

PART-1

UNIT-1

class 12 Accountancy Chapter 1 – Accounting For Not For Profit Organisation

Short Questions for NCERT Accountancy Solutions Class 12 Part 1 Chapter 1

1. State the meaning of 'Not-for-Profit' Organisations.

Organisations that are established with the aim of providing services to society and not profit earning are called as Not-for-profit Organisations (NPO). Some organisations that come under NPO are hospitals, religious organisations and trade unions. An NPO earns income from life membership fees, subscriptions, grants, donations etc.

2. State the meaning of Receipt and Payment Account.

A receipts and payments account (R & P Account) is a summary of actual cash receipts and payments that is extracted from the cash book over a certain time period. All the cash received is recorded on the Receipts and all the cash payments gets recorded in Payments side of the R & P Account. All the cash and bank transactions are recorded in Cash Book and this book is created on the basis of all these transaction. All cash and bank transactions that are of revenue and capital nature gets recorded. It records all transactions i.e. bank receipts and cash receipts.

This account helps in determining the closing balance of bank and cash receipts and thereby assess cash position of a Not-for-profit organisation or NPO.

3. State the meaning of Income and Expenditure Account.

Income and Expenditure (I & E) account is the equivalent of P & L account (Profit and Loss Account). In an income and expenditure account, surplus and deficit is determined during the accounting period while in a P & L account the net profit or loss is determined at the running of accounting period. It is nominal account and records transactions that are of revenue nature. The closing balance is called deficit or surplus based.

4. What are the features of Receipt and Payment Account?

The receipts and payments account has the following features:

1. It is known as cash book summary for NPO (Not-for-profit organisations) as it records all the cash and cash equivalents of the organisation.
2. This account shows cash transactions that are of revenue and capital nature
3. It does not follow the double entry bookkeeping system as it is a summary of transactions.

4. It does not include transactions that do not have cash or bank items.
5. It helps in revealing the cash position of the organisation

5. What steps are taken to prepare Income and Expenditure Account from a Receipt and Payment Account?

Following steps should be followed:

1. Exclude opening cash and bank balances and also do the same for closing cash and balances
2. Exclude income of the previous period and any such income that is received in advance
3. Exclude all items involving capital receipts and payments
4. Exclude expenditures that are of the previous or coming period
5. Include all incomes of the current period which are yet to be received
6. Include expenditures of current period which are yet to be paid.
7. Provision for bad debts and fixed assets depreciation should be taken into account and charged to the account (income and expenditure account)

6. What is subscription? How is it calculated?

For a not-for-profit organisation subscription acts as one of the main sources of income. It refers to money that the members pay periodically for maintaining their membership in active state. Subscription charges can be paid in flexible options like monthly, quarterly, half-yearly or yearly. It appears on the receipt side of R & P account.

For calculating subscription for current period, add subscription received in advance meant for current period during the previous year and outstanding subscription for current year to the subscription received for the current year and deducting subscription received in advance for next year and outstanding subscription from previous year from subscription received in the current year.

Calculation of Subscription

Subscription received during the year	-	-
		-
(+) Subscription received (in advance) during previous year	-	-
	-	
for current year	-	
(+) Subscription outstanding at the end of the year		
(-) Subscription received in advance for the next year		
(-) Subscription outstanding for the previous year		
Subscription shown in Income and Expenditure Account		

7. What is Capital Fund? How is it calculated?

The scenario where value of assets of NPO are more than its liabilities, it is called as capital fund. This is similar to the concept of capital for an organisation working to earn profit. If any surplus amount is received from I & E account, it gets added to capital fund, likewise any deficit will be deducted from the same and is known as Accumulated Fund.

Calculating Capital Fund

Capital Fund at the beginning of the year		**
Add: <i>Surplus from Income and Expenditure Account</i>	**	
Add: <i>Subscription Amount (Capitalised amount)</i>	**	
Add: <i>Life membership fee.</i>	**	**
Less: <i>Deficit from Income and Expenditure Account</i>		**
Capital Fund at the end of the year		***

Long Questions for NCERT Accountancy Solutions Class 12 Part 1 Chapter 1

1. Explain the statement: "Receipt and Payment Account is a summarised version of Cash Book".

A receipts and payments account (R & P Account) is a summary of actual cash receipts and payments that is extracted from the cash book over a certain time period. All the cash received is recorded on the Receipts and all cash payments are recorded in Payments side of the R & P Account. All the cash and bank transactions are recorded in Cash Book and this book is created on the basis of all these transaction. All cash and bank transactions that are of revenue and capital nature gets recorded. It records all transactions i.e. bank receipts and cash receipts.

This account helps in determining the closing balance of bank and cash receipts and thereby assess cash position of a Not-for-profit organisation or NPO.

Here are some similarities between Cash Book and Receipts and Payments Account:

- 1. Both are real accounts.**
- 2. Only transactions of cash and bank are recorded**
- 3. There is no distinction between Revenue and Capital Items**
- 4. Helps in assessing the cash position of an organisation**
- 5. Starts with an opening balance consisting of cash and bank and concludes with closing balance of cash and bank.**

Therefore, it can be said that Receipt and Payments Account is a summarised version of cash book.

2. “Income and Expenditure Account of a Not-for-Profit Organisation is akin to Profit and Loss Account of a business concern”. Explain the statement.

The account containing all expenses and losses for current accounting period prepared by a Not-for-profit organisation is called as Income and Expenditure (I & E) account, while a similar account prepared by profit earning organisation is called as Profit and Loss Account (P & L).

Here are some of the similarities between I & E and P & L accounts:

1. Accrual basis is followed for the preparation of both accounts.
2. Expenses and losses are recorded on Expenditure (debit) side and gains and income are recorded on Income (credit) side.
3. Records only revenue items related to current accounting period.
4. Both exhibit nature similar to nominal accounts

Therefore, it can be said that from the above statements that Income and Expenditure account of a Not-for-Profit Organisation is akin to Profit and Loss Account of a business concern.

3. Distinguish between Receipts and Payments Account and Income and Expenditure Account.

Basis of Comparison	Receipts and Payments Account	Income and Expenditure Account
Nature	Contains bank and cash transaction summary.	Contains summary of income and expenses of current year
Revenue and Capital	Both revenue and capital transactions are recorded	Only revenue transactions are recorded
Debit Side	Records cash and bank receipts are recorded	Records expenses and losses incurred for the current accounting year

Credit side	Records payments received in form of cash and cheques	Records incomes and gains during the current accounting year
Account Type	Real Account	Nominal Account
Accounting Period	Records receipts and payments made during the year which may be related to current, previous or next accounting year	Records only the expenditure and income made during the current accounting year
Object	Shows the cash position of NPO	Shows the net results in terms of deficits or surplus
Depreciation	Non-cash items like depreciation is not included	Includes non-cash items like depreciation, bad-debts for determining net profit or loss.
Adjustment	Before preparing financial statements the Payments and Receipts received during the year can be adjusted.	Cash and non-cash transactions can be adjusted
System	Cash basis	Accrual Basis

4. Explain the basic features of Income and Expenditure Account and of Receipt and Payment Account.

Income and Expenditure account is similar to the P & L account (Profit and Loss Account). In an income and expenditure account surplus and deficit is determined during the accounting period while in a P& L account the net profit or loss is determined during an accounting period. It is a

nominal account and records transactions that are of revenue nature. The closing balance is called deficit or surplus based.

