

8. FINANCIAL STATEMENTS OF NOT-FOR- PROFIT ORGANISATIONS

MODEL WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC

MODEL NO.	N - 11	M - 12	N - 12	M - 13	N - 13	M - 14	N - 14	M - 15	N - 15	M - 16	N - 16
Model – 1	-	-	05	-	-	04	-	-	06	-	-
Model – 2	16	-	-	10	-	-	-	-	-	-	16
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Model – 4	-	-	-	-	-	-	-	-	-	-	-
Model – 5	-	16	-	-	-	-	16	-	-	-	-
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Model – 1 : Basic Concepts

Model – 2 : Preparation of Final Accounts of NPO's

Model – 3 : Rectification of R & P a/c and Preparation of Final Accounts

Model – 4 : Preparation of I & E a/c

Model – 5 : Preparation of R & P a/c

Model – 6 : Statement of affairs

Model – 7 : Theory

Non-Trading Concerns: The term Non-Trading Concern means organizations which do not perform any business activity. They may be Profit making concerns and Non-profit making concerns.

Non-profit Entities: Their main objective may be social, educational, religious or charitable and they take the form of clubs, societies or charitable bodies and so on. Many government activities fall into this category, such as hospitals, schools and colleges. The main idea is to spend the funds of the organization in such a fashion that provides maximum benefit to the members. Therefore, in the long run, these forms of organization must have sufficient surplus after meeting the expenses from the income.

Accounting Procedures: Non-profit organizations must prepare regularly annual accounts reflecting the financial affairs of the organization for submitting to the members and government departments for financial grants and the like. Where the size of the organization is large, the accounts are kept under complete double entry system. But majority of the organizations keep their accounting records under the single entry system. They mainly maintain cash book, suppliers' ledger and members' register. These organizations prepare, at the year end, the following three key statements:

1. Receipts and Payments Account;
2. Income and Expenditure Account; and
3. Balance Sheet.

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Receipts and Payments Account: A Receipts and Payments Account is a summary of the Cash Book. This is the primary report prepared by the treasurers of clubs, societies etc to present the result of the year's cash position.

(Name of the Institution / Club etc.)

Receipts & Payments Account for the year ended XX.XX.XXXX

Dr.

Cr.

Receipts	Rs.	Payments	Rs.
To Opening Balance:			
Cash	***	By Salaries	***
Bank	***	By Rent	***
To Subscriptions:		By Electricity	***
1996-97(previous year)	—	By Purchase of Investment	***
1997-98(current year)	***	By Purchase of Furniture	***
1998-99(future year)	***	By Closing Balance:	
To Donation	***	Cash	***
To Sale of Sports Equipment	***	Bank	—
	***		***

Income and Expenditure Account: The Income and Expenditure Account is equivalent to the Profit and Loss Account of a business enterprise. It is prepared by matching the revenues against the expenses for a specified period, usually a year. This account shows surplus or deficit of income over expenditure.

(Name of the Institution / Club etc.)

Income and Expenditure Account for the year ended XX.XX.XXXX

Dr.

Cr.

Expenditure	Rs.	Income	Rs.
To Salaries	***	By Subscriptions	***
Add: Outstanding	—	Add: Outstanding	***
To Rent	***	Less: Paid in Advance	—
To Insurance Premium	***	By Donation	***
Less: Prepaid	—	By Admission fees	***
To Excess of Income over Expenditure	***		***

Distinction between the Receipts and Payments Account and the Income and Expenditure Account

Receipts and Payments Account	Income and Expenditure Account
It is merely a summary of the cash transactions – which begins with the opening balances of cash and bank and ends with the closing balances of cash and bank.	It is comparable account of a profit and loss account which shows the incomes, expenses and surplus/deficit for the period.
It is almost like a Real Account.	It is almost like a Nominal Account.
It records all monies received or paid during a year, irrespective of revenue or capital nature and also relating to the past, current or following year.	It records only expenses and revenues for the current year. Items of capital nature or relating to the past or future period are excluded.
Here, receipts are shown on left-hand side and payments on the right-hand side.	Here, expenses are shown on the left hand side and incomes on right hand side.
The balance of this account represents closing balances of cash and bank.	The balance represents either surplus or deficit for the period.

This is followed by an income and Expenditure Account.	This is followed by a Balance Sheet.
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Distinction between the Income and Expenditure Account and the Profit and Loss Account

Income and Expenditure Account	Profit and Loss Account
It is a revenue account prepared at the end of the accounting period for finding out the surplus or deficit of that period.	It is a revenue account prepared at the end of the accounting period for measuring net profit or net loss.
The surplus or deficit of an accounting period arises as a result of excess of income over expenditure.	The net profit of an accounting period is the difference between total revenue and total expenses.
When the organization undertakes trading activities, a separate trading account is prepared and this is used as a subsidiary statement along with income and expenditure account.	After preparing trading account the balance of which is transferred to the profit and loss account which is the starting point for the preparation of the profit and loss account.
The surplus of an accounting period cannot be withdrawn by the members; it is added with the general fund.	The net profit may be withdrawn wholly or partly by the owners.

Balance Sheet:

Balance Sheet of ... as at ...

Liabilities	Rs.	Assets	Rs.
Capital fund ***		Building ***	***
Add: Surplus ***		Furniture ***	***
Subscriptions Received in advance ***		Sports Equipment ***	***
Outstanding Wages ***		Cash at Bank ***	***
	***	Cash in Hand ***	***

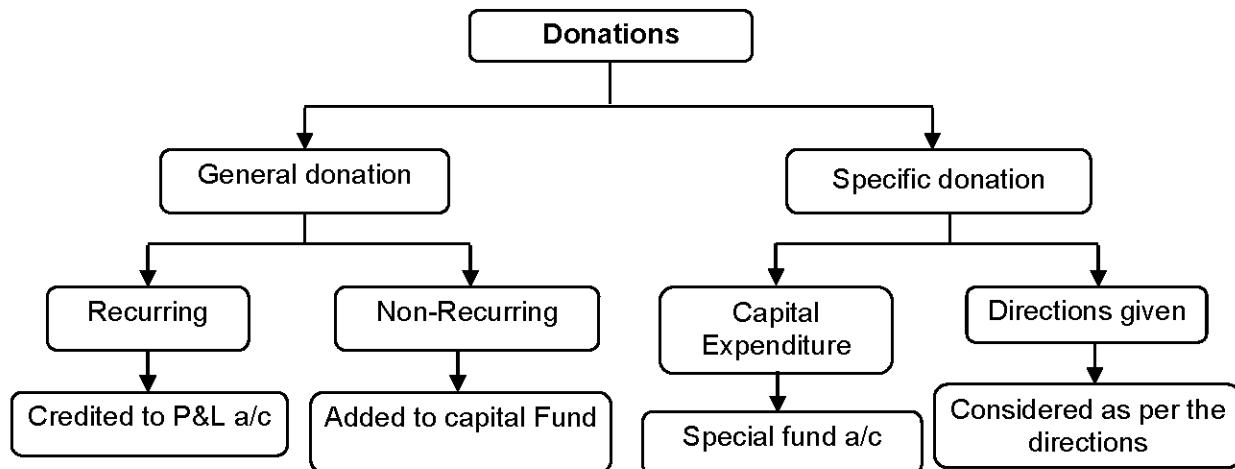
Note: In case opening Capital Fund is not given then the Opening Balance Sheet should be prepared to ascertain the opening Capital Fund.

