of revenue expense is for that respective year, in which it is paid. But, there are certain expenses for which the benefit is available in certain subsequent years, along with the year in which they are paid. Thus instead of writing off these expenses as the revenue expenses of that year in which they are incurred, they are allocated over estimated numbers of the years for which benefit will be available or allocated to the predetermined number of years. This means they are written off proportionately. This expense is known as spread expense or deferred revenue expense.

The amount written off is disclosed at the debit side of income-expenditure account. The portion of this expense, which is not written off is disclosed on the asset side at the end of the balance sheet. E.g. building colour work, ground levelling expense etc.

7. Special Issues Associated with Accounts of Non-Trading Concerns

(1) Capital Fund or Permanent Fund : Capital income except special fund received or income capitalized by the concern are disclosed under this head. It means they are added to the capital fund. The 'excess of income over expenditure' of income - expenditure account is added to the capital fund and 'excess of expenditure' is deducted from the capital fund.

Sometimes instead of adding 'excess of income over expenditure' to the capital fund and deducting 'excess of expenditure over income' from the capital fund it is shown separately in liability side of the

balance sheet. The excess of income of the respective year is added to it and the excess of expenditure is deducted from it. Excess of income is known as 'surplus' and excess of expense is known as 'deficit'.

(2) Subscription or Membership Fees : Generally to continue the membership of the members, the concern regularly collects subscription or membership fees from the members. This is the main source of income for the concern. This income is treated as the revenue income and disclosed on the income side of the income – expenditure account.

(3) Admission Fees or Entrance Fees : To be a member of a concern new members have to pay admission fees or entrance fees. As per the provision of the constitution of the concern, entrance fees is treated as capital income or revenue income. Sometimes, as per the instructions some part of amount of the entrance fees is considered as the capital income and some part of the amount is considered as the revenue income. When no instruction is given the entrance fee income is treated as the revenue income.

(4) Life Membership Fees : Many members acquire life membership by paying the full amount pre-determined by the concern, instead of making payment every year to the concern. When no instruction is given the entrance fee is considered as the capital income and added to the capital fund in the balance sheet.

(5) Donation : Generally, donation income is treated as the capital income and added to the capital fund. If a concern, receives donation in the regular form, it is disclosed as the revenue income at the income side of the income-expenditure account. When a concern receives donation frequently and no instruction is given for the donation, in this case donation is added to the capital fund in the balance sheet.

Donation or charity received for a specific purpose will be treated as the capital income and disclosed separately as a specific fund in the balance sheet on the liability side.

(6) Funds for Specific Purpose : Donation or charity received for a specific purpose is used for that specific purpose only. This kind of amount of donation is not added to the capital fund in the balance sheet but disclosed as a specific fund. E.g. President Felicitation fund, prize fund, building fund etc. As and when any expense is incurred in this regard, it is not disclosed in the income and expenditure account, but it is deducted from the respective fund account on the liability side of the balance sheet. E.g. If prize fund is received, then prize expense is disclosed by deducting it from the prize fund on the liability side of the balance sheet. If the amount of fund is invested in certain types of securities, the amount of interest received is added to the respective fund.

If expense incurred is more than the specific fund amount, the amount of difference is treated as revenue expense and debited to the income expenditure account.

(7) Legacy : When individuals give their own assets as legacy through will in this case, respective income is added to the capital fund as capital income.

(8) Locker's Rent : Clubs provide facility of lockers to the members to keep sports equipments, pairs of clothes or any other belongings in an organized manner and safely. Members keep their belongings in these lockers. To provide this service, club collects rent from the members, which is known as locker's rent. Locker's rent is a revenue income for the concern.

8. Classification of Income and Expenses

Capital Income	Revenue Income	Capital Expense	Revenue Expense	Deferred Revenue Expense
(1) Life Membership Fees (2) Entrance Fees (as per instruction) (3) Donations (4) Charity (5) Legacy (6) Donation for a specific purpose (7) Sale of assets (8) Capital fund (9) Loan borrowed	(1) Subscription of members (2) Entrance Fees (as per instruction) (3) Rent received (4) Ground rent (5) Income of ground (6) Rent of Hall (7) Profit on sale of asset (8) Interest on Investments (9) Bank interest (10) Sale of old news papers (11) Income of canteen (12) Locker's rent (13) Government grant or subsidy (14) Income of lectures (15) Sale of drama tickets (16) Sale of old sports equipments (17) Small amount of donation or charity (18) Entertainment programme income	(1) Purchase of assets (Building, furnitures, ground, land, sports equipments, purchase of books) (2) Purchase of investments (3) Colour expense of new buildings (4) Expense to increase efficiency of assets (5) Expense for a specific purpose (6) Electricity connection expense (7) Expense of swimming pool (8) Purchase of X-ray machine	(1) Insurance premium (2) Rent-Taxes (3) Advertisement expense (4) Repairing expense (5) Postage expense (6) Stationery and printing (7) Salary (8) Administration expense (9) Ground maintenance expense (10) Sundry expenses (11) Entertainment programme expense (12) Expenses of Programme (13) Loss on sale of assets (14) Depreciation (15) Canteen expenses (16) Salary of grounds men (17) Telephone bill (18) Subscription of newspapers and periodicals	(1) Colouring Work expense (2) Ground levelling expenses

Now let us understand the classification of several incomes and expenses of non-trading concern from the following illustrations :

Illustration 1 : Classify the following incomes and expenses as capital income, revenue income, capital expense and revenue expense.

(1) Donation received for club pavilion (2) Electric fittings (3) Legacy (4) Purchase of sports equipments (5) Membership fees (6) Wages for machine installation (7) Donation received for tournament fund (8) Investment of prize fund in government securities (9) Books of Library (10) Rent of Hall (11) Sale of old news papers (12) President felicitation fund (13) Entrance fees (14) Sonography machine (15) Billiard table (16) Charity (17) Annual dinner programme expense (18) Sale of sports equipments (19) Subscription

of news papers (20) Electricity connection expense (21) Ground maintenance expense (22) Tournament expense (23) Club pavilion construction (24) Sports ground (25) Income of lectures (26) Building fund (27) Interest on investments (28) Painting work expense of new buildings (29) Canteen expense (30) Audit fee (31) President felicitation programme expense (32) Locker's rent (33) Entertainment programme expense (34) Life membership fees.

Ans. : **Classification of incomes and expenses on the basis of their types**

Capital Income	Revenue Income	Capital Expense	Revenue Expense
(1) Donation received for pavilion	(5) Membership fees	(2) Electric fittings	(17) Annual dinner programme expense
(3) Legacy	(10) Rent of Hall	(4) Purchase of sports equipments	(19) Subscription of news papers
(7) Donation received for tournament fund	(11) Sale of old news papers	(6) Wages for installation of machine	(21) Ground maintenance expense
(12) President Felicitation fund	(13) Entrance fees	(8) Investment of prize fund in government securities	(29) Canteen expense
(16) Charity	(18) Sale of sports equipments	(9) Books of Library	(30) Audit fee
(26) Building fund	(25) Income of lectures	(14) Sonography machine	(31) When there is no president felicitation fund created, president felicitation programme expenses is treated as revenue expense.
(34) Life membership fees	(27) Interest on investments	(15) Billiard table	(33) Entertainment programme expense
	(32) Lockers rent	(20) Electricity connection expense	
		(22) Tournament exp.	
		(23) Club pavilion construction	
		(24) Sports ground	
		(28) Painting work expense of new buildings	

9. Receipts - Payments Account

Generally, non trading concerns, mostly undertake their transactions in cash. Whatever summary is prepared by a non trading concern, for their cash income and cash expense done during the year, is known as receipt-payment account. This account is an abstract of cash transactions done during the year. On its Debit (left) side cash incomes and on its Credit (right) side cash payments are recorded. In this account, besides this the cash transactions with bank are also recorded. Its form is similar to the cash account / cashbook.

Points to be considered during Preparation of Receipt-Payment Account :

- (1) Opening cash or bank balance is disclosed on the debit side of the receipt-payment account and if there is opening bank overdraft, it is disclosed on credit side, which is recorded as balance brought down.
- (2) In this account on the debit side all the incomes received during the year in cash or by cheque are recorded and on the credit side all the payments made during the year in cash or by cheque are recorded.
- (3) In this account income received and amount paid of any year are recorded.

(4) In this account capital income and revenue income, capital expense and revenue expense are recorded.

(5) In this account non cash transactions like depreciation, bad debts, unpaid expenses, outstanding incomes, credit transactions are not recorded.