Basic Features of I & E Account are:

1. It is a nominal account
2. Prepared on the basis of R & P (Receipt and Payment Account). All revenue items irrespective of income or expenditure get transferred.
3. Transactions that are of capital nature are not included in the account.
4. It is similar to P & L account
5. Records only current accounting year items and excludes any other transactions
6. Items like prepaid expenses, depreciation, income received in advance can be adjusted.
7. Balancing figure is expressed as surplus or deficit based on the status of expenses and income.

A receipts and payments account is a summary of actual cash receipts and payments that is extracted from the cash book over a certain time period. All the cash received is recorded on the Receipts and all cash payments are recorded in Payments side of the Receipts and Payments Account. This account is prepared on the basis of all the cash and bank transactions that are recorded in Cash Book. It records all cash and bank transactions that are of revenue and capital nature. It records all transactions i.e. bank receipts and cash receipts.

This account helps in determining the closing balance of bank and cash receipts and thereby assess cash position of an NPO.

Basic Features of R & P Account are:

1. It is a real account also known as summarised version of Cash Book
2. It records only bank and cash transactions.
3. Non-cash transactions like depreciation is not recorded
4. It begins with an opening balance of cash and bank and ends with closing balance of cash and bank.
5. Helps in assessing the cash position of an organisation
6. It does not distinguish between capital and revenue items

5. Show the treatment of the following items by a Not-for-Profit Organisation:

(i)	Annual subscription
-----	---------------------

(ii)	Specific donation
(iii)	Sale of fixed assets
(iv)	Sale of old periodicals
(v)	Sale of sports materials
(vi)	Life membership fee

i) Annual Subscription

1. Subscriptions that are obtained during an accounting year (it may be related to current, previous or upcoming year) are reflected on the debit side of R & P Account.
2. Subscriptions related to the present year whether yet to be received or already received reflects on the credit side of I & E account (Income and Expenditure)
3. Advance subscriptions received for the following year are reflected on Liabilities side of balance sheet.
4. Subscriptions which are due but yet to be received are shown on Assets part of Balance Sheet.
5. Subscriptions that are due but yet to receive are reflected on asset side of balance sheet.

ii) Specific donation

1. Specific donation amount is reflected on Debit side of R & P Accounts.
2. Specific donation amount is shown on Liabilities side of Balance Sheet. Because it is used for that specific purpose for which it is received.

iii) Sale of fixed assets

1. Amount received recorded on debit side of R & P Account.
2. Profit/Loss is credited/debited to I & E Account.
3. Book value of asset deducted from the respective asset on Asset side of Balance Sheet

iv) Sale of old periodicals

1. Amount received reflects on the debit side of R & P Account.

2. Sale of old periodical is counted as revenue receipts, hence reflects on credit side of I & E Account.

v) Sale of sport Materials

1. Amount received is debited to R & P Account

2. Sport material sale is revenue earned, hence reflects on credit side of I & E Account.

vi) Life Membership Fees

1. It is considered as a receipt for a NPO. Hence, debited to R & P Account

2. It is one-time fee and hence treated as Capital receipts, hence, added to Capital Fund on liabilities side of Balance Sheet

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

A NPO (Not-for-Profit organisation) has different sources of receipts in the form of subscriptions, donations, government grants etc. Of these some receipts are general while some are specific. Specific receipts are used only for the purpose for which it is received while general receipts can be used for any purpose. The specific receipts are not considered as revenue income for the Not-for-Profit organisation and therefore are reflected in I & E account.

In a way, specific receipts are considered as liabilities to the Not-for-Profit organisation as these amounts are received for specific purpose and cannot be used elsewhere. These are reflected in Liabilities side of Balance Sheet, until and unless it is completely used for the purpose it was received. If such amount is invested in the form of shares or debentures, then it is known as funds such as prize funds, match funds etc. The interest earned on such investment are not credited to I & E Account, instead it is credited to the respective fund account.

Similarly, any expense that is incurred for such funds gets debited from respective fund account. Such funds are shown in the liabilities side of Balance Sheet. If the expenses exceed the receipts of the fund, the difference gets reflected in I & E Account.

Treatment for items received for specific purpose

(Tournament/Match/Prize, etc.) Fund Account							
Dr.				Cr.			
Date	Particulars	L.F	Amount	Date	Particulars	L.F	Amount

	Expenses (expenses incurred like, match expenses, tournament expenses)				Balance b/d		
					Incomes (Income or interest earned on funds invested in the form of donation, interests, dividends, etc.)		
	Balance c/d (see explanation)		(a)		Income and Expenditure A/c (see explanation)		(b)

Explanation (a)

When receipts are more than expenses meant for specific purpose, that time the difference between receipts and expenses is shown on balance sheet in the liabilities side.

Balance Sheet			
Specific Fund (i.e. Tournament, Match, Prize Fund, etc.)		Tournament Fund Investment	

Explanation (b)

When expenses are more than receipts meant for specific purpose, that time the difference between expenses and receipts is shown in I & E account at the expenditure side.

Income and Expenditure A/c			
Expenditure	Amount	Income	Amount
Expenses (i.e. Tournament, Match, Prize Expenses etc. except capital expenditure like, i.e. expenses on construction of building)			

7. What is Receipt and Payment Account? How is it different from Income and Expenditure Account?

A receipts and payments account is a summary of actual cash receipts and payments that is extracted from the cash book over a certain time period. All the cash received is recorded on the Receipts and all cash payments are recorded in Payments side of the Receipts and Payments Account. This account is prepared on the basis of all the cash and bank transactions that are recorded in Cash Book. It records all cash and bank transactions that are of revenue and capital nature. It records all transactions i.e. bank receipts and cash receipts.

This account helps in determining the closing balance of bank and cash receipts and thereby assess cash position of an NPO.

Basis of Comparison	Receipts and Payments Account	Income and Expenditure Account
Nature	Contains bank and cash transaction summary.	Contains summary of income and expenses of current year
Revenue and Capital	Both revenue and capital transactions are recorded	Only revenue transactions are recorded
Debit Side	Records cash and bank receipts are recorded	Records expenses and losses incurred for the current accounting period
Credit side	Records payments received in form of cash and cheques	Records incomes and gains during the current accounting period
Account Type	Real Account	Nominal Account
Accounting Period	Records receipts and payments made during the year which may be related to current, previous or next accounting year	Records only the expenditure and income made during the current accounting year

Object	Shows the cash position of NPO	Shows the net results in terms of deficits or surplus
Depreciation	Non-cash items like depreciation is not included	Includes non-cash items like depreciation, bad-debts for determining net profit or loss.
Adjustment	Before preparing financial statements the Payments and Receipts received during the year can be adjusted.	Cash and non-cash transactions can be adjusted
System	Cash basis	Accrual Basis

Numerical Questions for NCERT Accountancy Solutions Class 12 Part 1 Chapter 1

1. From the following particulars taken from the Cash Book of a health club, prepare a Receipts and Payments Account.

Particulars	₹
Opening balance:	
Cash in Hand	5,000
Cash at Bank	25,000
Subscriptions	1,65,000

Donations	35,000
Investment Purchased	80,000
Rent Paid	20,000
General Expenses	21,500
Postage and stationery	2,000
Courier charges	1,000
Sundry Expenses	2,500
Closing Cash in Hand	12,000

The solution for this question is as follows:

Books of Health Club			
Receipt and Payment Account			
Dr.			Cr.
Receipts	Amount	Payments	Amount