Some Important Terminology:

Capital Fund: It is nothing but the capital of non-profit organizations. It represents the surplus of assets over liabilities of the organization. It may be made up in part by special donation or by capitalizing admission fees etc. This fund is increased (or decreased) by any surplus (or deficit) on the income and expenditure account. It is also called 'General Fund' or 'Accumulated Fund'.

Donation: It is the amount contributed by the supporters, members and well-wishers of the organization in the form of cash or kind. The donation may be general or special (such as donation for building, prize etc.). The accounting treatment of these donations is as follows:

1. Donations received from persons, firms, companies in the form of money should be added directly to the capital fund if the amount is *large and non-recurring*.
2. Small and recurring donations collected or received should be credited to Income and Expenditure Account of the period concerned.
3. Donations received for specific Capital Expenditure should be credited to Special Fund Account. Donations received for any special capital expenditure should be credited to capital fund.
4. When specific direction has been given in the rules and regulations of the organization, it should be treated accordingly.



Legacy: It is an amount or other item of value received from a deceased person under the terms of a will. The amount received as legacy may be big or small. The legacy may be for a specific purpose or just general. If it is for a specific purpose, then it should be capitalized in the name of the 'fund' for that particular purpose. Otherwise, it is directly added to capital fund.

Subscriptions: It is the amount paid by the members at regular intervals to keep his membership alive. Subscriptions are the normal main source of revenue of non-profit organizations. It should be treated as income of the period concerned and transferred to Income and Expenditure Account.

Dr.	Subscription A/c	Cr.	
Particulars	Amount	Particulars	Amount
To O/S Subscription A/c (Opening)	XXX	By Advance Subscription a/c (Opening)	XXX
To Income & Expenditure A/c	XXX	By Bank (Rec. & pay a/c)	XXX
To Advance Subscription A/c (Closing)	XXX	By O/S Subscription a/c (Closing)	XXX
	XXX		XXX

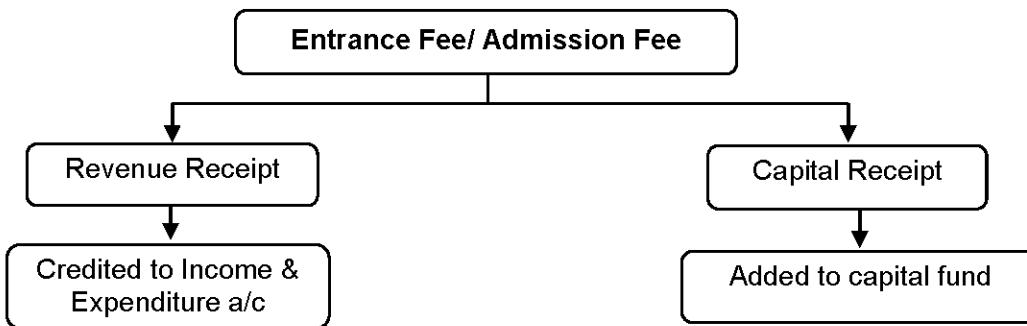
Life Membership: This is a system whereby a member pays a lump sum and then becomes a member for the whole life. Generally, the entire amount will be credited to the Capital Fund in the year in which it is received. For adjusting lump sum subscription collected from the life members, one of the following methods can be adopted:

1. When the entire amount may be carried forward in a special account until the member dies, then the same may be transferred to the credit of the Accumulated Fund.
2. An amount equal to the normal annual subscription may be transferred every year to the Income and Expenditure Account and balance carried forward till it is exhausted. If, however, the life member dies before the whole of the amount paid by him has been transferred in this way, the balance should be transferred to the Accumulated Fund on the date of his death.
3. An amount, calculated according to the age and average life of the member, may annually be transferred to the credit of Income and Expenditure Account.

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

Entrance or Admission Fee:

1. Admission fee payable by a member only once, at the time of becoming a member, should be treated as capital receipts and credited to Capital Fund Account.
2. Where the amount is small, just to cover the expenses of admission, it should be treated as revenue receipts and credited to Income and Expenditure Account.



Special Fund: Sometimes, for a specific purpose, a fund is created by setting aside a part of the excess of revenues over expenses and the same amount is invested outside the organization in securities for a specified period. For example, if a non-profit seeking organization sets aside a part of the income for building construction and an amount equal to the reserve created is invested outside the organization in securities, this specific reserve may be expressed as 'Building Fund' (which appears on the liability side of the Balance Sheet). Investment will be shown on the asset side of the Balance Sheet. At the end of the specified period, all investments are sold away. The proceeds are utilized for meeting that particular purpose for which the fund was created and that Special Fund is transferred to Capital Fund.

In this respect, any amounts received through donations or fund-raising activities for the particular purpose should be transferred directly to the fund rather than to the Income and Expenditure Account. Similarly, any expenses relating to the special purpose should be charged to the fund rather than the Income and Expenditure Account.

Restaurant or Bar Trading Account: In order to calculate the restaurant or bar profit, a restaurant or bar trading account is prepared in the same way as we prepare trading accounts for trading organizations. The restaurant or bar profit is then transferred to the income and expenditure account. Likewise, a trading account can also be prepared for any subsidiary activity carried on by the organization.

Other Club Activities: Other club activities can be netted off on the face of the Balance Sheet. For example, surplus from charity show can be added with the excess of income over expenditure in the Balance Sheet. Alternatively, charity show receipts should appear as an income and charity show payments as an expense in the income and expenditure account.

Accounting for Educational Institutions:

Features of an Educational Institution:

1. The educational institutions which are functioning in India are mostly registered as Societies under the Indian Societies Registration Act of 1860.
2. Expenses of the educational institutions are to be met from the funds raised by the educational institutions themselves, either from donations, or from charities, collected from benevolent citizens in the country.
3. The State Governments through grant-in-aid-code have evolved different patterns of giving assistance to the educational institutions.
4. All the educational institutions follow financial year as their accounting year.

Sources of Finance for Running the Educational Institution:

There are three main sources through which amounts are collected by the educational institutions. These are:

1. Donation from Public:
2. Fees in the form of annual tuition fees, term fees, admission fees, laboratory fee etc. and
3. Grants received from the Government.

The Government grants are of four kinds namely Maintenance Grant, Equipment grant, Building Grant and such other grants as may be sanctioned by the Government from time to time.

Donation from Public: These are received either for recurring or non-recurring purposes. Donations are received either in cash or in kind. The 'in kind' donations are in the form of land and building, shares and securities, utensils, furniture and fixtures and the like, generally with a desire to perpetuate the memory of a distinguished member of the family of the donor.

Capitation fee or admission fee: Amounts are collected from parents / guardians of the students who seek admission in the educational institution. These are either in the form of capitation fees or admission fees and are generally collected by the Parent Body which runs the institution. In recent times, such collections have been a matter of severe attack and ban.