(6) At the end of the year closing balance is ascertained : (i) If total of credit side is in excess, the amount of difference would appear on the debit side and is known as closing bank over draft and (ii) If total of debit side is in excess, the amount of difference would appear on the credit side and is known as closing cash balance and bank balance. It is disclosed as balance carried forward.

Specimen of Receipt – Payment Account

Receipt – Payment Account for the year ending

Dr			Cr
Receipt	Amt. (₹)	Payment	Amt. (₹)
To balance b/d : Cash balance ✓		By Balance b/d (Bank overdraft) ✓	
Bank balance ✓	✓	By Revenue and capital expenses of current year, previous year and next year paid in cash only ✓	✓
To Revenue and Capital incomes of current year, previous year and next year received in cash only. ✓	✓	By Amount deposited with bank ✓	✓
To Amount withdrawn from bank ✓	✓	By Balance c/d :	
To Balance c/d (Bank overdraft) ✓	✓	Cash balance ✓	
		Bank balance ✓	✓
	✓✓✓		✓✓✓

Note : There can be either bank balance or bank overdraft.

Illustration 2 : From the following information of Shrey club, prepare Receipt-Payment account for the year ending 31-3-2014.

Particulars	Amt. (₹)	Particulars	Amt. (₹)
Cash balance (1-4-13)	30,000	Hall rent paid	6000
Bank balance (1-4-13)	40,000	Contribution of entertainment prog.	16,700
Entrance fee	15,000	Donation	21,000
Member fee : 2013-14 35,000		Donation for Pavilion	40,000
2014-15 4000	39,000	Salary	23,900
Furniture purchase	9000	Sale of old news papers	1400
Books purchase	8000	Expense of entertainment prog.	26,600
Equipments purchase	55,000	Electricity bill	7600
Subscription of news papers	2500	Sale of old furniture	4400
Lectures income	1800	(Book value ₹ 7000)	
Life time membership fee	11,000	Pavilion construction expense	28,000
		Cash balance (31-03-2014)	23,200

Receipt – Payment Account of Shrey Club
for the year ending 31-3-2014

Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
To balance b/d :		By Furniture purchase	9000
(opening balance 1-4-13)		By Books purchase	8000
Cash	30,000	By Equipments purchase	55,000
Bank	40,000	By Subscription of news paper	2500
To Entrance fee	15,000	By Hall rent paid	6000
To Membership fee :2013-14 35,000		By Salary	23,900
2014-15 4000	39,000	By Entertainment programme exp.	26,600
To Lectures income	1800	By Electricity bill	7600
To Life time membership fee	11,000	By Pavilion construction expense	28,000
To Contribution of entertainment prog.	16,700	By Balance c/d (31-3-'14) :	
To Donation	21,000	Cash balance	23,200
To Donation for Pavilion	40,000	* Bank balance	30,500
To Sale of old news papers	1400		
To Sale of old furniture	4400		
	2,20,300		2,20,300

10. Income-Expenditure Account

(A) Points to be Considered During Preparation of Income-Expenditure Account :

- (1) On the credit side of this account, revenue incomes of current year are disclosed and on the debit side revenue expenses of the current year are disclosed.
- (2) Do not consider capital expenses and capital incomes.
- (3) Since account is prepared under mercantile system, revenue incomes (received of current year + outstanding of current year + received in advance during previous year) are considered. In the same manner revenue expenses (paid of current year + outstanding of current year + paid in advance during pervious year) are considered.
- (4) If incomes are exceeding expenses, the closing balance is known as 'excess of income over expenditure', which is similar to the profit of a trading concern. This is added to the capital fund on the liability side of a balance sheet. If expenses are exceeding incomes the closing balance is known as 'excess of expenditure over incomes', which is similar to the loss of a trading concern. This is deducted from the capital fund on the liability side of a balance sheet.

Specimen of Income – Expenditure Account
Income – Expenditure Account for the year ending

Dr

Cr

Expense	Amt. (₹)	Income	Amt. (₹)
Revenue expenses of current year :		Revenue income of current year :	
To paid in cash during current year ✓		By Received in cash during current year ✓	
+ Outstanding of current year ✓		+ Outstanding of current year ✓	
+ Paid in adv. during previous year ✓		+ Received in advance during previous year ✓	
Less :		Less :	
– Outstanding of previous year paid during current year ✓		– Outstanding of previous year received during current year ✓	
– Paid in advance of next year ✓		– Received in advance of next year ✓	
To Depreciation ✓		By Profit on sale of asset ✓	
To Loss on sale of asset ✓		By Excess of Expenditure over incomes (in brief, deficit) ✓	
To Excess of income over expenditure (In brief, excess) ✓			
	✓✓✓		✓✓✓

(B) Difference Between Receipt-Payment Account and Income-Expenditure Account :

Sr. no.	Points of difference	Receipt – Payment Account	Income – Expenditure Account
(1)	Meaning	A summary of cash received and cash paid prepared by a non trading concern is known as receipt – payment account.	To know the result of a concern at the end of the year, the account which is prepared is known as income – expenditure account.
(2)	Nature	Is similar to cash account.	Is similar to Profit and Loss account.
(3)	Opening Balance	Opening balance is cash balance and bank balance or bank overdraft.	No opening balance prevails.
(4)	Closing Balance	Closing balance is cash balance and bank balance or bank overdraft.	Closing balance is either excess of income over expenditure or excess of expenditure over income.
(5)	Treatment of transactions	Debit side receipts and credit side payments are recorded.	On debit side revenue expenses and on credit side revenue incomes are recorded.

Sr. no.	Points of difference	Receipt – Payment Account	Income – Expenditure Account
(6)	Effect of closing balance	Cash balance and bank balance are disclosed on the asset side of a balance sheet. Bank overdraft on the liability side.	Excess of income over expenditure is added to the capital fund and excess of expenditure over income is deducted from the capital fund. Sometimes consolidated balance of income expenditure accounts is shown separately in the balance sheet.
(7)	Time Period	Receipts – Payments of any accounting year, received during current year are recorded.	In this account revenue incomes and revenues expenditures of current year only are recorded.

(C) Factors (Points) to be Considered During Preparation of Income-Expenditure Account from Receipt-Payment Account :

Revenue incomes and revenue expenditures recorded in the receipt – payment accounts are considered for the preparation of the income – expenditure account. Moreover, the effect of related adjustments is also recorded in the income and expenditure account.

Illustration 3 : From the following information of R. K. Sports, prepare an income – expenditure account for the year ending 31-3-2015.

Particulars	Amt. (₹)	Particulars	Amt. (₹)
Subscription received	10,000	Sale of old furniture	5800
Sale of old news papers	1200	(Book value ₹ 7000)	
Investment in government security	10,800	Expense of charity show	6000
Purchase of furniture	7300	Charity	15,000
Income of entertainment programme	9650	Hall rent received	3700
Building construction expense of club	38,000	Expense of entertainment prog.	6100
Legacy received	21,700	Locker rent	1400
Honorarium to Secretary	4100	Government grant	13,800
Postage	1600	Donation received for building of club	45,000
Closing cash balance and bank balance	15,900	Printing and stationary expense	2000
Bank expense	600	Tournament expense	3300
Income of charity show	14,000	Subscription of news paper	2800
Ground maintenance expense	2600	Opening cash and bank balance	1650
Purchase of Library books	13,300	Investment interest	1400
General expenses	3400	Purchase of sports equipments	12,000
Life time membership fee	4500	Canteen expense	2800
Repairing expense	1750	Income from sale of sports equipments	700
Entrance fee (40% to be capitalized)	6000	Annual function expense	2700

Additional information :

- (1) Subscription outstanding is of ₹ 10,000.
- (2) Total honorarium of secretary is payable of ₹ 14,100.

Ans. :

Income–Expenditure Account of R K Sports Club

Dr

for the year ending 31-3-2015

Cr

Expense	Amt. (₹)	Income	Amt. (₹)
To Honorarium to Secretary 4100		By Subscription 10,000	
+ Outstanding 10,000	14,100	+ Outstanding 10,000	20,000
To Postage	1600	By sale of old news paper	1200
To bank expense	600	By Income of entertainment prog.	9650
To Ground maintenance expense	2600	By Income of charity show	14,000
To General expenses	3400	By Entrance fee	3600
To Repairing expense	1750	(40 % to be capitalized)	
To loss on sale of old furniture	1200	By Hall rent received	3700
To Expense of charity show	6000	By Locker rent	1400
To Expense of entertainment prog.	6100	By Government grant	13,800
To Printing and stationary expense	2000	By Investment interest	1400
To Tournament expense	3300	By Income from sale of sports equipments	700
To Subscription of news paper	2800		
To Canteen expense	2800		
To Annual function expense	2700		
To Excess of income over exp.	18,500		
	69,450		69,450

Illustration 4 : Disclose the following information in the Income – Expenditure Account for the year ending 31-3-2015 and in Balance sheet as on that day.

