

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 01.05.2021

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## Accounting for Not-for-Profit Organisation

### Illustration 17

Shiv-e-Narain Education Trust provides the information in regard to Receipt and Payment Account and Income and Expenditure Account for the year ended March 31st 2007:

#### Receipt and Payment Account for the year ending March 31, 2007

Dr.	Amount (Rs.)	Payments	Amount (Rs.)	Cr.
<i>Receipts</i>				
Cash in hand as on April 1, 2006	3,000	Printing and Stationery	6,000	
Cash at bank as on April 1, 2006	15,000	Lighting & Water	2,600	
Subscription:		Rent	21,000	
2005-06           12,000		Advertisement	2,820	
2006-07           46,000		Miscellaneous Expenses	4,400	
2007-08 <u>15,600</u>	73,600	Staff Salaries	85,000	
Entrance fees	25,200	Furniture purchased	28,000	
Tuition fees:		Honorarium	15,000	
2006-07           80,000		Books	5,000	
2007-08 <u>10,000</u>	90,000	Cash in hand as on March 31, 2007	9,180	
Interest on investment:		Cash at bank as on March 31, 2007	45,000	
2005-06           4,000				
2006-07 <u>6,000</u>	10,000			
Miscellaneous receipts	7,200			
	<b>2,24,000</b>			
			<b>2,24,000</b>	

On March 31, 2006 the following balances appeared:

Investments Rs.1, 60,000; Furniture Rs.40, 000; and Books Rs.20, 000.

#### Income and Expenditure Account for the year ending on March 31, 2007

Expenditure	Amount (Rs.)	Income	Amount (Rs.)
Printing and Stationery	7,800	Subscription	46,000
Lighting & Water	2,600	Interest on investment	6,800
Rent	24,000	Miscellaneous incomes	7,200
Staff salaries	84,000	Tuition fees	90,000
Advertisement	3,200		
Honorarium	15,000		
Misc. expenses	4,400		
Depreciation on furniture	4,000		
Surplus(Excess of income over expenditure)	5,000		
	<b>1,50,000</b>		
			<b>1,50,000</b>

Prepare opening and closing balance sheet

**Solution**

**Shiv-e-Narain Education Trust  
Balance Sheet as on March 31, 2006**

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
Capital/General Fund (Balancing figure)	2,54,000	Investments Furniture Books Outstanding subscription Accrued Interest on Invest. Cash in hand Cash at bank	1,60,000 40,000 20,000 12,000 4,000 3,000 15,000
	<b>2,54,000</b>		<b>2,54,000</b>

**Balance Sheet of Shiv-e-Narain Education Trust as on March 31, 2007**

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
Tuition fee advance	10,000	Investments	1,60,000
Rent Outstanding	3,000	Furniture	40,000
Advertisement Outstanding	380	Less: Depreciation	<u>4,000</u>
Printing & Stationery Outstanding	1,800		36,000
Advance Subscription	15,600	Add: Purchases	<u>28,000</u>
Capital/ General Fund	2,54,000	Books	20,000
Add Entrance fee	25,200	Add: Purchases	<u>5,000</u>
Add Surplus	<u>5,000</u>	Interest Accrued	800
	2,84,200	Outstanding tuition fee	10,000
		Staff Salary Advance	1,000
		Cash in Hand	9,180
		Cash at Bank	<u>45,000</u>
	<b>3,14,980</b>		<b>3,14,980</b>

*Note:*

1. Income and Expenditure Account for the current year shows interest on investment income Rs.6,800 while Receipts and Payments Account shows the receipts of Rs.6,000 the difference of Rs.800 means interest on investment has become due but not yet receivable during the year.
2. Income and Expenditure Account shows Rs.90,000 as income from Tuition fees. However, the Receipts and Payments Account shows Rs.10,000 as tuition fees received for the year 2007-08 and Rs.80,000 for 2006-07. It implies that Rs.10,000 on account of tuition fees for the year 2006-07 are still receivable (i.e. Tuition fees are outstanding).
3. Receipt and Payment Account shows a payment of Rs.85,000 on account of staff salaries, but the Income and Expenditure Account shows expenditure

*of Rs.84,000 on account of staff salaries. It means the excess of Rs.1,000 shown in the Receipt and Payment Account may either belong to the pervious year or the next year. Their is no evidence that staff salaries of Rs.1,000 was outstanding at the end of the previous year 2005-06. This is why this payment of Rs.1,000 has been considered as an advance salaries to the staff.*