Laboratory and Library deposit: These are generally collected by schools and colleges and they remain with the institution till the student finally leaves it.

The School Code prescribes the rates of tuition and other fees, to be charged from the students.

Use of Term Fee: A separate account of receipts and expenditures shall be maintained and surplus carried over to the next year. The following are main items on which term fee can be used: Medical Inspection, School Magazine-manuscript and/or printing, Examination expenses, Contribution to athletic and cultural associations, School functions and festivals etc.

Recurring grants: Recurring grants in the form of Maintenance Grants are received in instalments spread out throughout the year.

Use of grant-in-aid: The School Code provides a detailed list of items of expenditure which are admissible for grant-in-aid for eg. Staff salaries and allowances, Leave Allowance, Expenditure on training of teachers, Prizes etc.

Technique of Maintaining Fund Accounts: Fund based accounting essentially involves preparation of financial statements fund-wise. In case of institution like colleges, schools and universities – separate ledgers are maintained for each fund. Fund ledgers are self balancing in nature. A fund may be created for purchase, acquisition or construction of fixed assets or for any specific activities of the organizations for both. For example, a building fund may be created with a view to purchase, acquire or construct buildings. All receipts in connection with the acquisition or construction of buildings are separated from the main accounts and shown in the building fund. Any expenditure incurred for the purpose of construction or acquisition of building are made out of this fund. When building is ultimately acquired or constructed, the asset is recognized in the general balance sheet and consequently that portion of the building fund which has been utilized for the acquisition or construction of the building should be transferred to general fund. Depreciation can be charged on such funds only after its completion or acquisition.

In the same way, separate funds may be created for equipments, major repairs to fixed assets and for other developmental activities.

Receipts and Expenditure Account: In the case of professionals, Receipts and Payments Account, Income and Expenditure Account and Balance Sheet are generally prepared to show the results of their activities and their financial position. However, some professionals also prepare Receipts and Expenditure Account to show final result of their professional activities.

Such an account includes all expenses on the basis of mercantile system, i.e. accrual basis but for recording income, cash system is followed. In other words, to find out the profit, all outstanding expenses are taken into account but the fees and charges that are outstanding or the work-in progress are not considered. The reason for this treatment is that professionals consider it imprudent and risky to recognize the outstanding fees. Therefore, the difference between the profit as shown by Income and Expenditure Account and Receipts and Expenditure Account arises on account of non-recognition of outstanding fees and charges and work-in-progress in Receipts and Expenditure Account.

NOTE: The Illustration explained in this chapter comprise of clubs, other non-trading concerns are not registered under the Companies Act, 2013. Therefore Income and Expenditure Account, Balance Sheet are not prepared as per Schedule – III of the Companies Act, 2013

PROBLEMS FOR CLASSROOM DISCUSSION

Problem 1: (PRINTED SOLUTION AVAILABLE) Preparation of Receipts and Payments A/c and Income and Expenditure A/c and Balance Sheet from the given details: The following information was obtained from the books of Delhi Club as on 31.3.2004 at the end of the first year of the Club. You are required to prepare Receipts & Payments A/c. Income & Expenditure A/c for the year ended 31.3.2004 and a B/S as at 31.3.2004 on mercantile basis.

- Donations received for Building and Library Room Rs.2,00,000.
- Other revenue income and actual receipts:

Particulars	Revenue Income	Actual Receipts
Entrance Fees	17,000	17,000
Subscription	20,000	19,000
Locker Rents	600	600
Sundry Income	1,600	1,060
Refreshment A/c	--	16,000

- Other revenue expenditure and actual payments:

Particulars	Revenue Expenditure	Actual Payments
Land (cost Rs.10,000)	--	10,000
Furniture (cost 1,46,000)	--	1,30,000
Salaries	5,000	4,800
Maintenance of Playgrounds	2,000	1,000
Rent	8,000	8,000
Refreshment A/c	--	8,000

Donation to the extent of Rs.25,000 were utilised for the purchase of Library Books balance was still unutilised. In order to keep it safe 9% Govt. Bonds of Rs.1,60,000 were purchased on 31.3.2004. Remaining amount was put in the Bank on 31.3.2004 under the term deposit. Depreciation at 10% p.a. was to be provided for the whole year on Furniture and Library Books.

(Ans.: Bank O.D Rs.1,08,140, Surplus Rs.15,100)

Note: _____

Problem 2: I & E A/c-Treatment of Government Grants & Building fund: From the following data, prepare an Income and Expenditure Account for the year ended 31-12-2014, and a statement of affairs as at that date of the Mayors Hospital.

Receipts and Payments Account for the Year ended 31st December, 2014

Receipts	Rs.	Payments	Rs.
To Balances:			
Cash 400		By Salaries: (Rs.3,600 for 2013)	15,600
Bank 2,600	3,000		
To Subscriptions:		By Hospital Equipment	8,500
For 2013	2,550	By Furniture purchased	3,000
For 2014	12,250	By Additions to Building	25,000
For 2015	1,200	By Printing & Stationery	1,200

To Government Grant:		By Diet expenses	7,800
For Building	40,000	By Rent & rates (Rs.150 for 2015)	1,000
For Maintenance	10,000	By Electricity & Water Charges	1,200
To Fees from sundry patients	2,400	By Office Expenses	1,000
To Donations (not to be capitalised)	4,000	By Investments	10,000
To Net collections from benefit shows	3,000	By Balances: Cash 700 Bank <u>3,400</u>	4,100
	78,400		78,400

Additional information:

Value of building under construction as on 31.12.2014	70,000
Value of hospital equipment on 31.12.2014	25,500
Building Fund as on 1.1.2014	40,000
Subscription in arrears as on 31.12.2013	3,250

Investment in 8% Govt. securities were made on 1st July, 2014.**(SM)**

(Ans.: Surplus Rs.8,000, Total of Balance Sheet Rs.1,13,850)
(Solve Problem No: 1 of Assignment Problems as rework)

Note: _____

Problem 3: I&E A/c-Subscriptions, Consumption of stationery and Opening Capital Fund:
 The following is the Receipt and Payment Account of Park View Club in respect of the year ended 31st March, 2012.

Receipts	Rs.	Payments	Rs.
To Balance b/d	1,02,500	By Salaries	2,08,000
To Subscriptions 2010 - 11 4,500 2011 - 12 2,11,000 2012 - 13 <u>7,500</u>	2,23,000	By Stationery	40,000
To Profit on sports meet	1,55,000	By Rent	60,000
To Income from investments	1,00,000	By Telephone expenses	10,000
		By Investment	1,25,000
		By Sundry expenses	92,500
		By Balance c/d	45,000
	5,80,500		5,80,500

Additional information:

1. There are 450 members each paying an annual subscription of Rs. 500. On 1st April, 2011 outstanding subscription was Rs. 5,000.
2. There was an outstanding telephone bill for Rs. 3,500 on 31st March, 2012.
3. Outstanding sundry expenses as on 31st March, 2011 totalled Rs. 7,000.
4. Stock of stationery:

On 31st March, 2011 Rs. 5,000On 31st March, 2012 Rs. 9,000

5. On 31st March, 2011 building stood in the books at Rs. 10,00,000 and it was subject to depreciation @ 5% per annum.
6. Investment on 31st March, 2011 stood at Rs. 20,00,000.
7. On 31st March, 2012, income accrued on the investments purchased during the year amounted to Rs. 3,750.