Subscription received in the year 2014-15 ₹ 1, 50,000.

Particulars	Dt. 1-4-2014 Amt. (₹)	Dt, 31-3-2015 Amt. (₹)
Subscription outstanding	16,000	8000
Subscription received in advance	9000	10,000

Ans. :

Income – Expenditure Account

Dr

for the year ending 31-3-2015 (Partial)

Cr

Expense	Amt. (₹)	Income	Amt. (₹)
		By Subscription 1,50,000	
		– Outstanding (2013-14) 16,000	
		– Received in advance (2014-15) 10,000	
		+ Outstanding (2014-15) 8000	
		+ Received in advance (2013-14) 9000	
			1,41,000

Balance Sheet as on 31-3-2015 (Partial)

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Subscription received in advance	10,000	Subscription outstanding	8000

Illustration 5 : Disclose the following information in Income – Expenditure Account for the year ending 31-3-2015.

Dr **Receipt – Payment account for the year ending 31-3-2015** Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
To Subscription :		By Taxes and Insurance	4800
2013-14 700		By Salary	25,300
2014-15 60,000		By Stationery Expense	1750
2015-16 850	61,550		

Note : (1) Salary outstanding 2013-14 ₹ 5800
2014-15 ₹ 4200

(2) Opening stock of stationery ₹ 560 and closing stock ₹ 740.

Ans. : **Income – Expenditure Account**

Dr **for the Year ending 31-3-2015 (Partial)** Cr

Expense	Amt. (₹)	Income	Amt. (₹)
To Salary 25,300		By Subscription : 2014-15	60,000
– Outstanding of previous year (2013-14) 5800			
19,500			
+ Outstanding of current year (2014-15) 4200	23,700		
To consumption of stationery :			
Opening stock 560			
+ Purchase 1750			
2310			
– Closing stock 740	1570		
To Taxes and Insurance	4800		

Illustration 6 : The following balances of 31-3-2015 are disclosed in the balance sheet of Ahmedabad cricket club.

Balances	Amt. (₹)	Balances	Amt. (₹)
Match Fund	40,000	Match Fund investment interest	4850
Match Fund investments	50,000	Donation received for match fund	21,000
Price distribution to match winners	6700	Permanent fund	1,25,000
Match expense	9150	Permanent fund investments	1,25,000

Ans. : Balance Sheet of Ahmedabad Cricket Club as on 31-3-2015 (Partial)

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Permanent Fund	1,25,000	Permanent Fund Investments	1,25,000
Match fund : 40,000		Match fund investments	50,000
+ Interest on match fund investment 4850			
+ Donation of match fund 21,000	25,850		
	65,850		
Less : Price distribution to match winners 6700			
Match expense 9150	15,850		
	50,000		

Illustration 7 : There are 150 members of Mirazapur Gymkhana Club; every member pays annual subscription of ₹ 400. During the year 2013-14, 20 members have paid subscription for 2014-15. Subscription outstanding for 2013-14 was ₹ 12,000. ₹ 45,000 received for current year. Prepare Income – Expenditure Account for the year ending 31-3-2015.

**Ans. : Income – Expenditure Account of Mirazapur Gymkhana Club (Partial)
for the Year ending 31-3-2015.**

Dr	Expense	Amt. (₹)	Income	Amt. (₹)	Cr
			By subscription (2014-15)	45,000	
			+ Received during previous year for current year		
			(400 × 20)	8000	
			+ Outstanding	7000	60,000

Explanation : 150 members of club × ₹ 400 Subscription = ₹ 60,000 receivable subscription.

During pervious year 20 members had paid at ₹ 400 for 2014-15 (current year) (₹ 400 × 20) ₹ 8000 + ₹ 45,000 received during current year.

$$\therefore \text{Outstanding subscription} = ₹ 60,000 - (₹ 8000 + ₹ 45,000) = ₹ 7000$$

Illustration 8 : From the Receipt – Payment Account for the year ending 31-3-2015 and from other information of Andhjan Mandal, prepare an Income – Expenditure Account for the year ending 31-3-2015 and a Balance Sheet as on that day.

Receipt – Payment Account for the year ending 31-3-2015 of Andhjan Mandal.

Dr

Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
To balance b/d :		By Salary	4200
Cash balance	1000	By Stationery – printing	700
Bank balance	2000	By Insurance –Taxes	400
To Subscription received	7000	By Subscription of news papers	600
To hall rent	2000	By Repairing expense	500
To Interest received	1500	By purchase of Investments	2800
To Sale of old news papers	200	By purchase of books	5000
To Donation received	5000	By Balance c/d :	
To sale of old furniture		Cash balance	1900
(Book value ₹ 1000)	800	Bank balance	3400
	19,500		19,500

Other information :

- (1) Balances as on 01-01-2014: Building ₹ 30,000, Furniture ₹ 4000, Books ₹ 10,000, Investments ₹ 40,000, Subscription outstanding ₹ 1000 and Permanent fund ₹ 88,000.
- (2) Subscription received includes ₹ 500 for the year 2015-16.
- (3) Subscription outstanding ₹ 700 for the year 2014-15.
- (4) Interest outstanding on investment ₹ 500. (5) Salary outstanding ₹ 600.
- (6) On 31-3-2015, stationery stock was of ₹ 100.
- (7) 10 % provision of depreciation is to be made on the closing balance of building, furniture and books.

Ans. : Income – Expenditure Account for the year Ending 31-3-2015 of Andhjan Mandal

Dr

Cr

Expense	Amt. (₹)	Income	Amt. (₹)
To Salary	4200	By Subscription	7000
+ Outstanding	600	+ Outstanding of current year	700
To Stationery-Printing	700		7700
– Stationery stock	100	Less : Received	
To Insurance – Taxes	400	of previous year	1000
To Subscription of news papers	600	Recd. of next year	500
To Repairing expense	500		1500
To Loss on sale of furniture	200	By Hall rent	2000
To Depreciation :		By Interest received	1500
Building	3000	+ Outstanding	500
Furniture	300		2000
Books	1500	By Sale of old news paper	200
	4800	By Excess of expenditure over income	1500
	11,900		11,900

Balance Sheet as on 31-3-2015 of Andhjan Mandal

Liabilities		Amt. (₹)	Assets		Amt. (₹)
Permanent Fund	88,000	91,500	Building	30,000	27,000
+ Donation received	5000		– Depreciation	3000	
	93,000		Furniture	4000	
– Excess of expenditure over income	1500		– Sale	1000	
Subscription received in advance		500	– Depreciation	300	2700
Salary outstanding		600	Books	10,000	13,500
			+ Purchase	5000	
				15,000	
			– Depreciation	1500	
			Investments	40,000	42,800
			+ Purchase	2800	
			Subscription outstanding		700
			Interest outstanding		500
			Stationery Stock		100
			Cash balance		1900
			Bank balance		3400
		92,600			92,600

Illustration 9 : From the following details of Vishmay Sports club, prepare Income – Expenditure Account for the year ending 31-3-2015 and Balance Sheet as at that date.

Dr **Receipt – Payment Account for the year ending 31-3-2015** Cr

Receipt		Amt. (₹)	Payment		Amt. (₹)
To balance b/d (Bank balance as on 1-4-2014)		17,500	By Salary		32,500
To Subscription :			By Rent – Taxes		4500
2013-14	450		By Purchase of Stationery		2250
2014-15	43,500		By Purchase sports equipments (1-10-2014)		15,000
2015-16	300	44,250	By Sundry Expense		6000
To Expense of entertainment programme		10,000	By 12% Bank deposit (From 1-1-2015)		12,500
To Interest on 12% investment (entire year)		3000	By Income of entertainment programme		5300
To Donation		5000	By Balance c/d (Bank balance as on 31-3-2015)		3000
To Entrance fee		1000			
To Sale of old news papers		300			
		81,050			81,050

Additional Information :

- (1) There are total 150 members of club, each member pays annual subscription of ₹ 300.
- (2) Opening capital fund ₹ 67,500

- (3) Salary outstanding : on 31-3-2014 ₹ 2500 on 31-3-2015 ₹ 3750.
 (4) Opening stock of stationery was of ₹ 250, while closing stock was of ₹ 375.
 (5) Sports equipments on 1-4-2014 were of ₹ 25,000, while their value on 31-3-2015 was of ₹ 35,000.