		₹		₹
Balance b/d			Investment	80,000
Cash in Hand	5,000		Rent	20,000
Cash at Bank	25,000	30,000	General Expenses	21,500
Subscriptions		1,65,000	Postage and Stationery	2,000
Donations		35,000	Courier Charges	1,000
			Sundry Expenses	2,500
			Balance c/d	
			Cash in Hand	12,000
			Cash at Bank	91,000
				1,03,000
			(Balancing figure)	
		2,30,000		2,30,000

--	--	--	--	--	--	--	--

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

Receipt and Payment Account for the year ending March 31, 2015			
Receipts	Amount	Payments	Amount
	₹		₹
Balance b/d:		Furniture	3,000
Cash at Bank	22,000	Investments	55,000
Cash in Hand	8,800	Advance for building	20,000
Donations	32,000	Charities	60,000
Subscriptions	50,200	Salaries	10,400
Endowment Fund	60,000	Rent and Taxes	4,000
Legacies	24,000	Printing	1,000
Interest on Investment	3,800	Postage	300

Interest on Deposits	800	Advertisements	1,100
Sale of old newspapers	500	Insurance	4,800
		Balance c/d:	
		Cash at Bank	32,000
		Cash in Hand	10,500
	2,02,100		2,02,100

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

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

The solution for this question is as follows

Books of Harimohan Charitable Institution

Income and Expenditure Account

Dr.						Cr.
Expenditure		Amount	Income		Amount	
		₹			₹	
Rent and Taxes	4,000		Donations		16,000	
Add: Outstanding	800	4,800	Legacies		12,000	
			Subscriptions		50,200	
Salaries	10,400		Interest on Investment	3,800		
Add: Outstanding	1,200	11,600	Add: Accrued Interest	2,000	5,800	
Advertisement	1,100		Interest on Deposits		800	

Add: Outstanding	200	1,300	Sale of Old Newspapers	500
Charities		60,000		
Printing		1,000		
Postage		300		
Insurance		4,800		
Surplus (Excess of Income over Expenditure)		1,500		
		85,300		85,300

3. From the following particulars, prepare Income and Expenditure account:

Details	Amount ₹
Fees collected, including ₹ 80,000 on account of the previous year	5,20,000
Fees for the year outstanding	30,000
Salary paid, including ₹ 5,000 on account of the previous year	68,000
Salary outstanding at the end of the year	3,000
Entertainment expenses	8,000
Tournament expenses	25,000
Meeting Expenses	18,000
Traveling Expenses	7,000
Purchase of Books and Periodicals, including ₹ 31,000 for purchase of Books	40,000

Rent	15,000
Postage, telegrams and telephones	6,000
Printing and Stationery	18,000
Donations received	25,000

The solution for this question is as follows

Income and Expenditure Account					
Dr.			Cr.		
Expenditure		Amount ₹	Income		Amount ₹
Salaries	68,000		Fees Collected	5,20,000	
Less: Previous year's Outstanding	(5,000)		Less: Previous year's Outstanding	(80,000)	
	63,000			4,40,000	

Add: Current year's Outstanding	3,000	66,000	Add: Current year's Outstanding	30,000	4,70,000
Entertainment Expenses		8,000	Donations		25,000
Tournament Expenses		25,000			
Meeting Expenses		18,000			
Traveling Expenses		7,000			
Purchases of Periodicals (40,000 – 31,000)		9,000			
Postage, Telegrams and Telephone's		6,000			
Rent		15,000			
Printing and Stationery		18,000			
Surplus (Excess of Income over Expenditure)		3,23,000			

			4,95,00 0			4,95,00 0

NOTE: As per the solution, Excess of Income over Expenditure is ₹ 3, 23,000; however, as per the book, it is ₹ 3, 07,000.

4. Following is the information given in respect of certain items of a Sports Club. Show these items in the Income and Expenditure Account and the Balance Sheet of the Club:

Particulars	₹
Sports Fund as on 1.4.2015	35,000
Sports Fund Investments	35,000
Interest on Sports Fund	4,000
Donations for Sports Fund	15,000
Sports Prizes awarded	10,000
Expenses on Sports Events	4,000
General Fund	80,000

General Fund Investments	80,000
Interest on General Fund Investments	8,000

The solution for this question is as follows

Books of Sports Club			
Income and Expenditure Account			
Dr.			Cr.
Expenditure	Amount	Income	Amount
	₹		₹
		Interest on General Fund Investments	8,000

Balance Sheet			
Liabilities	Amount	Assets	Amount
	₹		₹

Sports Fund	35,000		Sports Fund Investments	35,000
Add: Interest on Sports Fund	4,000		General Fund Investments	80,000
Add: Donations for Sports Fund	15,000			
	54,000			
Less: Expenses on Sports Event	(4,000)			
Less: Prize Awarded	(10,000)	40,000		
General Fund		80,000		

5. How will you deal with the following items while preparing for the Bombay Women Cricket Club its income and expenditure account for the year ending 31.3.2017 and its Balance Sheet as on 31.3.2017?

		₹
(a)	Donation received during the year for the construction of a permanent Pavilion	12,25,000

	Expenditure incurred up to 31.3.2017 on its construction	10,80,00 0
	The total estimated expenditure on construction of Pavilion being	25,00,00 0
(b)	Tournament Fund:	
	Balance as on 1.4.2016	10,700
	Subscriptions for tournament received during the year	65,800
	Expenditure incurred during the year on conducting tournaments	72,400
(c)	Life Membership fee received during the year	28,000

Give reasons for your answers

The solution for this question is as follows

(a)

Books of Bombay Women Cricket Club**Balance Sheet**

as on March 31, 2017

Liabilities		Amount	Assets	Amount
		₹		₹
Donation for Pavilion	12,25,000		Construction of Pavilion in Progress	10,80,000
Less: Exp. on construction of Pavilion	(10,80,000)	1,45,000		
Capital				
Add: Pavilion Construction	10,80,000	10,80,000		

Reason:

Donation for construction of Pavilion is a donation for specific purpose.

Expenses on construction on Pavilion is a capital expenditure.

(b)

Balance Sheet				
as on March 31, 2017				
Liabilities		Amount	Assets	Amount
		₹		₹
Tournament Fund	10,700			
Add: Subscription for Tournament	65,800			
76,500				
Less: Tournament Expenses	(72,400)	4,100		

Reason

All funds received are treated as capital receipts and expenses related to any fund are deduced from the concerned funds.

(c)

Balance Sheet	
as on March 31, 2017	

Liabilities	Amount	Assets	Amount
	₹		₹
Life Membership Fees	28,000		

Reason

When there is no specific information on treatment of Life Membership fees, it is shown on liabilities side of Balance sheet as it is considered as capital receipt. On treated as revenue, it is shown in credit side of I & E Account.

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

Receipt and Payment Account for the year ending				
as on December 31, 2017				
Receipts		Amount	Payments	Amount
		₹		₹
Balance b/d			General Expenses	3,200
Cash in hand		4,000	News paper	1,850

Cash at Bank		15,550	Electricity	3,000
Subscriptions			Fixed deposit with bank	18,000
2016	1,200		(on 31.06.2017) @ 10% p.a.	
2017	26,500		Books	7,000
2018	500	28,200	Salary	3,600
Sale of old newspapers		1,250	Rent	6,500
Govt. grant		12,000	Postage charges	300
Sale of old furniture (book value ₹ 5, 000)		3,700	Furniture (purchased)	10,500
Interest received on FD		450	Balance c/d	
			Cash in Hand	3,000
			Cash at Bank	8,200

		65,150		65,150

Information:

- (i) Subscription outstanding as on 31.12.2016 ₹ 2,000 and on December 31, 2017 ₹ 1,500.
- (ii) On December 31, 2017 Salary outstanding ₹ 600, and one month Rent paid in advance.
- (iii) On Jan. 01, 2016 organisation owned Furniture ₹ 12,000, Books ₹ 5,000.