Prepare an Income and Expenditure Account for the year ended 31st March, 2012 and the Balance Sheet as at that date. (PM)

(Ans: Surplus Rs.30,750; Balance sheet total Rs.31,47,250)
(Solve Problem No: 2 of Assignment Problems as rework)

Note: _____

Problem 4: (PRINTED SOLUTION AVAILABLE) I & E A/c-Depreciation and Interest on Investments: Smith Library Society showed the following position on 31st March, 2010:

Balance Sheet as on 31st March, 2010

Liabilities	Rs.	Assets	Rs.
Capital fund	7,93,000	Electrical fittings	1,50,000
Expenses payable	7,000	Furniture	50,000
		Books	4,00,000
		Investment in securities	1,50,000
		Cash at bank	25,000
		Cash in hand	25,000
	8,00,000		8,00,000

The receipts and payments account for the year ended on 31st March, 2011 is given below:

Receipts	Rs.	Payments	Rs.
To Balance b/d: Cash at bank 25,000 Cash in hand <u>25,000</u>	50,000	By Electric charges	7,200
To Entrance fee	30,000	By Postage and stationary	5,000
To Membership subscription	2,00,000	By Telephone charges	5,000
To Sale proceeds of old papers	1,500	By Books purchased	60,000
To Hire of lecture hall	20,000	By Outstanding expenses paid	7,000
To Interest on securities	8,000	By Rent	88,000
		By Investment in securities	40,000
		By Salaries	66,000
		By Balance c/d: Cash at bank	20,000
		Cash in hand	11,300
	3,09,500		3,09,500

You are required to prepare income and expenditure account for the year ended 31st March, 2011 and a balance sheet as at 31st, March, 2011 after making the following adjustments:

Membership subscription included Rs.10,000 received in advance.

Provide for outstanding rent Rs.4,000 and salaries Rs.3,000.

Books to be depreciated @ 10% including additions. Electrical fittings and furniture are also to be depreciated at the same rate.

75% of the entrance fees is to be capitalized.

Interest on securities is to be calculated @ 5% p.a. including purchases made on 01.10.2010 for Rs.40,000.

(Ans.: Deficit Rs.16,700; Balance sheet total Rs.8,15,800)

(Solve Problem No: 3 of Assignment Problems as rework)

Note: _____

Problem 5: I & E A/c-Subscriptions, Legacies and interest on investments: From the following Receipts and Payments Account of Excellent Recreation Club for the year ended 31.3.2011 and additional information given, prepare an Income and Expenditure Account for the year ended 31.3.2011 and Balance sheet as on 31.3.2011:

Receipts	Rs.	Payments	Rs.
To Opening Balance: Cash in Hand and at Bank	3,180	By Secretary's salary	12,000
To Subscription	18,000	By Salaries to staff	25,000
To Sale of old newspapers	2,500	By Charities	1,000
To Legacies	4,000	By Printing and stationary	600
To Interest on investments	2,000	By Postage expenses	120
To Endowment fund receipts	20,000	By Rates and taxes	1,500
To Proceeds of sport and concerts	4,020	By Upkeep of the land	2,000
To Advertisement in the year book	5,000	By Purchase of sports materials	10,000
		By Telephone expenses	3,480
		By Closing balance: Cash in hand and at bank	3,000
	58,700		58,700

Assets and liabilities as on 31.3.2010 and 31.3.2011 were as follows:-

Particulars	31.3.2010 (Rs.)	31.3.2011 (Rs.)
Subscription in arrears	2,000	1,000
Subscription received in advance	500	400
Furniture	2,000	1,800
Land	10,000	10,000

Depreciation shall be charged at 10% p.a. under the diminishing value method. Legacies received shall be capitalized. Investments were made in securities, the rate of interest being 12% p.a., the date of investment was 1.6.2009 and the amount of investments was Rs. 20,000. Due date of interest is 31st March of every year. Stock of sports materials on 31.3.2011 were useless and valued at NIL price.

(Note: Endowment fund receipt will be treated as Revenue receipt) (PM)

(Ans: Deficit = Rs. 4,880; and Total of Balance Sheet = Rs. 36,200)

(Solve Problem No: 4 of Assignment Problems as rework)

Note: _____

Problem 6: (PRINTED SOLUTION AVAILABLE) Preparation of Receipts and Payments A/c and Balance Sheet from Income and Expenditure A/c: The Income and Expenditure Account of the Youth Club for the year 2014 is as follows:

Expenditure	Rs.	Income	Rs.
To Salaries	4,750	By Subscription	7,500
To General Expenses	500	By Entrance Fees	250
To Audit Fees	250	By Contribution for annual dinner	1,000
To Secretary Honorarium	1,000	By Profit on Annual Sport meet	750
To Stationary & Printing	450		
To Annual Dinner Expenses	1,500		
To Interest & Bank Charges	150		
To Depreciation	300		
To Surplus	600		
	9,500		
			9,500

This account had been prepared after the following adjustments:

	Rs.
Subscription outstanding at the end of 2013	600
Subscription received in Advance on 31 st December, 2013	450
Subscription received in Advance on 31 st December, 2014	270
Subscription outstanding on 31 st Dec., 2014	750

Salaries Outstanding at the beginning and the end of 2014 were respectively Rs.400 and Rs.450. General Expenses include insurance prepaid to the extent of Rs.60. Audit fee for 2014 is as yet unpaid. During 2014 audit fee for 2013 was paid amounting to Rs.200

The Club owned a freehold lease of ground valued at Rs.10,000. The club has sports equipment on 1st January, 2014 valued at Rs.2,600. At the end of the year, after depreciation, this equipment amounted to Rs.2,700. In 2013, the Club has raised a bank loan of Rs.2,000. This was outstanding throughout 2014. On 31st December, 2014 cash in hand amounting to Rs.1,600.

Prepare the Receipts and Payments Account for 2014 and Balance Sheet as at the end of the year.

*(SM (Solve Problem No: 5 of Assignment Problems as rework)
(Ans.: Total of Balance sheet Rs.15,110 Closing cash in hand-1,600)*

Note: _____

Problem 7: R&P A/c-Prize Distributed Fund, Subscriptions, Opening Capital Fund: The following information relates to Country Sports Club for the year ended 31.3.2014. You are required to prepare the Receipts and Payments Account for the year ended 31.3.2014 and Balance Sheet as on that date.

Expenditure	Rs.	Income	Rs.
To Salaries	3,36,000	By Subscriptions	8,40,000
To Repairs and Maintenance	88,000	By Receipts for annual sports 3,25,000 Less: Expenses for Sports 2,75,000	50,000
To Ground upkeep	1,66,500	By Entrance fees	1,80,000
To Electricity charges	82,600	By Interest on 10% government bond	12,000
To Sports material used	1,48,000	By Rent on hire of club ground	84,000
To Printing and Stationary	42,200	By Profit on sale of sports material	10,500
To Grounds man wages	80,000	By Sale of old newspaper	3,500
To Depreciation	1,36,000		
To Prizes distributed			

(Net of fund income)	4,000		
To Surplus carried to capital fund	96,700		
	11,80,000		11,80,000

Additional information:

1.