Ans. : Income – Expenditure Account for the year ending 31-3-2015 of Vismay Sports Club

Dr		Cr	
Expense	Amt. (₹)	Income	Amt. (₹)
To Salary 32,500		By Subscription 43,500	
– Outstanding of previous year 2500		+ Outstanding 1500	45,000
Paid of current year 30,000		By Income of entertainment programme 10,000	
+ Outstanding of current year 3750	33,750	By Interest on 12 % investment 3000	
To Rent – Taxes 4500		By Interest on 12 % bank deposit (for 3 months) 375	
To Stationery exp. : Opening stock 250		By Entrance fee 1000	
+ Purchase of stationery 2250		By Sale of old news papers 300	
	2500		
– Closing stock 375	2125		
To Sundry expense 6000			
To Expense of entertainment programme 5300			
To Depreciation on sports equipments 5000			
To Excess of income over expenses 3000			
	59,675		59,675

Balance Sheet as on 31-3-2015 of Vismay sorts club

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital fund :		Sports Equipments :	
Opening balance 65,700		Opening balance 25,000	
+ Donation 5000		+ Purchase 15,000	
+ Excess of income 3000	73,700		40,000
over expenditure		– Depreciation 5000	35,000
Subscription received in advance 300		Stationery Stock 375	
Salary outstanding 3750		12 % Investments 25,000	
		12 % Bank deposit 12,500	
		Bank balance 3000	
		Subscription outstanding 1500	
		Interest outstanding on 12 % bank deposit (for 3 months) 375	
	77,750		77,750

Explanation and calculation :

(1) Sports equipments depreciation :	₹
Opening stock of sports equipments	25,000
+ Purchase during the year	15,000
= Total	40,000
– Closing stock of the year	35,000
= Annual depreciation of sports equipments	5000

(2) Calculation of investments :

∴ ₹ 12 interest = ₹ 100 investment

∴ ₹ 3000 interest = ? = $\frac{3000}{12} \times 100 = ₹ 25,000$

(3) Total annual subscription :

Total members 150 × ₹ 300 =	₹ 45,000
– Subscription received in 2014-15	₹ 43,500
= Outstanding subscription	₹ 1500

(4) 3 months interest on 12% bank deposit : = $\frac{12500}{100} \times \frac{12}{12} \times 3 = ₹ 375$

(5) Consumption of stationery = opening stock + purchase – closing stock

Illustration 10 : From the given below trial balance and additional information of Madhuram trust prepare an Income – Expenditure Account for the year ending 31-3-2015 and Balance Sheet as on that day.

Trial Balance as on 31-3-2015 of Madhuram Trust

Particular	Debit Balance Amt. (₹)	Credit Balance Amt. (₹)
Capital Fund	—	20,000
Cash on hand	3000	—
Bank balance	2500	—
15 % loan (1-7-2014)	—	20,000
Furniture	10,000	—
Club house	40,000	—
Taxes and Insurance	3000	—
Honorarium to Secretary	4500	—
Entrance fee (1/2 to be capitalized)	—	5000
Subscription received in advance	—	1500
Colour work expense	6600	—
Stationery – Printing	2000	—
Legal charges	500	—
Subscription	—	20,000
Repairing expense	500	—
Interest on loan	1000	—
Income of entertainment programme	—	10,000
Expense of entertainment programme	6400	—
Hall rent	—	3500
	80,000	80,000

Adjustments :

- (1) Subscription of ₹ 1500 outstanding for the year 2014-15.
- (2) Provide 5 % depreciation on club house and furniture.
- (3) Closing stock of stationery is ₹ 200.
- (4) Honorarium outstanding of secretary ₹ 1500.
- (5) $\frac{2}{3}$ of colour work expense is to be carried forward to next year
- (6) Insurance paid in advance ₹ 400.

Ans. : Income-Expenditure Account for the year ending 31-3-2015 of Madhuram Trust

Dr

Cr

Expense	Amt. (₹)	Income	Amt. (₹)
To Taxes and Insurance 3000		By Entrance fee 5000	
— Prepaid 400	2600	— 1/2 Capitalized 2500	2500
To Honorarium to secretary 4500		By Subscription 20,000	
+ Outstanding 1500	6000	+ Outstanding 1500	21,500
To colourwork expense 6600		By Income of entertainment	10,000
— 2/3 for next year 4400	2200	By Hall rent	3500
To Stationery-Printing 2000			
— Stationery Stock 200	1800		
To Legal charges	500		
To Repairing expense	500		
To Interest on loan 1000			
+ Outstanding 1250	2250		
To Expense of entertainment programme	6400		
To Depreciation :			
Club house 2000			
Furniture 500	2500		
To Excess of income over expenses	12,750		
	37,500		37,500

Balance Sheet as on 31-3-2015 of Madhuram Trust

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital fund 20,000		Furniture 10,000	
+ 1/2 entrance fees 2500		— Depreciation 500	9500
+ Excess of income over exp. 12,750	35,250	Club house 40,000	
15 % Loan	20,000	— Depreciation 2000	38,000
Loan interest outstanding	1250	Colour work exp. not written off	4400
Honorarium outstanding of secretary	1500	Stationery stock	200
Subscription received in advance	1500	Subscription outstanding	1500
		Prepaid insurance	400
		Cash on hand	3000
		Bank balance	2500
	59,500		59,500

Explanation and Calculation :

- (1) **Colour work expense** : $\frac{2}{3}$ is to be carried forwarded to next year.

$$\therefore \frac{6600}{3} \times \frac{2}{3} = ₹ 4400 \text{ Colour work expense not written off.}$$

Colour work expense written off during the year = ₹ 6600 – ₹ 4400 = ₹ 2200

- (2) **Interest on 15 % loan** :

Interest of 9 month from 1-7-2014 to 31-3-2015 will be calculated.

$$I = \frac{PRN}{100} = \frac{20000 \times 9 \times 15}{100 \times 12} = ₹ 2250 \text{ Payable interest}$$

Interest paid on loan ₹ 1000 is disclosed in trial balance.

$$\therefore \text{Interest outstanding} = ₹ 2250 - ₹ 1000 = ₹ 1250$$

- (3) **Entrance fees** : Amount to be capitalized = $\frac{5000 \times 1}{2} = 2500$

\therefore ₹ 2500 shown as revenue income on credit side of Income – Expenditure account and ₹ 2500 is shown with capital fund in balance sheet.

Illustration 11 : From the given trial balance as on 31-3-2015 and additional information of Vishwavidyalay, prepare an Income – Expenditure Account and Balance Sheet.

Trial Balance as on 31-3-2015 of Vishwavidyalay

Debit Balances	Amt. (₹)	Credit Balances	Amt. (₹)
Furniture	15,000	Tuition Fee	40,000
Purchase of Furniture during the year (1-10-14)	2000	Entrance Fee	3000
Books of library	16,000	Membership Fees	20,000
Purchase of books during the year	4000	Rent of Hall	2000
Building	60,000	Government grant	20,000
Laboratory	40,000	Interest on Investment	12,000
Investments	1,20,000	Sundry incomes	800
Annual sports festival expense	5000	Prize trust fund	31,000
Staff salary	48,000	Income of prize trust fund	2200
Tax – Insurance	1500	Charity	25,000
Stationery – Printing	2500	Capital Fund	1,88,000
Subscription of news papers	1000		
Bank Balance	4300		
Cash on hand	500		
Investment of prize trust fund	20,000		
Prize distribution expense	1500		
Bank balance of prize trust fund	2700		
	3,44,000		3,44,000

Additional information :

- (1) Outstanding membership fees ₹ 5000
- (2) Membership fees received in advance ₹ 1000
- (3) Interest outstanding on investments ₹ 2000
- (4) Salary outstanding ₹ 2000
- (5) Prepaid insurance ₹ 200
- (6) Tuition fees outstanding ₹ 1000
- (7) Annual Depreciation provision: 20 % on library books, 10 % on laboratory, 5 % on furniture and 2 % on building.

