

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 17.04.2021

Teacher name – Ajay Kumar Sharma

Accounting for Not-for-Profit Organisation

Illustration 5

As per Receipt and Payment Account for the year ended on March 31, 2006, the subscriptions received were Rs. 2,50,000. Additional Information given is as follows:

1. Subscriptions Outstanding on 1.4.2005 Rs. 50,000
2. Subscriptions Outstanding on 31.3.2006 Rs.35,000
3. Subscriptions Received in Advance as on 1.4.2005 Rs.25,000
4. Subscriptions Received in Advance as on 31.3.2006 Rs.30,000

Ascertain the amount of income from subscriptions for the year 2005–06 and show how relevant items of subscriptions appear in opening and closing balance sheets.

Solution

| Details | Amount (Rs.) |
|---|-----------------|
| Subscriptions Received as per Receipt and Payment A/c | 2,50,000 |
| Add: Subscriptions outstanding on 31.3.2006 | 35,000 |
| Add: Subscriptions received in advance on 1.4.2005 | 25,000 |
| | 3,10,000 |
| Less: Subscriptions outstanding on 1.4.2005 | 50,000 |
| | 2,60,000 |
| Less: Subscriptions received in advance on 31.3.2006 | 30,000 |
| Income from subscription for the year 2005–06 | 2,30,000 |

Alternately, income received from subscriptions can be calculated by preparing a Subscriptions account as under:

Subscription Account

| Dr. | | | | Cr. | | | |
|------|---|------|-----------------|------|---------------------------|------|-----------------|
| Date | Particulars | J.F. | Amount (Rs.) | Date | Particulars | J.F. | Amount (Rs.) |
| | Balance b/d (outstanding) | | 50,000 | | Balance b/d (advance) | | 25,000 |
| | Income and Expenditure Account (balancing figure) | | 2,30,000 | | Receipts and Payments A/c | | 2,50,000 |
| | Balance c/d (advance) | | 30,000 | | Balance b/d (outstanding) | | 35,000 |
| | | | 3,10,000 | | | | 3,10,000 |

Relevant items of subscription can be shown in the opening and closing balance sheet as under:

Balance Sheet as on March 31, 2005

| <i>Liabilities</i> | <i>Amount (Rs.)</i> | <i>Assets</i> | <i>Amount (Rs.)</i> |
|--|-------------------------|---------------------------------|-------------------------|
| <i>Subscriptions received in advance</i> | 25,000 | <i>Subscription outstanding</i> | 50,000 |

**Relevant data only*

Balance Sheet as on March 31, 2006

| <i>Liabilities</i> | <i>Amount (Rs.)</i> | <i>Assets</i> | <i>Amount (Rs.)</i> |
|--|-------------------------|----------------------------------|-------------------------|
| <i>Subscriptions received in advance</i> | 30,000 | <i>Subscriptions outstanding</i> | 35,000 |

**Relevant data only*