Particulars	Balance as on 1.4.2013 (Rs.)	Balance as on 31.3.2014 (Rs.)
Fixed assets (net block)	6,36,000	7,20,000
Stock of sports material	1,24,000	1,38,000
Investment in 10% government bond	1,20,000	1,20,000
Subscription received in advance	64,000	72,000
Outstanding subscriptions	1,24,000	88,000
Outstanding repair expenses	13,500	24,500
Creditors for sports material	78,600	62,500
Salary paid in advance	32,000	28,000
Prize fund	2,40,000	2,40,000
Prize fund investments	2,36,000	2,36,000
Bank balance	54,500	?

- During the year the club purchased sports material of Rs. 1,80,000, out of which 75% was credit purchase.
- 25% of the entrance fees is to be capitalized.
- As per the Club's policy any excess of expense for prizes distributed over prize fund income is to be charged to Income and Expenditure A/c and vice versa:-
 Prize fund income earned during the year Rs. 36,000
 Prizes distributed during the year Rs. 40,000
- Interest on Government bond is received half yearly on 30th June and 31st December each year. (PM, Nov-14)

(Ans: Closing Cash balance Rs.1,56,100; Balance sheet total Rs.14,89,100 Capital fund-9,33,400)
 (Solve Problem No: 6 of Assignment Problems as rework)

Note: _____

Problem 8: (PRINTED SOLUTION AVAILABLE): B/S- Opening Capital Fund, adj. of assets, Subscriptions: The Receipts and Payments Account, the Income and Expenditure Account and additional information of a sports club for the year ended 31st March, 2013 were as follows:

Receipts & Payments Account For the year ending on 31st March, 2013

Receipts	Rs.	Payments	Rs.
To Balance b/d	42,000	By Secretary's Salary	10,000
To Entrance Fees 2011-12	10,000	By Printing & Stationary	26,000
To Entrance Fees 2012-13	1,00,000	By Advertising	16,000
To Subscription 2011-12	6,000	By Fire Insurance	12,000
To Subscription 2012-13	1,50,000	By 12% Investments (Purchased on 01-10-2012)	2,00,000
To Subscription 2013-14	4,000	By Furniture	20,000
To Rent Received	24,000	By Balance c/d	58,000
To Interest Received	6,000		
	3,42,000		3,42,000

Income & Expenditure Account For the year ending on 31st March, 2013

Expenditure	Rs.	Income	Rs.
To Secretary Salary	15,000	By Entrance Fees	1,05,000
To Printing & Stationery	22,000	By Subscription	1,56,000
To Advertising	16,000	By Rent	28,000
To Audit Fees	5,000	By Interest on Investments	12,000
To Fire Insurance	10,000		
To Depreciation:			
Sports Equipments	90,000		
Furniture	5,000		
To Surplus	1,38,000		
	3,01,000		3,01,000

Additional Information:

The assets and liabilities as on 31st March, 2012 include Club Grounds & Pavilion Rs.4,40,000, Sports Equipments Rs. 2,50,000, Furniture & Fixtures Rs. 40,000, Subscription in Arrear Rs. 8,000, Subscription received in advance Rs. 2,000 and Creditors for Printing & Stationery Rs. 5,000.

You are required to prepare the Balance Sheet of the Club as on 31st March, 2013.

(PM, May - 13)

(Ans: Balance sheet total Rs.9,36,000)

(Solve Problem No: 7 of Assignment Problems as rework)

Note: _____

Problem 9: I&E A/c-Subscriptions to be taken to Income and Expenditure A/c: The following was the Receipts and Payments Account of Exe Club for the year ended Dec. 31.2014

Receipts	Rs.	Payments	Rs.
To Cash in hand	100	By Ground man's Fee	750
Balance at Bank as per Pass Book:		By Moving Machine	1,500
To Deposit Account	2,230	By Rent of Ground	250
To Current Account	600	By Cost of Teas	250
To Bank Interest	30	By Fares	400
To Donations and Subscriptions	2,600	By Printing & Office Expenses	280
To Receipts from teas	300	By Repairs to Equipments	500
To Contribution to fares	100	By Honoraria to Secretary and Treasures of 2013	400
To Sale of Equipment	80	Balance at Bank as per Pass Book:	
To Net proceeds of Variety Entertainment	780	Deposit Account	3,090
To Donation for forth coming Tournament	1,000	Current Account	150
		Cash in hand	250
	7,820		7,820

You are given the following additional information:

Particulars	Jan.1 2014	Dec.31 2014
Subscription due	150	100
Amount due for printing etc.	100	80
Cheques un presented being payment for repairs	300	260

Estimated value of machinery and equipment	80	1750
Interest not yet entered in the Pass Book		20
Bonus to Grounds man		300

For the year ended Dec.31, 2014, the honoraria to the Secretary and Treasure are to be increased by a total of Rs.200. Prepare the Income and Expenditure Account for 2014 and the relevant Balance Sheet. (SM)

(Ans.: Surplus Rs.40; Total of Balance Sheet: Rs.5,210)

Note: _____

Problem 10: R&P A/c, I&E A/c-Bank Balance as per Cash book and preparation of Bar Trading A/c: City Bar Club was registered in a city and the accountant prepared the following Receipts and Payments Account for the year ended March, 31, 2012 and showed a deficit of Rs.14,520.

Receipts	Rs.	Payments	Rs.
To Subscriptions	62,130	By Premises	30,000
To Fair receipts	7,200	By Honorarium to Secretary	12,000
To Variety show receipts (net)	12,810	By Rent	2,400
To Interest	690	By Rate and Taxes	3,780
To Bar Collection	22,350	By Printing & Stationary	1,410
To Excess Cash spent	1,000	By Sundry Expenses	5,350
To Deficit	14,520	By Wages	2,520
		By Fair Expenses	7,170
		By Bar purchases payments	17,310
		By Repairs	960
		By New car (less proceeds of old car Rs.9,000)	37,800
	1,20,700		1,20,700

The following additional information are:

Particulars	01.04.2011	31.03.2012
Cash in hand	450	?
Bank balances as per pass book	24,690	10,440
Cheque issued not presented for sundry expenses	270	90
Subscriptions due	3,600	2,940
Premises at cost	87,000	1,17,000
Accumulated depreciation on premises	56,400	?
Car at cost	36,570	46,800
Accumulated depreciation on car	30,870	?
Bar stock	2,130	2,610
Creditors for the bar purchases	1,770	1,290

1. Cash excess spent represent honorarium to secretary not withdrawn due to cash deficit
2. His annual honorarium is Rs.12,000
3. Depreciation on premises and car is to be provided at 5% and 20% on written down value method.

4. You are required to prepare the correct Receipts and Payments Account, Income and Expenditure Account and Balance Sheet on March 31st, 2012. (PM)
(Ans.: Total of receipts and payment account 1,39,050; Surplus Rs.43,490; Balance sheet total Rs.1,10,910)

Note: _____

Problem 11: Corrected R&P A/c, I&E A/c – Opening Capital Fund: Highend Club appointed a new accountant for maintaining books of account. He prepared following Receipts and Payments A/c for the year ended as on 31st March, 2013.