Ans. : **Income – Expenditure Account for the year
ending 31-3-2015 of Vishwavidyalay**

Dr

Cr

Expense	Amt. (₹)	Income	Amt. (₹)
To Annual Sports festival expense	5000	By Tuition Fees	40,000
To Staff salary	48000	+ Outstanding	1000
+ Outstanding	2000	By entrance Fees	3000
To Taxes Insurance	1500	By Membership Fees	20,000
— Prepaid	200	+ Outstanding	5000
To Stationery Printing	2500		25,000
To Subscription of newspaper	1000	— Prepaid	1000
To Depreciation :		By Rent of Hall	2000
Books	4000	By Government grant	20,000
Furniture	800	By Interest on Investment	12,000
Building	1200	+ Outstanding	2000
Laboratory	4000	By sundry incomes	800
To Excess of income over expenditure	35,000		
	1,04,800		1,04,800

Balance Sheet as on 31-3-2015 of Vishwavidyalay

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital fund	1,88,000	Building	60,000
+ Charity	25,000	– Depreciation	1200
+ Excess of income over exp.	35,000	Furniture	15,000
Prize trust fund	31,000	+ Purchase	2000
+ Income of prize trust fund	2200		17,000
	33,200	– Depreciation (750 + 50)	800
– Prize distribution exp.	1500	Library books	16,000
Salary outstanding	2000	+ Purchase	4000
Membership fees received in advance	1000		20,000
		– Depreciation	4000
		Laboratory	40,000
		– Depreciation	4000
		Investments	1,20,000
		Interest on investment outstanding	2000
		Investment of Prize trust fund	20,000
		Bank balance of Prize trust fund	2700
		Outstanding membership fees	5000
		Prepaid insurance	200
		Tuition Fees outstanding	1000
		Cash balance (Cash on hand)	500
		Bank Balance	4300
	2,82,700		2,82,700

Explanation and Calculation :

(1) **Depreciation on furniture** : Depreciation on old furniture at 5 % ₹ 15,000 = ₹ 750

New Furniture purchased on 1-10-2014, thus

$$\text{Depreciation of 6 months on it} = \frac{2000}{100} \times \frac{5}{12} \times 6 = ₹ 50$$

$$\therefore \text{Total depreciation} = ₹ 800$$

(2) Since prize trust fund is created, the income of prize trust and prize distribution fund are not recorded in the income – expenditure account. They are disclosed (Add, deduct) in the balance sheet.

Illustration 12 : From the given below Receipt – Payment Account for the year 31-3-2015 and additional information of Sahyog Dharmada hospital, prepare an Income – expenditure Account and Balance Sheet.

Receipt – Payment Account for the year ending 31-3-2015 of Sahyog Dharmada Hospital

Dr

Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
To balance b/d	10,000	By medicine payment	30,000
To subscription	50,000	By Honorarium to Doctors	15,000
To donation	15,000	By salary	25,000
To interest on 10 % investments	10,000	By sundry expense	1000
To income of charity show	12,000	By equipments purchase	20,000
		By expense of charity show	2000
		By balance c/d	4000
	97,000		97,000

Additional information :

Particular	1-4-2014, Amt. (₹)	31-3-2015, Amt. (₹)
Subscription outstanding	800	1200
Subscription received in advance	1500	500
Stock of medicines	5000	8000
Outstanding to suppliers of medicines	6000	10,000
Equipments	20,000	30,000
Building	40,000	38,000

On 1-4-2014 capital fund was of ₹ 1,68,300. During the year medicine was purchased for ₹ 34,000.

Ans. : Income – Expenditure Account for the year ending 31-3-2015 of Sahyog Dharmada Hosital

Dr

Cr

Expense	Amt. (₹)	Income	Amt. (₹)
To consumption of medicines :		By subscription	50,000
Opening stock	5000	– Received of previous during	
+ Medicine purchase	34,000	current year (2013-14)	800
	39,000		49,200
– Closing stock	8000	+ Outstanding of current year	
	31,000	(2014-15)	1200
To Honorarium to doctors	15,000		50,400
To Salary	25,000	+ Received in advance during	
To Sundry expense	1000	last year (2013-14)	1500
To Expense of charity show	2000		51,900
To Depreciation :		– Received in advance during	
Equipments	10,000	current year (2014-15)	500
Building	2000		51,400
	12,000	By Interest on investments	10,000
		By Income from charity show	12,000
		By Excess of expenses over income	12,600
	86,000		86,000

Balance Sheet as on 31-3-2015 of Sahyog Dharmada Hospital

Liabilities		Amt. (₹)	Assets		Amt. (₹)
Capital fund	1,68,300	1,70,700	Building	40,000	38,000
+ Donation	15,000		– Depreciation	2000	
	1,83,300		Equipments	20,000	
– Excess of Expenditure Over income	12,600		+ Purchase	20,000	
				40,000	
Subscription received in advance		500	– Depreciation	10,000	30,000
Creditors of medicines		10,000	Subscription outstanding		1200
			Stock of medicine		8000
			Cash balance		4000
			Investments		1,00,000
		1,81,200			1,81,200

Explanation and calculation :

(1) Depreciation :

(i)	Opening balance of equipments ₹ 20,000 + Purchase ₹ 20,000	= ₹ 40,000
	– Closing balance (31-03-15)	= ₹ 30,000
	= Reduction in value of equipments (depreciation)	<u>₹ 10,000</u>
(ii)	Opening balance of building (1-4-14)	= ₹ 40,000
	– Closing balance (31-03-15)	= ₹ 38,000
	= Reduction in value of building (depreciation)	<u>₹ 2000</u>

(2) Value of investments : Price of investment is not given, but interest ₹ 10,000 at 10 % is given, thus calculation will be done as follows.

∴ ₹ 10 interest = investment ₹ 100

∴ ₹ 10,000 interest = (?)

$$= \frac{10000 \cdot 100}{10}$$

= ₹ 1,00,000 investments

(3) The computation of the subscription received and the consumption of medicines is disclosed in the income – expenditure account.

Illustration 13 : From the following information prepare Income – Expenditure Account for the year ending 31-3-2015 and Balance sheet as on that date of Abhijit Sports Club.

Balance Sheet as at 31-3-2014 of Abhijit Sports Club

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital fund	51,000	Furniture	5000
Excess of income over expenditure	6000	Sports equipments	30,000
Subscription received in advance	1000	10 % Investments	20,000
Salary outstanding	2000	Subscription outstanding	3000
		Prepaid rent	500
		Cash balance	1500
	60,000		60,000

**Receipt – Payment Account for the Year ending
31-3-2015 of Abhijit Sports Club.**

Dr

Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
To Balance b/d	1500	By Salary	8000
To Entrance fee	2000	By Rent	4500
To Subscription	25,000	By Sports – equipments (1-10-2014)	10,000
To Interest on Investments	1500	By Subscription of periodicals	1000
To Donation	2500	By Sundry expense	1500
To Sale of old news papers	400	By Balance c/d	8000
To Sundry income	100		
	33,000		33,000

Additional information :

- (1) At the end of the year, subscription of current year is outstanding ₹ 6000.
- (2) At the end of the year, salary of current year is outstanding ₹ 1000.
- (3) Subscription includes ₹ 2000 for the year 2015-16.
- (4) Provide 10 % and 20 % depreciation p.a. on furniture and sports equipments respectively.
- (5) Half amount of the entrance fee is to be capitalized.

Ans. : Income – Expenditure Account for the year ending 31-3-2015 of Abhijit Sports Club

Dr

Cr

Expense	Amt. (₹)	Income	Amt. (₹)
To salary 8000		By entrance fees (50 %)	1000
+ Outstanding of current year (2014-15) 1000		By subscription 25,000	
9000		+ Outstanding 6000	
– Paid for previous year during current year (2013-14) 2000	7000	+ Received in advance 1000	
To rent 4500		of current in previous year 32,000	
+ Paid in advance 500	5000	Less :	
during previous year		Received of	
To Subscription of periodicals 1000		previous year 3000	
To sundry expense 1500		+ Received in adv. for next year (2015-16) 2000	5000
To depreciation :		By investments interest 1500	
Furniture 500		+ Outstanding (₹ 20,000 at 10 %) 500	2000
Sports equipments 7000	7500	By sale of old news papers	400
To Excess of income over expenditure 8500	8500	By Sundry income	100
	30,500		30,500

Balance Sheet as on 31-3-2015 of Abhijit Sports Club

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital Fund 51,000		Furniture 5000	
+ Donation 2500		– Depreciation 500	4500
+ Entrance fees (50 %) 1000	54,500	Sports equipments 30,000	
Excess of income over expenditure (1-4-2014) 6000		+ Purchase (1-10-14) 10,000	
+ Excess of income 8500	14,500	40,000	
(2014-2015)		– Dep. (6000 + 1000) 7000	33,000
Subscription received in advance 2000		10 % investments	20,000
Salary outstanding 1000		Int. outstanding on 10 % investments	500
		Subscription outstanding	6000
		Cash balance	8000
	72,000		72,000

Explanation and calculation :

- (1) Excess of income over expenditure is not added to the capital fund; it is disclosed in the balance sheet separately by adding excess of income of current year to the balance of the previous year's excess of income over expenditure.