The solution for this question is as follows:

Books of Adult Literacy Organisation				
Income and Expenditure Account				
as on Dec. 31, 2017				
Dr.		Cr.		
Expenditure	Amount	Income		Amount
	₹			₹
Loss on Sale of Old Furniture	1,300	Subscription	26,500	

General Expenses		3,200	Add: Outstanding for 2017	1,500	28,000
Newspapers		1,850			
Electricity		3,000	Sale of Old Newspapers		1,250
Salary	3,600		Government Grant		12,000
Add: Outstanding for 2017	600	4,200	Interest received on F.D.	450	
			Add: Accrued Interest	450	900
Rent	6,500				
Less: Prepaid for 2018 {6,500×(1/13)}	(500)	6,000			
Postages Charges		300			
Surplus (Excess of Income over Expenditure)		22,300			

	42,150		42,150
Balance Sheet as on Dec. 31, 2016			
Liabilities	Amount	Assets	Amount
	₹		₹
Capital Fund on Dec. 31, 2016 (Balancing Figure)	38,550	Subscription Outstanding	2,000
		Cash in Hand	4,000
		Cash at Bank	15,550
		Furniture	12,000

		Books	5,000
	38,550		38,550

Balance Sheet as on Dec. 31, 2017					
Liabilities		Amount	Assets		Amount
		₹			₹
Capital	38,550		Prepaid Rent		500
Add: Surplus	22,300	60,850	Books	5,000	
			Add: Purchases	7,000	12,000
Salary Outstanding		600			

Subscription Received in Advance for 2018	500	Furniture	12,000	
		Add: Purchases	10,500	
			22,500	
		Less: Sale	(5,000)	17,500
		Fixed Deposit	18,000	
		Add: Accrued Interest	450	18,450
		Cash in Hand		3,000
		Cash at Bank		8,200

		Subscription Outstanding for 2017	1,500	
		Add: Outstanding for 2016	800	2,300
	61,950			61,950

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

Receipts	Amount	Payments	Amount
	₹		₹
Balance from last year	2,270	Rent	6,600
Subscriptions	32,500	Electric charges	3,200
Life membership fee	3,250	Lecturer's fee	730
Donation	2,500	Office expenses	1,480

Profit from entertainment	7,250	Printing and Stationery	1,050
Sale of old Books (books value ₹ 1,000)	750	Legal fee	1,870
Interest	350	Books	6,500
		Furniture purchased	8,600
		Expenses on nukar drama	1,300
		Cash in hand	8,040
		Cash at bank	9,500
	48,870		48,870

You are required to prepare an Income and Expenditure Account after the following adjustments:

(a) Subscription still to be received are ₹ 750, but subscription include ₹ 500 for the year 2018.

(b) In the beginning of the year the Sangh owned building ₹ 20,000 and furniture ₹ 3,000 and Books ₹ 2,000.

(c) Provide depreciation on furniture @ 5% (including purchase), books @ 10% and building @ 5%.

The solution for this question is as follows:

Books of Nari Kalyan Samittee**Income and Expenditure Account**

as on Dec. 31, 2017

Dr.			Cr.
Expenditure	Amount	Income	Amount
	₹		₹
Rent	6,600	Subscription	32,500
Electric Charges	3,200	Add: Outstanding for 2017	750
Lecturer's fee	730	33,250	
Office Expenses	1,480	Less: Advance for 2018	(500)
Printing and Stationery	1,050	Donation	2,500
Legal Fee	1,870	Profit from Entertainment	7,250
Depreciation on:		Interest	350

Books	750			
Furniture	580			
Building	1,000	2,330		
Expenses on Nukar Drama		1,300		
Loss on Sale of Books		250		
Surplus		24,040		
		42,850		42,850

Balance Sheet

as on Dec. 31, 2016

Liabilities	Amount	Assets	Amount
	₹		₹

Capital Fund as Dec. 31, 2016	27,270	Building	20,000
(Balancing Figure)		Furniture	3,000
		Books	2,000
		Cash and Bank	2,270
	27,270		27,270

Balance Sheet					
as on Dec. 31, 2017					
Liabilities		Amount	Assets		Amount
		₹			₹
Capital Fund	27,270		Building	20,000	

Add: Life Membership Fees	3,250		Less: 5% Depreciation	(1,000)	19,000
Add: Surplus	24,040	54,560			
			Furniture	3,000	
Advance Subscription for 2018	500		Add: Purchases	8,600	
				11,600	
			Less: 5% Depreciation	580	11,020
			Books	2,000	
			Add: Purchases	6,500	
			8,500		
			Less: Sales	1,000	

				7,500	
		Less: 5% Depreciation		750	6,750
		Cash in Hand			8,040
		Cash at Bank			9,500
		Subscription Outstanding			750
	55,060				55,060

8. Following is the Receipt and Payment Account of Indian Sports Club, prepared Income and Expenditure Account, Balance Sheet as on December 31, 2017:

Receipt and Payment Account

for the year ending December 31, 2017

Receipts	Amount ₹	Payments	Amount ₹
Balance b/d	7,890	Salary	11,000
Subscriptions	52,000	Electric charges	5,500
Life membership fee	2,200	Billiard Table	17,500
Entrance fee	3,200	Office expenses	4,100
Tournament fund	26,000	Printing and Stationery	2,300
Locker Rent	1,250	Tournament expenses	18,500
Sale of old sports goods (Costing ₹ 2,200)	2,500	Repair of ground	2,000
Sale of Old Newspaper	750	Furniture purchased	7,700
Legacy	37,500	Sports equipment's	12,000
		Cash in Hand	12,690

		Cash at Bank	10,000
		Fixed Deposit (on 1.10.17 for 10% p.a)	30,000
	1,33,290		1,33,290

Other Information:

Subscription outstanding was on December 31, 2016 ₹ 1,200 and ₹ 3,200 on December 31, 2017. Locker rent outstanding on December 31, 2017 ₹ 250. Salary outstanding on December 31, 2017 ₹ 1,000.

On January 1, 2017, club has Building ₹ 36,000, furniture ₹ 12,000, and Sports equipment's ₹ 17,500. Depreciation charged on these items @ 10% (including Purchase).