Receipts and Payments Account

Receipts	Amount	Amount	Payments	Amount
To Balance b/d		9,000	By Printing & Stationery	21,000
To Annual subscription for current year	9,18,000		By Repair & Maintenance Expenses (including payment for sports material Rs. 54,000)	
Add : Outstanding of last year received this year	<u>36,000</u>			
Less: Subscription recd. In Advance as on 31-03-12	<u>(18,000)</u>	9,36,000		1,26,000
To Sale of Old News paper		36,000	By Telephone Expenses	45,000
To 5% Interest on Investments		27,000	By Garden Upkeep	55,000
To Entrance Fees		68,000	By Electricity Charges	36,000
To Donation for building		18,00,000	By Loss on sale of furniture (Cost as per books Rs.90,000)	36,000
			By Balance c/d	25,57,000
		28,76,000		28,76,000

Additional information:

Highend Club had following balances:

Particulars	01-04-2012 (Rs.)	01-04-2013 (Rs.)
Furniture	3,60,000	
Stock of Sports material	1,33,200	36,000
Subscription receivable		54,000
Subscription received in advance		18,000
Outstanding Printing & Stationery Expenses	1,500	2,500
Outstanding Electricity Charges		3,200

50% Entrance Fees is to be capitalized.

Do you agree with above Receipts and Payments Account? If not, prepare correct Receipts and Payments Account and Income and Expenditure Account for the year ended 31st March, 2013 and Balance Sheet as on that date. (PM, Nov-13)

*(Ans: Surplus Rs.5,94,600; Balance sheet Total Rs.35,11,000)
(Solve Problem No: 8 of Assignment Problems as rework)*

Note: _____

Problem 12: (PRINTED SOLUTION AVAILABLE) Educational Institutions I&E A/c, B/s-research fund: From the following balances and particulars of Republic College prepare Income & Expenditure Account for the year ended March, 2015 and a Balance Sheet as on the date:

Particulars	Rs.	Rs.
Seminars & Conference Receipts		4,80,000
Consultancy Receipts		1,28,000
Security Deposit-students		1,50,000
Capital fund		16,06,000
Research Fund		8,00,000
Building Fund		25,00,000
Provident Fund		5,10,000
Tuition Fee received		8,00,000
Government Grants		5,00,000
Donations		50,000
Interest & Dividends on Investments		1,85,000
Hostel Room Rent		1,75,000
Mess Receipts (Net)		2,00,000
College Stores – Sales		7,50,000
Outstanding expenses		2,25,000
Stock of Stores & Supplies	3,00,000	
Purchase – Stores & Supplies	8,00,000	
Salaries – Teaching	8,50,000	
Salaries-Research	1,20,000	
Scholarships	80,000	
Students Welfare expenses	38,000	
Repairs & Maintenance	1,12,000	
Games & Sports Expenses	50,000	
Misc. Expenses	65,000	
Research Fund Investments	8,00,000	
Other Investments	18,50,000	
Provident Fund Investment	5,10,000	
Seminar & Conferences Expenses	4,50,000	
Consultancy Expenses	28,000	
Land	1,00,000	
Building	16,00,000	
Plant and Machinery	8,50,000	
Furniture and Fittings	6,00,000	
Motor Vehicle	1,80,000	
Provision for Depreciation:		
Building		4,80,000
Plant & Equipment		5,10,000
Furniture & Fittings		3,36,000
Cash at Bank	6,42,000	
Library	3,60,000	
	1,03,85,000	1,03,85,000

Adjustments:

1. Materials & Supplies consumed	Rs.		
Teaching	50,000		
Research	1,50,000		
Students Welfare	75,000		
Games or Sports	25,000		
2. Tuition fee receivable from Government for backward class Scholars	80,000		
3. Stores selling prices are fixed to give a net profit of 10% on selling price			
4. Depreciation is provided on straight line basis at the following rates:			
a) Building	5%	c) Furniture & Fixture	10%
b) Plant & Equipment	10%	d) Motor Vehicle	20%

(SM) (Ans.: Surplus Rs.3,19,000; Balance sheet total Rs.61,10,000)
(Solve Problem No: 9 of Assignment Problems as rework)

Note: _____

Problem 13: Fund Accounting: Noida School maintains separate building fund. As on 31.3.2014, balance of building fund was Rs.10,00,000 and it was represented by fixed deposit (15% per annum) of Rs.6,00,000 and current account balance of Rs.4,00,000. During the year 2014-15, the school collected as donations towards the building fund Rs.5,60,000 and transferred 40% of development fees, collected Rs.22,56,500 to building fund. Capital work progress as on 31st March, 2014 was Rs.8,25,000 for which contractors' bill upto 75% was paid on 14-4-2014. The extension of building was finished on 31.12.2014 costing Rs.7,25,000 for which contractors' bill was fully met. It was decided to transfer the cost of completed building (Rs.15,50,000) to the corresponding asset account.

You are required to pass journal entries to incorporate the above transactions in the books of Noida School for the year 2014-15 and show the trial balance of building fund ledger. (SM)

(Ans: Total balance Rs.12,08,850)

Note: _____

ASSIGNMENT PROBLEMS

Problem 1: I&E A/c-Treatment of Motor car: A doctor, after retiring from govt. service, started private practice on 1st April, 2010 with Rs.20,000 of his own and Rs.30,000 borrowed at an interest of 15% per annum on the security of his life policies. His accounts for the year were kept on a cash basis and the following is his summarized cash account:

Particulars	Rs.	Particulars	Rs.
Own capital	20,000	Medicines purchased	24,500
Loan	30,000	Surgical equipments	25,000
Prescription fees	52,500	Motor car	32,000
Gifts from patients	13,500	Motor car expenses	12,000
Visiting fees	25,000	Wages and salaries	10,500
Fees from lectures	2,400	Rent of clinic	6,000
Pension received	30,000	General charges	4,900
		Household expenses	18,000
		Household furniture	2,500

		Expenses on daughter's marriage	21,500
		Interest on loan	4,500
		Balance at bank	11,000
		Cash in hand	1,000
	1,73,400		1,73,400

You are required to prepare his capital account and income and expenditure account for the year ended 31st March, 2011 and balance sheet as on that date. One-third of the motorcar expense may be treated as applicable to the private use of car and Rs.3,000 of the wages and salaries are in respect of domestic servants.