(2) In the balance sheet (2013-14) of previous year, investments of ₹ 20,000 are disclosed.

∴ Interest payable at 10 %	= ₹ 2000
– Interest of investment received shown in receipt – payment a/c	= ₹ 1500
∴ Interest outstanding of investments	= ₹ 500

(3) Depreciation on furniture of ₹ 5000 at 10 % ₹ 500 is calculated.

(4) Depreciation on sports – equipments :

On balance 1-4-2014 of ₹ 30,000 depreciation is charged at 20 % for the whole year = ₹ 6000

On furniture of ₹ 10,000 purchased on 1-10-14, depreciation is charged

at 20 % for 6 months = ₹ 1000

∴ Total depreciation = ₹ 7000

Illustration 14 : From the following information of Yusuf Yuva Club, prepare Receipt – Payments Account, Income – Expenditure Account for the year ending 31-3-2015 and Balance Sheet as on that date.

(A) Balance as on 1-4-2014 :

Capital Fund ₹ 80,000, Building of club ₹ 40,000, investments ₹ 15,000, library books ₹ 20,000, cash balance ₹ 4000, salary outstanding ₹ 1000. Subscription outstanding ₹ 2000.

(B) **Cash Transactions for the year 2014-15**

Particular	Amt. (₹)	Particular	Amt. (₹)
Subscription received	33,000	Festivity income	12,000
Salary	15,000	Purchase of furniture (1-7-2014)	10,000
President Facilitation fund contribution	22,000	Donation	10,000
Entrance fee	5000	Government aid	10,000
Sale of old news papers	500	Stationery and printing	3000
Refreshment expense	1000	Repairing expense of club building	6000
Annual function expense	5000	Purchase of investment	15,000
Resident felicitation expense	12,000	Purchase of books (1-10-14)	20,000
Subscription of periodicals	3000	Interest on investments	2500
Festivity expense	7000		

(C) Other information :

(1) Subscription of ₹ 1000, for the year 2015-16 is included in subscription received.

(2) Subscription outstanding for current year ₹ 1500

(3) Salary outstanding ₹ 3000

(4) 50 % of entrance fees is to be transferred to the capital fund.

(5) Write off depreciation at 10 % p.a. on building, furniture and books.

Ans. : Receipt - Payment Account for the year ending 31-3-2015 of Yusuf Yuva Club.

Dr

Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
To Balance b/d	4000	By salary	15,000
To Subscription received	33,000	By Refreshment expense	1000
To President Felicitation fund contribution	22,000	By annual Function expense	5000
To Entrance fee	5000	By President felicitation expense	12,000
To Sale of old news papers	500	By Subscription of periodicals	3000
To Festivity income	12,000	By Festivity expense	7000
To Donation	10,000	By furniture purchase (1-7-2014)	10,000
To Government aid	10,000	By Stationery and printing	3000
To Interest on investment	2500	By Repairing exp. of club building	6000
		By purchase of investments	15,000
		By purchase of books (1-10-2014)	20,000
		By Balance c/d	2000
	99,000		99,000

Income - Expenditure Account for the year ending 31-3-2015 of Yusuf Yuva Club

Dr

Cr

Expense	Amt. (₹)	Income	Amt. (₹)
To Salary 15,000		By Subscription 33,000	
— Paid of previous year (2013-2014) 1000		— Received of previous year (2013-2014) 2000	
	14,000		31,000
+ Outstanding of current year 3000	17,000	— Received in advance of current year (2015-2016) 1000	
To refreshment expense 1000			30,000
To annual function expense 5000		+ Outstanding of current year (2014-2015) 1500	31,500
To Subscription of periodicals 3000		By entrance fees (50 %) 2500	
To Festivity expense 7000		By sale of old news papers 500	
To stationery and printing 3000		By Festivity income 12,000	
To depreciation :		By Government aid 10,000	
Building 4000		By Interest on investments 2500	
Furniture 750			
Books 3000	7750		
To Building repairing expense 6000			
To Excess of income over expenditure 9250			
	59,000		59,000

Balance Sheet as on 31-3-2015 of Yusuf Yuva Club

Liabilities		Amt. (₹)	Assets		Amt. (₹)
Capital Fund	80,000	1,01,750	Clubs building	40,000	36,000
+ Donation	10,000		— Depreciation	4000	
+ Entrance fees	2500		Furniture	10,000	9250
+ Excess of income over exp.	9250		— Depreciation (9 months)	750	
President felicitation contribution	22,000	10,000	Books	20,000	37,000
— President felicitation exp.	12,000		+ Purchase	20000	
Subscription received in advance		1000		40,000	30,000
Salary outstanding		3000	— Depreciation (2000 + 1000)	3000	
		1,15,750	Investments	15,000	1500
			+ Purchase	15,000	
			Subscription outstanding		2000
			Cash balance		
					1,15,750

Exercise

1. Select appropriate option for each question :

- (1) What kind of concern has not the aim of profit generation but to undertake activity of welfare and to provide service to members?
 - (a) Company
 - (b) Government
 - (c) Trading
 - (d) Non – trading
- (2) Receipt – Payment Account is similar to Account. While Income – Expenditure Account is similar to Account.
 - (a) Profit and Loss, Cash
 - (b) Balance Sheet, profit and Loss
 - (c) Profit and Loss, Balance Sheet
 - (d) Cash, Profit and Loss
- (3) Where are the capital type expenses disclosed ?
 - (a) Asset side of balance sheet.
 - (b) Liability side of balance sheet.
 - (c) Debit side of Income – Expenditure A/c
 - (d) Debit side of Receipt-Payment A/c
- (4) A significant expense of painting work is a kind of expense.
 - (a) Revenue Expense
 - (b) Capital Expense
 - (c) Deferred Revenue Expense
 - (d) Administration Expense
- (5) Where to record capitalized income?
 - (a) Debit side of Income – Expenditure Account
 - (b) Credit side of Income – expenditure Account
 - (c) Added to Capital fund in balance sheet
 - (d) Deducted from capital fund in balance sheet.

- (6) What is credit balance of Income – Expenditure Account?
 - (a) Excess of income over expenditure
 - (b) Excess of expenditure over income
 - (c) Opening cash / bank balance
 - (d) Closing cash / bank balance
- (7) In which account interest on investments of permanent fund will be recorded?
 - (a) Will be added to permanent fund in Balance Sheet.
 - (b) Will be added to capital fund in balance sheet.
 - (c) Will be added to investments of permanent fund in balance sheet.
 - (d) Will be recorded at the credit side of the Income – Expenditure Account.
- (8) Where will the prizes distribution recorded?
 - (a) Debited to Income – Expenditure Account.
 - (b) Debited to Receipt-Payment Account.
 - (c) Deducted from prize fund in Balance Sheet.
 - (d) Deducted from prize fund investments in Balance Sheet.
- (9) The Credit balance of receipt and payment account of non-trading concern is
 - (a) Bank balance
 - (b) Cash balance
 - (c) Bank overdraft
 - (d) Excess of income over expenditure
- (10) The accounting treatment of depreciation is not recorded in
 - (a) Receipt-payment account
 - (b) Income-Expenditure account
 - (c) Balance sheet
 - (d) All of the above three

2. Answer the following questions in one Sentence :

- (1) In which account only cash transactions is recorded ?
- (2) What kind of income a Charity is ?
- (3) What is the debit balance of income-expenditure account called ?
- (4) What kind of expense is that which is incurred to pay fixed asset for business ?
- (5) What kind of income is that which is regularly received and arise from routine activities ?
- (6) What is non-trading concern ? Give its illustrations.
- (7) Which are different main methods to maintain accounts of non-trading concern ?
- (8) What is mainly prepared in the accounts of non-trading concern ?
- (9) What is legacy ? Where is it recorded ?

3. (A) Write short notes :

- (1) Specific purpose fund
- (2) Deferred revenue expense
- (3) Receipt-payment account
- (4) Income-Expenditure Account
- (5) Subscription

(B) Explain differences :

- (1) Accounts of trading concern and Accounts of non-trading concern.
- (2) Capital income and Revenue income
- (3) Capital expense and Revenue expense.
- (4) Receipt-Payment Account and Income-Expenditure Account.

4. Explain classification of incomes of a non-trading concern with illustrations.
5. Explain classification of expenses of a non-trading concern with illustrations.
6. Explain the meaning of receipt-payment account. Write the points to be considered for the preparation of it.