The solution for this question is as follows:

Indian Sports Club

Income and Expenditure Account

as on Dec. 31, 2017

Dr.					Cr.
Expenditure		Amount	Income		Amount
		₹			₹
Salary	11,000		Subscriptions	52,000	
Add: Outstanding for 2017	1,000	12,000	Add: Outstanding for 2017	3,200	
Electric Charges		5,500		55,200	
Office Expenses		4,100	Less: Outstanding for 2016	(1,200)	54,000
Printing and Stationery		2,300			
Repair of Ground		2,000	Locker Rent	1,250	
Depreciation on:			Add: Outstanding for 2017	250	1,500

Furniture	1,970			
Building	3,600		Entrance Fees	3,200
Sports Equipments	2,730	8,300	Profit on Sale of Sports	
Surplus		26,300	Equipments (₹ 2,500 – ₹ 2,200)	300
			Sale of Old Newspapers	750
			Accrued Interest	750
		60,500		60,500

Balance Sheet

as on January 01, 2016

Liabilities	Amount	Assets	Amount
	₹		₹

Capital Fund (Balancing Figure)		74,590	Subscription Outstanding	1,200
			Building	36,000
			Furniture	12,000
			Sports Equipments	17,500
			Cash and Bank	7,890
		74,590		74,590
Balance Sheet				
as on Dec. 31, 2017				
Liabilities		Amount	Assets	Amount
		t		t
		₹		₹

Salary Outstanding		1,000	Subscribing Outstanding		3,200
Tournament Fund	26,000		Locker Rent Outstanding		250
	0				
Less: Tournament Expenses	18,500	7,500	Building	36,000	
	0			0	
			Less: 10% Depreciation	(3,600)	32,400
Capital fund	74,590				
Add: Life Membership Fee	2,200		Furniture	12,000	
				0	
Add: Legacy	37,500		Add: Purchases	7,700	
	0				
Add: Surplus	26,300	1,40,590		19,700	
	0	0		0	
			Less: 10% Depreciation	(1,970)	17,730

		Sports Equipments	17,500	
		Add: Purchases	12,000	
			29,500	
		Less: Sales	(2,200)	
			27,300	
		Less: 10% Depreciation	(2,730)	24,570
		Billiard Table		17,500
		Cash in hand		12,690

		Cash at Bank	10,000
		Fixed Deposit	30,000
		Add: Accrued Interest	750
			30,750
	1,49,090		1,49,090

9. From the following Receipt and Payment Account of Jan Kalyan Club, prepare Income and Expenditure Account and Balance Sheet for the year ending March 31, 2017.

Receipt and Payment Account for the year ending March 31, 2017			
Receipts	Amount	Payments	Amount
	₹		₹
Cash in hand as on 1.4.16	6,800	Salaries	24,000

Subscription	60,200	Traveling Expenses	6,000
Donation	3,000	Stationery	2,300
Sale of furniture (Book value ₹ 6000)	4,000	Rent	16,000
Entrance fee	800	Repair	700
Life membership fee	7,000	Books purchased	6,000
Interest on investment (@ 5% for full year)	5,000	Building purchased	30,000
		Cash in hand as 31.3.2017	1,800
	86,800		86,800

Additional Information:

	As on	As on

		1.04.2016	31.03.2017
(i)	Subscription received in advance	1,000	3,200
(ii)	Outstanding subscription	2,000	3,700
(iii)	Stock of stationery	1,200	800
(iv)	Books	13,500	16,500
(v)	Furniture	16,000	8,000
(vi)	Outstanding rent	1,000	2,000

The solution for this question is as follows:

Books of Jan Kalyan Club Income and Expenditure Account as on 31 March 2017			
Dr.			Cr.
Expenditure	Amou nt	Income	Amou nt

		₹			₹
Loss on Sale of Furniture (₹ 6,000 – ₹ 4,000)		2,000	Subscription	60,200	
Salaries		24,000	Less: Outstanding for 2016	(2,000)	
Traveling Expenses		6,000		58,200	
Stationery	2,300		Add: Outstanding for 2017	3,700	
Add: Opening Stock	1,200			61,900	
	3,500		Add: Advance in 2016	1,000	
Less: Closing Stock	(800)	2,700		62,900	
			Less: Advance in 2017	(3,200)	59,700

Repairs		700		
Rent	16,000		Donation	3,000
Less: Outstanding for 2016	(1,000)		Entrance Fees	800
	15,000		Interest on Investments	5,000
Add: Outstanding for 2017	2,000	17,000		
Depreciation on Books		3,000		
Depreciation on Furniture		2,000		
Surplus		11,100		
		68,500		68,500
Balance Sheet				

as on April 01, 2016

Liabilities	Amount ₹	Assets	Amount ₹
Advance Subscription	1,000	Cash in Hand	6,800
Outstanding Rent	1,000	Investment $\{5,000 \times (100/5)\}$	1,00,000
Capital Fund (Balancing figure)	1,37,500	Subscription Outstanding	2,000
		Stock of Stationery	1,200
		Books	13,500
		Furniture	16,000
	1,39,500		1,39,500

Balance Sheet

as on March 31, 2017

Liabilities		Amount	Assets		Amount
		₹			₹
Advance Subscription		3,200	Subscription Outstanding		3,700
Outstanding Rent		2,000	Stock of Stationery		800
Capital Fund	1,37,500		Investments		1,00,000
Add: Life Membership Fees	7,000				
Add: Surplus	11,100	1,55,600	Books	13,500	
			Add: Purchases	6,000	
				19,500	
			Less: Depreciation	(3,000)	16,500

		Building		30,000
		Cash in Hand		1,800
		Furniture	16,000	
		Less: Sales	6,000	
			10,000	
		Less: Depreciation	(2,000)	8,000
	1,60,800			1,60,800

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

Receipt and Payment Account

for the year ending March 31, 2017

Receipts	Amount	Payments	Amount
	₹		₹
Opening Cash in hand	2,600	Rent	18,000
Entrance fees	3,200	Wages	7,000
Donation for building	23,000	Billiard table	14,000
Locker rent	1,200	Furniture	10,000
Life membership fee	7,000	Interest	2,000
Profit from entertainment	3,000	Postage	1,000
Subscription	40,000	Salary	24,000
		Cash in hand	4,000
	80,000		80,000

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

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

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

On March 31, 2017. The club took a loan of ₹ 20,000 (@ 10% p.a.) in 2017.

The solution for this question is as follows:

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

Less: Outstanding for 2016	(1,500)	18,000		
			Subscription	40,000
Wages		7,000	Less: Outstanding for 2016	(1,200)
Depreciation on Furniture		2,500		38,800
Interest		2,000	Add: Outstanding for 2017	2,300
Postage	1,000		Deficit (Balancing Figure)	41,100
Add: Opening Stock	300			
	1,300			
Less: Closing Stock	(200)	1,100		
Salaries		24,000		

	54,600		54,600

Balance Sheet

as on December 31, 2016

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

--	--	--	--

Balance Sheet

as on December 31, 2017

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

		* Capital Fund (Deficit)	1500
	44,500		44,500

*** NOTE 1:**

Capital Fund		(2,400)	
Add:	Life Membership Fees	7,000	
Less:	Deficit	(6,100)	
	Net Deficit	(1,500)	

11. Prepare Income and Expenditure Account and Balance Sheet for the year ended March 31, 2016 from the following Receipt and Payment Account and Balance Sheet of culture club:

Receipt and Payment Account

for the year ending March 31, 2016

Receipts		Amount	Payments	Amount
		(₹)		(₹)
Opening cash balance		12,000	Furniture	4,000
Subscription			Telephone expenses	800
2014-15	2,000		Salary	
2015-16	22,000	24,000	2014-15	1,000
Entrance fees		2,800	2015-16	4,000
Locker rent		1,000	Newspapers	700
Life membership fee		1,200	Sundry expenses	1,000
Government grant		11,000	Defence bonds	18,000
			Land	20,000
			Closing cash balance	2,500