The stock of machines in hand on 31st March, 2011 was valued at Rs.9,500. (PM)

(Ans.: Capital a/c Rs. 48,500; Net Income Rs. 47,500; Balance sheet total Rs.78,500)

Problem 2: I&E A/c-Subscriptions, Donations and Opening Capital Fund: From the following receipts and payments account of Mumbai Club, prepare income and expenditure account for the year ended 31.12.2010 and its balance sheet as on that date:

Receipts	Rs.	Payments	Rs.
Cash in hand	4,000	Salary	2,000
Cash at bank	10,000	Repair expenses	500
Donations	5,000	Purchase of furniture	6,000
Subscriptions	12,000	Misc. expenses	500
Entrance fees	1,000	Purchase of investments	6,000
Interest on investments	100	Insurance premium	200
Interest received from bank	400	Billiard table	8,000
Sale of old newspaper	150	Paper, ink etc.	150
Sale of drama tickets	1,050	Drama expenses	500
		Cash in hand (closing)	2,650
		Cash at bank (closing)	7,200
	33,700		33,700

Information:

1. Subscriptions in arrear for 2010 Rs. 900 and subscriptions in advance for 2011 Rs. 350.
2. Insurance premium outstanding Rs. 40.
3. Misc. expenses prepaid Rs. 90.
4. 50% of donation is to be capitalized.
5. Entrance fees are to be treated as revenue income.
6. 8% interest has accrued on investment for five months.
7. Billiard table costing Rs. 30,000 was purchased during the last year and Rs. 22,000 were paid for it. (PM) (Ans: Surplus Rs. 14,150; and Total of Balance Sheet = Rs. 53,040)

Problem 3: I&E A/c-Depreciation and Entrance fees: The following is the Receipts and Payments Account of Lion Club for the year ended 31st March, 2014.

Receipts	Amount	Payments	Amount
Opening balance:		Salaries	1,20,000
Cash	10,000	Creditors	15,20,000
Bank	3,850	Printing and stationary	70,000
Subscription received	2,02,750	Postage	40,000
Entrance donation	1,00,000	Telephones and telex	52,000
Interest received	58,000	Repairs and maintenance	48,000
Sale of assets	8,000	Glass and table linen	12,000
Miscellaneous income	9,000	Crockery and cutlery	14,000
Receipts at:		Garden upkeep	8,000
Coffee room	10,70,000	Membership fees	4,000
Wines and spirits	5,10,000	Insurance	5,000

Swimming pool	80,000	Electricity	28,000
Tennis court	1,02,000	Closing balance:	
		Cash	8,000
		Bank	2,24,600
	21,53,600		21,53,600

The assets and liabilities as on 1.4.2013 were as follows:

Particulars	Amount
Fixed assets (net)	5,00,000
Stock	3,80,000
Investment in 12% Government securities	5,00,000
Outstanding subscription	12,000
Prepaid insurance	1,000
Sundry creditors	1,12,000
Subscription received in advance	15,000
Entrance donation received pending membership	1,00,000
Gratuity fund	1,50,000

The following adjustments are to be made while drawing up the accounts:

- a) Subscription received in advance as on 31st March, 2014 was Rs. 18,000.
- b) Outstanding subscription as on 31st March, 2014 was Rs. 7,000.
- c) Outstanding expenses are salaries Rs. 8,000 and electricity Rs. 15,000.
- d) 50% of the entrance donation was to be capitalized. There was no pending membership as on 31st March, 2014.
- e) The cost of assets sold net as on 1.4.2013 was Rs. 10,000.
- f) Depreciation is to be provided at the rate of 10% on assets.
- g) A sum of Rs. 20,000 received in October 2013 as entrance donation from an applicant was to be refunded as he has not fulfilled the requisite membership qualifications. The refund was made on 3.6.2014.
- h) Purchases made during the year amounted Rs. 15,00,000.
- i) The value of closing stock was Rs. 2,10,000.
- j) The club as a matter of policy, charges off to income and expenditure account all purchases made on account of crockery, cutlery, glass and linen in the year of purchase.

You are required to prepare an Income and Expenditure Account for the year ended 31st March, 2014 and the Balance Sheet as on 31st March, 2014 along with necessary workings.

(SM) (Ans: Deficit Rs.30, 250, Total of Balance Sheet Rs.13,92,600)

Problem 4: I&E A/c-Subscriptions, Interest, Depreciation: The Sportwriters Club gives the following Receipts and Payments Account for the year ended March 31, 2015:

Dr.	Receipts and Payments A/c		Cr.
Receipts	Rs.	Payments	Rs.
To Balance b/d	4,820	By Salaries	12,000
To Subscriptions	28,600	By Rent and Electricity	7,220
To Miscellaneous Income	700	By Library books	1,000
To Interest on Fixed deposit	2,000	By Magazines and news papers	2,172
		By Sundry expenses	10,278
		By Sports equipments	1,000
		By Balance c/d	2,450
	36,120		36,120

Figures of other assets and liabilities are furnished as follows:

As at March 31

Particulars	2014	2015
Salaries outstanding	710	170
Outstanding rent & electricity	864	973
Outstanding for magazines and newspapers	226	340
Fixed deposit (10%) with bank	20,000	20,000
Interest accrued thereon	500	500
Subscription receivables	1,263	1,575
Prepaid expenses	417	620
Furniture	9,600	
Sports equipments	7,200	
Library books	5,000	

The closing values of furniture and sports equipments are to be determined after charging depreciation at 10% and 20% p.a. respectively inclusive of the additions, if any, during the year. The Club's library books are revalued at the end of every year and the value at the end of March 31, 2015 was Rs.5,250. From the above information you are required to prepare:

- 1) The Club's Balance Sheet as at March 31, 2014;
- 2) The Club's Income and Expenditure Account for the year ended March 31, 2015.
- 3) The Club's Closing Balance Sheet as at March 31, 2015. **(SM)(Ans.: Deficit Rs.2,888)**

Problem 5: R & P A/c-Subscriptions, Expenses: From the following Income and Expenditure Account and the Balance Sheet of a club, prepare its Receipts & Payments Account and Subscription Account for the year ended 31st March 2015.

Income and Expenditure Account for the year 2014 – 15

Expenditure	Rs.	Income	Rs.
To Upkeep of Ground	10,000	By Subscriptions	17,320
To Printing	1,000	By Sale of Newspapers (Old)	260
To Salaries	11,000	By Lectures	1,500
To Depreciation on Furniture	1,000	By Entrance Fee	1,300
To Rent	600	By Misc. Income	400
		By Deficit	2,820
	23,600		23,600

Balance Sheet as at 31st March, 2015

Liabilities	Rs.	Assets	Rs.
Subscription in Advance (2015-16)	100	Furniture	9,000
Prize Fund:		Ground and Building	47,000
Opening Balance 25,000		Prize Fund Investment	20,000
Add: Interest 1,000			
	26,000		
Less: Prizes 2,000	24,000		
General Fund:		Cash in Hand	2,300
Opening Balance 56,420		Subscription (2014-15)	700
Less: Deficit 2,820			
	53,600		
Add: Entrance Fee 1,300	54,900		
	79,000		79,000

The following adjustment have been made in the above accounts:

- Upkeep of ground Rs.600 and Printing Rs.240 relating to 2013-14 were paid in 2014-15
- One-half of entrance fee has been capitalized by transfer to General Fund.
- Subscription outstanding in 2013-14 was Rs.800 and for 2014-15 Rs.700.
- Subscription received in advance in 2013-14 was Rs.200 and in 2014-15 for 2015-16 Rs.100

(SM) (Ans.: Opening Cash Balance Rs. 4,660; Subscription Received Rs.17,320)

Problem 6: R & P A/c- Subscriptions, Opening Capital Fund: From the following Income & Expenditure A/c of Premium Sports Club for the year ended 31st March, 2012, you are required to prepare Receipts & Payment A/c for the year ended 31st March, 2012 and Balance Sheet as on that date:

Expenditure	Rs.	Income	Rs.
To Salaries	1,18,800	By subscriptions	4,20,000
To Rent	2,16,000	By Entrance Fee	1,20,000
To printing & Stationery	28,000	By Profit on sale of sports material	5,500
To Postage & Telephone	41,600	By Interest on 8% Government Bonds	12,000
To Membership Fee	3,200	By Sale of Old Newspaper	11,600
To Electricity Charges	38,500		
To Garden Upkeep	19,300		
To Sports Material Utilized	62,800		
To Repairs & Maintenance	18,700		
To Depreciation	13,000		
To Miscellaneous Expenses	5,700		
To Surplus carried to Capital Fund	3,500		
Total	5,69,100	Total	5,69,100

The following additional information is provided to you:

1.