7. Explain the meaning of Income-Expenditure Account. Write the points to be considered for the preparation of it.

8. Do as directed :

(1) Classify the following details into revenue income, capital income, revenue expense, and capital expense :

- | | |
|---------------------------------------------|-------------------------------------------------|
| (1) Membership Fee | (2) Prize Fund |
| (3) Life Membership Fee | (4) Legacy |
| (5) Donation | (6) X'ray machine |
| (7) Investment of prize fund | (8) Subscription of periodicals |
| (9) Annual day expense | (10) Purchase of sports equipment |
| (11) Ground maintenance expense | (12) Sale of tickets of drama |
| (13) Expense of drama | (14) Government aid (subsidy) |
| (15) Rent of locker | (16) Purchase of national savings certificate |
| (17) Machine installation wages and expense | (18) Annual meal expense |
| (19) Contribution for annual meal | (20) Entertainment Programme income |
| (21) Annual Function expense | (22) Sale of sports equipments |
| (23) Purchase of billiard table | (24) Repairing expense |
| (25) Entrance fee | (26) Expense to bring an old asset in operation |
| (27) Loss on sale of assets | (28) Interest on Investments |
| (29) Canteen income | (30) Depreciation of asset. |
| (31) Charity | (32) Purchase of HDFC bond |
| (33) President Felicitation fund | (34) President Felicitation expense |

(2) Disclose the following information in the Income-Expenditure Account ending on 31-03-2015 and Balance Sheet as of that day. Subscription received in the year 2014-15 is ₹ 80,000.

Particulars	1-4-2014, Amt. (₹)	31-3-2015, Amt. (₹)
Subscription outstanding	12,000	15,000
Subscription received in advance	8000	6000

(3) Disclose the following information in Income-Expenditure account for the year ending 31-3-2015.

Receipt – Payment Account for the Year ending 31-3-2015

Dr		Cr	
Receipt	Amt. (₹)	Payment	Amt. (₹)
To Subscription :		By Taxes and Insurance	6500
2013-14 1200		By Salary	32,800
2014-15 75,000		By Stationery Expense	2500
2015-16 1650	77,850		

Note : (i) Salary outstanding 2013-14 : ₹ 3000, 2014-15 : ₹ 6300.

(ii) Opening stock of stationery ₹ 670 and closing stock ₹ 250.

- (4) Disclose the following balances in the Balance Sheet of Vinayak cricket Club.

Balances of Accounts	Amt. (₹)	Balances of Accounts	Amt. (₹)
Match Fund	70,000	Interest on match fund investment	4000
Investments of Match fund	35,000	Donation received for match fund	16,000
Prize distribution to match winners	5700	Permanent fund	1,05,000
Match Expense	8250	Investments of Permanent fund	1,05,000

- (5) Income of subscription ₹ 45,000 is disclosed in the Income-Expenditure account for the year ending 31-3-2015. Other details of subscription are as follows :

Particulars	31-3-2014, Amt. (₹)	31-3-2015, Amt. (₹)
Subscription outstanding	2700	3600
Subscription received in advance	1800	900

Disclose the amount of subscription in the receipt-payment account for the year ending 31-3-2015.

- (6) How would you disclose the following details on 31-3-2015, during the preparation of annual accounts ?

Balance Sheet as on 01-04-2014

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Creditors for sports equipments	300	Sports Equipments	400

Receipt Payment - Account for the year ending 31-3-2015

Receipt	Amt. (₹)	Payment	Amt. (₹)
To Sports equipments	180	By Sports equipments	7000

Additional information : Sports equipments on hand on 31-3-2015 ₹ 1100.

9. From the following given information, prepare a receipt-payment account for the year ending 31-3-2015 of Omkar club.

Particulars	Amt. (₹)	Particulars	Amt. (₹)
Donation for club pavillion	70,000	Sale of old Furniture	1000
Entrance Fees (40% capitalized)	3000	(Book value ₹ 750)	
Membership fees :		Cash balance (1-4-2014)	3000
2014-15 20,000		Bank balance (1-4-2014)	2000
2015-16 5000	25,000	Rent of Hall paid	2000
Income of lectures	3000	Salary	10,000
Dinner party expense	4000	Subscription of newspapers	2000
Club pavilion construction expense	60,000	Sale of old news papers	500
Electricity expense	1000	Charity	8000
Purchase of Furniture	5000	Dinner party contribution	5000
Life membership fee	4000	Purchase of national saving certi.	20,000
		Purchase of sport equipments	15,000
		Cash balance (31-3-2015)	1000

Additional information :

- (1) Salary outstanding ₹ 10,000
- (2) Provide 10 % depreciation on sports equipments.
- (3) Subscription outstanding ₹ 2500.
- (4) Prepaid hall rent ₹ 500.

10. From the following information prepare an Income-Expenditure Account for the year ending 31-3-2015 of Divya cricket club.

Particulars	Amt. (₹)	Particulars	Amt. (₹)
Cash balance (1-4-2014)	30,000	Tournament fee received	1,35,000
Bank overdraft (1-4-2014)	24,000	Ground maintenance expense	27,000
Subscription received :		Donation received	1,20,000
2014-15 84,000		Honorarium to secretary	36,000
2015-16 6000	90,000	Sale of Memoir	72,000
Remuneration to cricket coach	36,000	Donation received for tournament	1,20,000
Salary of grounds men	15,000	Investment of tournament fund	1,20,000
Purchase of sports Equipments (1-10-2014)	1,08,000	Expense of 'Kavi Sammelan'	42,000
Entrance fees (60% to be capitalized)	36,000	Stationery expense	15,000
Subscription from members participating in sports	24,000	Repairing expense	18,000
Wicket preparation expense	18,000	Bank interest received	3000
Tournament prize distribution expense	54,000	Tournament expense	96,000
Income of 'Kavi Sammelan'	75,000	Empire fee	24,000
Memoir printing expense	24,000	Main club affiliation fee	12,000
		Taxes-Insurance	12,000
		Int. on invest. of tournament fund	30,000

Additional information :

- (1) Prepaid insurance is ₹ 2400.
- (2) Subscription outstanding from members participating in sports ₹ 6000.
- (3) Subscription outstanding from members for current year ₹ 6000.
- (4) 10 % depreciation p.a. is to be provided on sports equipments.
- (5) Salary outstanding is ₹ 3000.

11. From the following information of Surbhi Club, prepare a receipt-payment and an income-expenditure account.

Particulars	Amt. (₹)
Subscription (including ₹ 30,000 of 2013-14)	3,00,000
Outstanding at the end of year	20,000
Donation (revenue)	30,000
Purchase of furniture	70,000

Particulars	Amt. (₹)
Purchase of sports equipments	40,000
Subscription of news papers	15,000
Sale of old furniture (Book value ₹ 5000)	2000
Opening cash and Bank balance	60,000
Rent paid	28,000
Bank expense	1000
Stationery & printing (inclusive a bill of ₹ 5000 of previous year)	20,000
Entrance fees (50 % to be capitalized)	20,000
Legacies	50,000
Honorarium to secretary (Inclusive ₹ 4000 of previous year)	48,000
Honorarium outstanding	4000
Postage and Telephone	10,000
Sundry Expenses	10,000
Income of cultural programme	80,000
Expenses of Cultural Programme	60,000
Depreciation written off on furniture	5000
Purchase of investment	1,00,000
Interest on investments	7000

12. From the following information of Sanket sports club for the year ending 21-3-2015, prepare an Income Expenditure account for the year ending on that date.

Receipt & payment account for the year ending 31-3-2015

Dr		Cr	
Receipt	Amt. (₹)	Payment	Amt. (₹)
To balance b/d	8000	By Salary	24,000
To subscription	50,000	By Drama Expense	10,000
To entrance Fees	4000	By General Expense	6000
To Annual Function income	10,000	By Audit Fees	2000
To Sale of scrap of old sports equipments	2000	By Sports equipments	17,000
To Donation for sports prizes	10,000	By Honorarium to Secretary	5000
To sale of tickets of Drama	20,000	By Stationery-printing	4000
		By Annual function expense	8000
		By bank interest expense	1000
		By tournament expense	5000
		By Ground maintenance expense	6000
		By Repairing expense	3000
		By sports prizes distribution	3000
		By Balance c/d	10,000
	1,04,000		1,04,000

Adjustments :

- (1) Subscription includes, subscription of ₹ 2000 for the year 2015-16.
- (2) Subscription outstanding ₹ 3000 for the year 2014-15.
- (3) General expenses include, prepaid insurance of ₹ 500.
- (4) Salary outstanding ₹ 2000.
- (5) Depreciation on sports equipments is to be provided ₹ 3000.
- (6) 50 % of entrance fees is to be capitalized.
- (7) Stationery stock ₹ 200.