	52,000		52,000

Balance Sheet

for the year ending March 31, 2016

Liabilities	Amount	Assets	Amount
	(₹)		(₹)
Advance locker rent	200	Cash in hand	12,000
Subscription received in Advance	1,000	Outstanding subscription	3,000
Outstanding salary	2,000	Building	35,000
Loan	10,000		
Capital fund	36,800		
	50,000		50,000

The solution for this question is as follows:

Books of Culture Club Income and Expenditure Account as on March 31, 2016				
Dr.				C r.
Expenditure	Amount	Income		Amount
	₹			₹
Telephone Expenses	800	Subscription	22,000	
Salary	4,000	Add: Advance Received in 2015	1,000	23,000
Newspapers	700			
Sundry Expenses	1,000	Entrance Fees		2,800

		Locker Rent	1, 0 0 0	
Surplus (Balancing figure)	31,500	Add: Advance Received in 2015	2 0 0	1,20 0
		Government Grants		11,0 00
	38,000			38,0 00
Balance Sheet as on March 31, 2016				

Liabilities		Am oun t ₹	Assets	Amo unt ₹
Capital Fund	36,800		Subscription Still Outstanding for 2015	1,000
Add: Life Membership Fees	1,200		(₹ 3,000 – ₹ 2,000)	
Add: Surplus	31,500	69,500	Furniture	4,000
			Defence Bonds	18,000
Salary Still Outstanding for 2015		1,000	Land	20,000
Loan		10,000	Building	35,000

		Cash in Hand	2,500
	80,500		80,500

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

Receipt and Payment Accounts				
for the year ending March 31, 2017				
Receipts		Amount	Payments	Amount
		₹		₹
Balance b/d		15,000	Furniture	18,000
Sale of Old furniture (costing ₹ 6,000)		4,000	Library books	10,000
Subscriptions:			Salaries	72,000
2015-16	18,000		General expenses	18,000

2016–17	60,000		Electric charges	12,000
2017–18	12,000	90,000	Newspapers	33,800
Sale of old newspapers		10,800	Postage	3,000
Profit from entertainment		44,000	Stationery	40,000
Rent		84,000	Audit fee	8,000
			Balance c/d	33,000
		2,47,800		2,47,800

Balance Sheet

as on March 31, 2016

Liabilities	Amount	Assets	Amount
	₹		₹
Outstanding Salary	6,000	Cash	15,000

Capital Fund	6,94,000	Outstanding subscription	18,000
		Library Books	30,000
		Furniture	37,000
		Land and Building	6,00,000
	7,00,000		7,00,000

Additional Information:

1	The Club had 500 members each paying an annual subscription of ₹ 150.
2	On 31.3.2016 salaries outstanding amounted to ₹ 1,200 and salaries paid included ₹ 6,000 for the year 2015–16.
3	Provide 5% depreciation on Land and Building.
	The solution for this question is as follows:

Books of Unity Club

Income and Expenditure Account

as on March 31, 2017

Dr.					Cr.
Expenditure		Amount	Income	Amount	
		₹		₹	
Loss on Sale of Old Furniture (4,000 – 6,000)		2,000	Subscription		
			500 members at ₹ 150 each	75,000	
Salaries	72,000		Sale of Old Newspapers	10,800	
Add: Outstanding for 2015–16	1,200		Profit from Entertainment	44,000	
	73,200		Rent	84,000	
Less: Outstanding for 2016–17	(6,000)	67,200			
General Expenses		18,000	Deficit (Balancing figure)	200	

Electric Charges	12,000		
Newspapers	33,800		
Postage	3,000		
Stationery	40,000		
Audit Fees	8,000		
Depreciation on Land and Building	30,000		
	2,14,000		2,14,000
Balance Sheet as on 31 March 2017			
Liabilities	Amount	Assets	Amount

		₹			₹
Advance Subscription (for 2017–18)		12,000	Subscription Outstanding		15,000
Salaries Outstanding		1,200	Furniture	37,000	
Capital Fund	6,94,000		Add: Purchases	18,000	
Less: Deficit	(200)	6,93,800		55,000	
			Less: Sales	(6,000)	49,000
			Library Books	30,000	
			Add: Purchases	10,000	40,000
			Land and Building	6,00,000	

		Less: 5% Depreciation	(30,000)	5,70,000
		Cash and Bank		33,000
	7,07,000			7,07,000

13. Following is the information in respect of certain items of a Sports Club. You are required to show them in the Income and Expenditure Account and the Balance Sheet.

Details	Amount
	₹
Sports Fund as on April 1, 2016	80,000
Sports Fund Investments	80,000
Interest on Sports Fund Investments	8,000
Donations for Sports Fund	30,000

Sports Prizes awarded	16,000
Expenses on Sports Events	7,000
General Fund	2,00,000
General Fund Investments	2,00,000
Interest on General Fund Investments	20,000

The solution for this question is as follows:

Income and Expenditure Account			
as on March 31, 2016			
Dr.			Cr.
Expenditure	Amount	Income	Amount
	₹		₹
		Interest on General Fund Investments	20,000

Balance Sheet as on March 31, 2016				
Liabilities		Amount	Assets	Amount
		₹		₹
Sports Fund	80,000		Sports Fund Investments	80,000
Add: Interest on Sports Fund			General Fund Investments	2,00,000
Investments	8,000			
Add: Donation for Sports Fund	30,000			

	1,18,000			
Less: Sports Prizes Awarded	(16,000)			
Less: Expenses on Sports Events	(7,000)	95,000		
General Fund		2,00,000		

14. Receipt and Payment Account of Maitrey Sports Club showed that ₹ 68,500 were received by way of subscriptions for the year ended on March 31, 2017.

The additional information was as under:

- 1. Subscription Outstanding as on March 31, 2016 were ₹ 6,500,**
- 2. Subscription received in advance as on March 31, 2016 were ₹ 4,100,**
- 3. Subscription Outstanding as on March 31, 2017 were ₹ 5,400,**
- 4. Subscription received in advance as on March 31, 2017 were ₹ 2,500.**

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

The solution for this question is as follows:

Books of Maitrey Sports Club**Income and Expenditure Account**

as on March 31, 2017

Dr.				Cr.
Expenditure	Amount	Income	Amount	
	₹		₹	
		Subscription	68,500	
		Less: O/s on Mar. 31, 2016	(6,500)	
		62,000		
		Add: Advance on Mar. 31, 2016	4,100	
		Add: O/s on Mar. 31, 2017	5,400	

			71,500	
			Less: Advance on Mar. 31, 2017	(2,500) 69,000
Balance Sheet as on March 31, 2016				
Liabilities	Amount	Assets		Amount
	₹			₹
Subscription in Advance	4,100	Subscription Outstanding		6,500

Balance Sheet

as on March 31, 2017

Liabilities	Amount	Assets	Amount
	₹		₹
Subscription in Advance	2,500	Subscription Outstanding	5,400

15. Following is the Receipt and Payment account of Rohatgi Trust:

Receipt and Payment Account

for the year ending December 31, 2017

Receipts	Amount	Payments	Amount
	₹		₹
Cash in hand	14,000	Rent	6,000

Cash at Bank		60,000	Salary	12,000
Subscriptions:	5,000	91,000	Postage	300
2016	83,000		Electricity charges	6,000
2017	3,000		Purchase of furniture	20,000
2018			Books	3,000
Sale of Investment		90,000	Defence Bonds	1,50,000
Interest on investment		2,000	Help to needy students	22,000
Sale of furniture (book value ₹ 3,000)		3,200	Cash in hand	10,900
			Cash at bank	30,000
		2,60,200		2,60,200

Prepare Income and expenditure account for the year ended December 31, 2017, and a balance sheet as on that date after the following adjustments: Subscription for 2017, still owing were ₹ 7,000. Interest due on defence bonds was ₹7,000, Rent still owing was ₹ 1,000. The Book value of investment sold was ₹ 80,000, ₹ 30,000 of the investment were still in hand. Subscription received in 2017 included ₹ 400 from a life member. The total furniture on January 1, 2017 was worth ₹ 12,000. Salary paid for the year 2018 is ₹ 2,000.