Particulars	Balances as on 01.04.2011	Balances as on 31.03.2012
Fixed Assets	2,40,000	?
Bank Balance	8,300	?
Stock of Sports Material	43,450	35,670
Outstanding Subscription	10,200	5,700
Subscription received in advance	2,400	4,900
8% Government Bonds	1,50,000	1,50,000
Outstanding Salaries	16,000	14,300
Outstanding Rent	21,000	15,000
Advance for Stationery	1,350	1,550
Outstanding Repairs & Maintenance	1,200	Nil
Creditors for purchase of Sports Material	3,400	4,200

- Some of Fixed Assets were purchased on 01.10.2011 and depreciation is to be charged @ 5% p.a.

3. Sports Material worth Rs. 72,000 was purchased on credit during the year.
4. The Club became member of State Table Tennis Association on 01.01.2012 when it paid fee up to 31.12.2012.
5. 50% of Entrance Fee is to be capitalized.
6. Interest on 8% Government Bonds was received for two quarters only.
7. A Fixed Deposit of Rs. 80,000 was made on 31st March, 2012. (PM)

(Ans: Closing cash balance Rs.15,680; Balance sheet total Rs.5,71,200)

Problem 7: B/S- Opening Capital Fund, adj. of assets, Subscriptions: The receipts and payments account and the income and expenditure account of a Club for the year ended 31st December, 2014 were as follows:

Receipts and Payments Account

Receipts	Rs.	Payments	Rs.
To Balance b/d	2,500	By Books purchased	1,000
To Subscriptions: Rs. 2007 600 2008 <u>4,300</u>	4,900	By Printing and Stationary	200
To Interest	500	By Salary	1,500
To Donation for special fund	300	By Advertisement	200
To Rent: Rs. 2007 150 2008 <u>300</u>	450	By Electric Charges	400
To Govt. Grants	2,000	By Balance c/d	7,350
	10,650		10,650

Income and Expenditure Account

Expenditure	Rs.	Income	Rs.
To Salary	2,800	By Interest	400
To Tent Hire	200	By Subscription	4,800
To Electric charges	400	By Rent	2,300
To Depreciation on Building	750	By Govt. Grant	2,000
To Printing and Stationary	200		
To Advertisement	150		
To Surplus	5,000		
	9,500		9,500

The Club's assets as on 1st January 2014 were:

Building Rs.15,000; Books Rs.10,000

Furniture Rs.4,000; Investments Rs.10,000

Liabilities as on that date were Rs.50 for advertisement and Rs.100 for salary.

You are required to prepare the balance sheet of the club on 31st December, 2013 and 31st December, 2014. (May, 2013 – Similar, SM)

(Ans.: Total of Balance Sheet Rs.49,100)

Problem 8: Corrected R&P A/c, I & E A/c: The Receipts and Payments Account of Trust well Club prepared on 31st March, 2011 is as follows:

Receipts and Payments Account

Receipts	Rs.	Rs.	Payments	Rs.
To Balance b/d		450	By Expenses	

			(Including payment for sports material Rs.2,700)	
To Annual income from Subscription	4,590		By Loss on sale of Furniture (Cost Price Rs.450)	6,300
Add: Outstanding of last year received this year	180			180
	4,770			
Less: Prepaid of last year	(90)	4,680		
To Other fees		1,800	By balance c/d	90,450
To Donation for building		90,000		
		96,930		96,930

Additional information:

Trust well club had balances as on 1.4.2010:

Furniture Rs.1,800 ; investment at 5% Rs.27,000

Sports material Rs.6,660;

Balance as on 31.3.2011, subscription receivable Rs.270;

Subscription received in advance Rs.90;

Stock of sports material Rs.1,800

Do you agree with above receipts and payments account? If not, prepare correct receipts and payments account and income and expenditure account for the year ended 31st March, 2011 and balance sheet as on that date.

(May 2003, Nov 2013, PM)

(Ans.: Closing Cash balance Rs.90,720; Deficit Rs.3,600; balance sheet total Rs.1,22,490)

Problem 9: Educational Institutions I&E A/c, B/s- research fund: From the following Trail Balance of Education Society as at 31st December 2014. Prepare an Income & Expenditure A/c and a Balance Sheet:

Particulars	Dr.	Cr.
Furniture & Fittings	12,500	
Additions	3,200	
Library Books	17,500	
Additions	4,300	
Buildings	2,75,000	
General Investment	1,50,000	
Investment Reserve Fund		15,000
Sundry Debtors & Creditors	5,000	14,500
Entrance Fees		15,200
Examination Fees		2,400
Subscription Received		20,000
Certificate fees		500
Hire of Society's Hall		6,500
Interest on Investments		5,500
Sundry Receipts		600
Staff Salaries	10,200	
Printing & Stationery	1,000	
Taxes	800	
Examination Expenses	600	
Subscription of periodicals	1,200	
Prize Trust Fund		16,000
Prize Trust Investments	15,800	
Prize Trust Income		650
Prize Awarded	450	
Prize Fund, Bank Balance	275	

Donation received (to be capitalised)		18,000
General Expenses	375	
Capital Fund		3,89,150
Cash at Bank	5,500	
Cash in hand	300	
	5,04,000	5,04,000

The following further information is supplied to enable you to make the necessary adjustments:

Subscriptions to be received	4,500
Subscriptions received in advance	500
Interest on General investments accrued	450
Staff Salaries Outstanding	1,800
Taxes paid in advance	500

Provide depreciation at the following rates on Library Books -15% P.a., Furniture and fittings - 5% P.a., Buildings - 5% P.a. The market value of General Investments on 31st December 2014 was Rs.1,30,000. But you are not required to bring down the book value to this level. (SM)

(Ans.: Surplus Rs.21,870, Total of Balance sheet Rs.4,77,020)

ABC ANALYSIS

	A Category	B Category	C Category
Class Room Problems	2, 6, 7, 9,10,11	1, 4, 5,12	3, 8, 13
Assignment Problems	1, 2, 3, 8	4,5, 7, 9	6

Verified by: Mahesh sir, Purna Chandra Rao sir,

Hari Narayana sir

Executed by: Rajasekhar Sir

THE END