13. From the Receipt-Payment account for the year ending 31-3-2015 and other given information of Sheela Mahila Vikas Mandal, prepare an Income Expenditure Account for the year ending 31-3-2015 and the Balance Sheet as of that day.

Receipt & Payment Account of Sheela Mahila Vikas Mandal
for the year ending 31-3-2015

Dr

Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
To balance b/d		By Salary	12,600
Cash balance 6000		By Stationery – Printing	2100
Bank balance 3000	9000	By Insurance-Taxes	1200
To Subscription received	21,000	By Subscription of newspapers	1800
To Interest received	6000	By Repairing expense	1500
To Donation received	15,000	By Purchase of Investments	8400
To sale of old furniture		By purchase of books	15,000
(Book value ₹ 3000)	2400	By balance c/d :	
To Rent of Hall	4500	Cash balance 5700	
To Sale of old news papers	600	Bank balance 10,200	15,900
	58,500		58,500

Other Information :

- (1) Balances as on 1-4-2014 :
Building ₹ 90,000, Furniture ₹ 12,000, Books ₹ 30,000, Investments ₹ 1,20,000, Subscription outstanding ₹ 3000 and permanent fund ₹ 2,64,000.
- (2) Subscription included ₹ 1500, subscription of the year 2015-16.
- (3) Subscription outstanding for the year 2014-15 ₹ 2100.
- (4) Salary outstanding ₹ 1800.
- (5) Unused Stationery on 31-3-2015 was of ₹ 300.
- (6) Provide 10 % depreciation on closing balance of Building, Furniture and Books.
- (7) Interest outstanding on investment ₹ 1500.

14. From the following information of Pankaj Sports Club, prepare an Income-Expenditure Account for the year ending 31-3-2015 and Balance Sheet as of that date.

Receipt & Payment Account of Pankaj Sports Club as on 31-3-2015

Dr

Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
To balance (1-4-2014 Bank balance)	87,500	By Salary	1,62,500
To Subscription :		By Rent taxes	22,500
2013-14 2250		By Stationery purchase	11,250
2014-15 2,17,500		By purchase of Sports equipment (1-10-2014)	75,000
2015-16 1500	2,21,250	By sundry expense	30,000
To Income of entertainment programme	50,000	By 12 % Bank deposit (from 1-1-2015)	62,500
To Interest on 12 % Investments (for entire year)	15,000	By Expense of entertainment programme	26,500
To donation	25,000	By Balance c/d (Bank balance as on 31-3-2015)	15,000
To entrance Fees	5000		
To Sale of old news papers	1500		
	4,05,250		4,05,250

Additional information :

- (1) There are 300 members of club, each member pays annual subscription of ₹ 750.
- (2) Opening capital fund is of ₹ 3,28,500.
- (3) Outstanding salary on 31-3-2014 ₹ 12,500 and on 31-3-2015 ₹ 18,750.
- (4) Opening stock of stationery was of ₹ 1250 while at closing stock was of ₹ 1875.
- (5) The value of sports equipment was of ₹ 1,25,000 on 1-4-2014 while ₹ 1,75,000 on 31-3-2015.

15. From the given below trail balance of Suresh Youth Club prepare an Income-Expenditure Account and a Balance Sheet as of that day.

Trail Balance as on 31-3-2015 of Suresh Youth Club

Name of Account	L.F.	Debit (₹)	Credit (₹)
Colour work Expense		9000	—
Stationery-Printing		2000	—
Capital Fund		—	36,000
Donation received		—	2000
Cash Balance		3000	—
Bank Overdraft		—	1000
12 % Loan (from 1-4-2014)		—	15,000
Furniture		8000	—

Name of Account	L.F.	Debit (₹)	Credit (₹)
Building of Club		35,000	—
Lifetime Subscription		—	2000
Taxes-Insurance		2500	—
Honorarium to Secretary		6000	—
Entrance Fees		—	6000
Sports equipments		10,000	—
Subscription received in advance		—	2000
Salary wages		9000	—
Outstanding salary		—	1000
Legal expenses		600	—
Subscription		—	25,000
Interest on loan		900	—
Electricity expense		1000	—
Electric fittings		4000	—
Locker rent		—	1000
		91,000	91,000

Adjustment :

- (1) Subscription outstanding ₹ 2000 for the year 2014-15.
- (2) $\frac{2}{3}$ Colour work expense is to be carried forward to next year.
- (3) Unused stationery is of ₹ 100.
- (4) Provide 10 % depreciation on building, sports equipments and furniture of club.
- (5) Consider amount of donation as revenue income.
- (6) Prepaid insurance is of ₹ 200.

16. From the trial balance as on 31-3-2015 and additional information of Kankuba Jivabhai Parivar Adarsh Vidyalaya given below, prepare an Income-Expenditure Account and a Balance Sheet.

Trail balance as of 31-3-2015 of Kankuba Jivabhai Parivar Adarsh Vidalaya

Debit Balance	Amt. (₹)	Credit Balance	Amt. (₹)
Building	62,500	Capital Fund	1,15,000
Furniture	29,000	Donation	30,000
Laboratory	25,000	Creditors of Stationery	1000
12 % Investments (31-3-2015)	25,000	Tuition Fees	62,500
Library	25,000	Entrance Fees	750
Salary	40,000	Rent of Hall	1250
Stationery	6500	Sundry income	250
Annual sports day expense	3000	Government grant	7500
Cash balance	500	Sale of old Furniture (1-10-2014)	1750
Bank balance	3500		
	2,20,000		2,20,000

Additional information :

- (1) 50 % entrance fees is to be capitalized.
- (2) Tuition fees outstanding of ₹ 1500.
- (3) Salary outstanding is of ₹ 6000.
- (4) Book value of furniture sold is ₹ 2500.
- (5) Provide 10 % depreciation on furniture and library 20 % on laboratory and 5 % on building.

17. Receipt Payment account for the year ending 31-3-2015 of Shardaben Hospital is as follows :

Receipt Payment Account for the year ending on 31-3-2015 of Shardaben Hospital

Dr

Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
Cash on hand	3000	By operation theatre construction exp.	60,000
To subscription	75,000	By Purchase of medicines	42,000
To Donation	37,500	By Honorarium to doctors	37,500
To Interest on investments	7500	By salary	27,000
To charity show income	15,000	By sundry expense	750
To special donation for operation theatre	75,000	By Equipments purchase	33,000
To Government aid	22,500	By Charity show expense	4500
To sale of old newspapers	750	By periodicals subscription	4500
		By fixed deposit with bank	22,500
		By Cash on hand	4500
	2,36,250		2,36,250

Other Information :

Particulars	1-4-2014 Amt. (₹)	cl. 31-3-2015 Amt. (₹)
Subscription outstanding	450	750
Subscription received in advance	150	300
Stock of medicines	9000	10,500
Cost of Equipments	52,500	78,000
Building less depreciation	60,000	57,000
Investments	37,500	37,500
Capital Fund	1,62,300	(?)

From the above given receipt-payment account and additional information, prepare an income-expenditure account for the year ending 31-3-2015 and a balance sheet as on that day.

18. From the information given below of Jamnadas trust, prepare an income-expenditure account for the year ending 31-3-2015 and a balance sheet as on that date.

Balance Sheet as on 31-3-2014 of Jamnadas trust

Liabilities	Amt. (₹)	Assets	Amt. (₹)
Capital fund	1,08,000	Land-Building	1,20,000
Excess of income over expenditure	20,000	Cash balance	40,000
Subscription received in advance	2400	Subscription outstanding	1520
Unpaid expense	5600	Locker rent outstanding	960
6 % loan	20,000		
Income expenditure account	6480		
	1,62,480		1,62,480

Receipt – Payment Account for the year ending 31-3-2015 of Jamnadas trust

Dr

Cr

Receipt	Amt. (₹)	Payment	Amt. (₹)
To balance b/d	40,000	By Expense :	
To Subscription :		2013-14	4800
2013-14	800	2014-15	8000
2014-15	8400	By Furniture (1-10-2014)	16,000
2015-16	600	By Interest on loan	600
To Entrance fees	3200	By Refreshment expense	9000
To Locker rent	2800	By Balance c/d	33,400
To Refreshment income	16,000		
	71,800		71,800

Adjustment :

- (1) Subscription outstanding for the year 2014-15 ₹ 3200.
- (2) Expenses outstanding for the year 2014-15 ₹ 1000.
- (3) Salary outstanding ₹ 2000.
- (4) Provide 5 % p.a. depreciation on land-building and 10 % p.a. on furniture.
- (5) 50 % of entrance fees is to capitalized.
- (6) Locker rent outstanding for the year 2014-15 ₹ 360.