The solution for this question is as follows:

Books of Rohatgi Trust**Income and Expenditure Account**

as on December 31, 2017

Dr.						Cr.
Expenditure		Amount	Income		Amount	
		₹			₹	
Rent	6,000		Subscription	83,000		
Add: Outstanding	1,000	7,000	Add: Outstanding for 2017	7,000		
			90,000			
Salary	12,000		Less: Life Membership Fees	(400)	89,600	
Less: Advance for 2018	(2,000)	10,000				

		Interest Accrued on Defence Bonds	7,000
Postage	300	Profit on Sale of Investment (₹ 90,000 – ₹ 80,000)	10,000
Electricity Charges	6,000	Profit on Sale of Furniture (₹ 3,200 – ₹ 3,000)	200
Help to Needy Students	22,000	Interest on Investments	2,000
Surplus (Balancing Figure)	63,500		
	1,08,800		1,08,800
Balance Sheet			
as on December 31, 2016			

Liabilities	Amount	Assets	Amount
	₹		₹
Capital fund (Balancing Figure)	2,01,000	Subscription Outstanding	5,000
		Investment (₹ 80,000 + ₹ 30,000)	1,10,000
		Furniture	12,000
		Cash in hand	14,000
		Cash at bank	60,000
	2,01,000		2,01,000

Balance Sheet

as on December 31, 2017

Expenditure		Amount	Income		Amount
		₹			₹
Advance Subscription		3,000	Subscription Outstanding		7,000
Rent Outstanding		1,000	Defence Bonds	1,50,000	
Capital Fund	2,01,000		Add: Accrued Interest on Defence Bonds	7,000	1,57,000
Add: Surplus	63,500				
Add: Life Membership Fees	400	2,64,900	Investment		30,000
			Advance Salaries		2,000
			Furniture	12,000	
			Add: Purchases	20,000	
			32,000		

		Less: Sales	(3,000)	29,000
		Books		3,000
		Cash in Hand		10,900
		Cash at Bank		30,000
	2,68,900			2,68,900

16. Following Receipt and Payment Account was prepared from the cash book of Delhi Charitable Trust for the year ending December 31, 2017

Receipt and Payment Account			
for the year ending December 31, 2017			
Receipts	Amount	Payments	Amount
	₹		₹
Balance b/d		Charity	11,500

Cash in hand	11,500	Rent and taxes	3,200
Cash at bank	12,600	Salary	6,000
Donation	9,000	Printing	600
Subscription	42,800	Postage	300
Legacies	18,000	Advertisements	4,500
Interest on investment	4,500	Insurances	2,000
Sale of old newspapers	200	Furniture	21,600
		Investment	23,000
		Balance c/d:	
		Cash in hand	9,900
		Cash at bank	16,000
	98,600		98,600

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

(a))	It was decided to treat one-third of the amount received on account of donation as income.
(b))	Insurance premium was paid in advance for three months.
(c))	Interest on investment ₹1,100 accrued was not received.
(d))	Rent ₹600: salary ₹900 and advertisement expenses ₹1,000 outstanding as on December 31, 2017.

The solution for this question is as follows:

Books of Delhi Charitable Trust Income and Expenditure Account as on December 31, 2017			
Dr.		Cr.	
Expenditure	Amount	Income	Amount
	₹		₹

Insurance	2,000		Donation {9,000 × (1/3)}	3,000
Less: Prepaid {2,000 × (3/15)}	(400)	1,600	Interest on Investments	4,500
			Add: Accrued Interest	1,100
Charity		11,500		
Rent and Taxes	3,200		Subscription	42,800
Add: Outstanding	600	3,800	Sale of Old Newspapers	200
Salary	6,000			
Add: Outstanding	900	6,900		
Printing		600		
Postage		300		

Advertisements	4,500				
Add: Outstanding	1,000	5,500			
Surplus (Balancing figure)		21,400			
		51,600			51,600
Balance Sheet					
as on December 31, 2016					
Liabilities	Amount	Assets	Amount		
	₹		₹		
Capital Fund (Balancing figure)	24,100	Cash in Hand	11,500		
		Cash at Bank	12,600		

	24,100		24,100

Balance Sheet

as on December 31, 2017

Liabilities		Amount	Assets		Amount
		₹			₹
Capital Fund	24,100		Prepaid Insurance {2,000 × (3/15)}	400	
Add: Donation {9,000 × (2/3)}	6,000		Investment	23,000	
Add: Legacies	18,000		Add: Accrued Interest	1,100	24,100
Add: Surplus	21,400	69,500	Furniture		21,600
Rent Outstanding		600	Cash in Hand		9,900

Salary Outstanding	900	Cash at Bank	16,000
Advertisement Expenses Outstanding	1,000		
	72,000		72,000

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

Receipt and Payment Account				
for the year ending March 31, 2017				
Receipts		Amount	Payments	Amount
		₹		₹
Balance b/d		3,500	General expenses	900
Subscription:	2,000	75,000	Salary	16,000
2015-16	70,000		Postage	1,300
2016-17	3,000		Electricity charges	7,800

2017-18			Furniture	26,500
Sale of old Books		2,000	Books	13,000
(Costing ₹ 3,200)			Newspapers	600
Rent from use of hall		17,000	Meeting expenses	7,200
Sale of newspapers		400	T.V. set	16,000
Profit from entertainment		7,300	Balance c/d	15,900
		1,05,200		1,05,200

Additional Information:

(a)	The club has 100 members each paying an annual subscription of ₹ 900. Subscriptions outstanding on March 31, 2016 were ₹ 3,600.
(b)	On March 31, 2017, salary outstanding amounted to ₹ 1,000, Salary paid included ₹ 1,000 for the year 2012.

(c)	On April 1, 2017 the club owned land and building ₹ 25,000, furniture ₹ 2,600 and books ₹ 6,200.
---------	--

The solution for this question is as follows:

Income and Expenditure Account					
as on December 31, 2017					
Dr.					Cr.
Expenditure		Amount	Income		Amount
		₹			₹
General Expenses		900	Subscription	70,000	
Salary	16,000		Add: Outstanding for 2017	20,000	90,000
Add: Outstanding for 2017	1,000		(100 members at ₹ 900 each)		
17,000			Rent from use of hall		17,000

Less: Outstanding for 2016	(1,000)	16,000	Sale of Old News Papers	400
			Profit from Entertainment	7,300
Loss on Sale of Old Books		1,200		
Electricity Charges		7,800		
Newspapers		600		
Meeting Expenses		7,200		
Postage		1,300		
Surplus (Balancing figure)		79,700		
		1,14,700		1,14,700

Balance Sheet as on March 31, 2016

Liabilities	Amount	Assets	Amount
	₹		₹
Salary Outstanding	1,000	Subscription Outstanding	3,600
Capital Fund (Balancing figure)	39,900	Furniture	2,600
		Books	6,200
		Cash and Bank	3,500
		Building	25,000
	40,900		40,900

Balance Sheet

as on March 31, 2017

Liabilities	Amount	Assets	Amount
	₹		₹

Advance Subscription		3,000	Subscription Outstanding		
Salary Outstanding		1,000	2017	20,000	
			Add: 2016 (Still Outstanding)	1,600	21,600
Capital Fund	39,900		Building		25,000
Add: Surplus	79,700	1,19,600	Furniture	2,600	
			Add: Purchases	26,500	29,100
			Books	6,200	
			Add: Purchases	13,000	
			19,200		
			Less: Sales	3,200	16,000
			T.V. Set		16,000
			Cash and Bank		15,900

	1,23,600		1,23,600

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

The solution for this question is as follows:

Receipt and Payment Account			
for the year ending December 31, 2017			
Receipts	Amount	Payments	Amount
	₹		₹
Balance b/d	7,250	Salary	12,500
Subscriptions	81,750	Stationery	1,700
Donations	3,000	Electricity charges	9,550
Grant from Government	15,000	Insurance	7,500
Sale of newspapers	300	Equipments	30,000
Proceeds of charity show	16,500	Petty expenses	500

Interest on investments @ 10% for full year	7,000	Expenses on charity show	12,900
Sundries income	400	Newspapers	1,000
		Lectures fee	16,500
		Honorarium to Secretary	12,000
		Balance c/d	27,050
	1,31,200		1,31,200

Additional Information:

	01.01.2017	31.12.2017
	₹	₹
Outstanding salaries	1,200	1,800
Insurance prepaid	700	300

Subscription outstanding	3,750	2,500
Subscription received in advanced	1,750	1,000
Electricity charges outstanding	—	1,250
Stock of stationery	2,250	700
Equipments	25,600	50,200
Building	1,20,000	1,14,000

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

The solution for this question is as follows:

Books of Women Welfare Club Income and Expenditure Account as on December 31, 2017			
Dr.			Cr.
Expenditure	Amount	Income	Amount

		₹			₹
Salary	12,500		Subscriptions	81,750	
Add: O/s on Dec. 31, 2017	1,800		Add: O/s on Dec. 31, 2017	2,500	
14,300			84,250		
Less: O/s on Dec. 31, 2016	(1,200)	13,100	Less: O/s on Dec. 31, 2016	(3,750)	
			80,500		
Stationery	1,700		Add: Advance on Dec. 31, 2016	1,750	
Add: Opening Stock	2,250		82,250		
3,950			Less: Advance on Dec.31, 2017	(1,000)	81,250
Less: Closing Stock	(700)	3,250			
			Donations		3,000

Electric Charges	9,550		Grant from Government	15,000
Add: O/s on Dec. 31, 2017	1,250	10,800	Sale of Newspapers	300
			Profit from Charity show (16,500–12,900)	3,600
Insurance	7,500		Interest on Investments	7,000
Add: Prepaid in 2016	700		Sundries Income	400
8,200				
Less: Prepaid in 2017	(300)	7,900		
Depreciation on Equipments		5,400		
Petty Expenses		500		
Newspapers		1,000		
Lectures Fee		16,500		
Honorarium to Secretary		12,000		

Depreciation on Building	6,000		
Surplus (Balancing Figure)	34,100		
	1,10,550		1,10,550

Balance Sheet

as on December 31, 2016

Liabilities	Amount	Assets	Amount
	₹		₹
Outstanding Salaries	1,200	Insurance Prepaid	700
Subscription in Advance	1,750	Subscription Outstanding	3,750
		Stock of Stationery	2,250

Capital Fund (Balancing Figure)	2,26,600	Equipments	25,600
		Building	1,20,000
		Cash and Bank	7,250
		Investments {7,000 × (100/10)}	70,000
	2,29,550		2,29,550

Balance Sheet

as on December 31, 201

Liabilities	Amount	Assets	Amount
	₹		₹
Outstanding Salaries	1,800	Equipments	25,600
Subscription in Advance	1,000	Add: Purchases	30,000

Electricity Charges Outstanding		1,250	55,600		
Capital Fund	2,26,600		Less: Depreciation	(5,400)	50,200
Add: Surplus	34,100	2,60,700			
			Insurance Prepaid		300
			Subscription Outstanding		2,500
			Stock of Stationery		700
			Building	1,20,000	
			Less: Depreciation	(6,000)	1,14,000
			Cash and Bank		27,050
			Investments		70,000
		2,64,750			2,64,750

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

Debit Balances	₹	Credit Balances	₹
Stock-in-hand	1170	Receipts Dining Room	87,660
Purchases	24,660	Subscriptions	9,450
Dining Room	32,370	Billiard's Receipts	7,300
Rent	10,470	Sunday Receipts	410
Wages	18,690	Interest on Fixed Deposit	270
Repairs and Renewals	5,400	Sundry Creditors	5310
Fuel and Light	5,280	Grant from Institute (permanent)	42,000
Misc. Expenses	4,050	Income and Exp. A/c (1.4.16)	1,380
Cash in hand	560	Suspense A/c (See note)	60
Cash at bank	2,760		

Fixed Deposit	8,500		
Sundry Debtors	2,250		
China glass, cutlery and linen	600		
Billiard Table	2,070		
Fixtures and Fittings	870		
Furniture	4,140		
Club Premises	30,000		
	1,53,840		1,53,840

On March 31, 2016 stock of restaurant consisted of ₹ 900 and ₹ 60 respectively. Provide depreciations ₹ 60 on fixtures and fittings, ₹ 390 on billiard table and ₹ 560 on furniture.

The solution for this question is as follows:

Books of Indian Chartered Accountants Recreation Club

Restaurant Trading Account

Dr.				Cr.	
Particulars		Amount	Particulars	Amount	
		₹		₹	
Opening Stock		1,170	Receipts from Dining Room	87,660	
Purchases		24,660	Closing Stock	960	
Dining Room Exp.		32,370			
Profit from Restaurant		30,420			
		88,620		88,620	
Income and Expenditure Account					
as on March 31, 2017					

Dr.				Cr.
Expenditure		Amount	Income	Amount
		₹		₹
Rent		10,470	Subscriptions	9,450
Wages		18,690	Sundry Receipts	410
Repairs an Renewals		5,400	Interest on Fixed Deposits	270
Fuel and Light		5,280	Profit from Restaurant	30,420
Misc. Expenses		4,050	Billiards Receipts	7,300
Depreciation on				
Fixtures and Fittings	60			
Billiards Table	390			
Furniture	560	1,010		

Surplus (Excess of Income over Expenditure)	2,950		
	47,850		47,850

Balance Sheet

as on March 31, 2017

Liabilities	Amount ₹	Assets	Amount ₹
Sundry Creditors	5,310	Cash in Hand	560
Grant from Institute	42,000	Cash at Bank	2,760
Suspense	60	Fixed Deposit	8,500

Capital Fund (Income and Exp. A/c as on Apr.01, 2016)	1,380		Sundry Debtors	2,250
Add: Surplus	2,950	4,330	China Glass, Cutlery and Linen	600
			Billiards Table	2,070
			Less: Depreciation	(390)
				1,680
			Fixture and Fittings	870
			Less: Depreciation	(60)
				810
			Furniture	4,140
			Less: Depreciation	(560)
				3,580

		Club Premises	30,000
		Stock of Restaurant	960
	51,700		51,700
