

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 19.04.2021

Teacher name – Ajay Kumar Sharma

Accounting for Not-for-Profit Organisation

Illustration 8

Show how you would deal with the following items in the final account of a Club:

Details	Debit Amount (Rs.)	Credit Amount (Rs.)
Prize Fund		80,000
Prize Fund Investments	80,000	
Income from Prize Fund Investments		8,000
Prizes awarded	6,000	

Solution

Balance Sheet as on.....

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Prize fund	80,000	Prize Fund Investments	80,000
Add: Income from Investments	<u>8,000</u> 88,000		
Less: Prizes Awarded	<u>6,000</u>		
	82,000		

Illustration 9

(a) Show the following information in financial statements of a 'Not-for-Profit' Organisation:

Details	Amount (Rs.)
Match Expenses	16,000
Match Fund	8,000
Donation for Match Fund	5,000
Sale of Match tickets	7,000

(b) What will be the effect, if match expenses go up by Rs. 6,000 other things remaining the same?

Solution*(a)***Balance Sheet as on.....-**

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
Match fund	8,000		
Add: Donation	5,000		
(Specific)			
Add: Sale of Match	<u>7,000</u>		
Tickets	20,000		
Less: Match Expenses	<u>16,000</u>		
	4,000		
	4,000		

* Only relevant data.

(b)

If match expenses go up by Rs. 6,000, the net balance of the match fund becomes negative i.e. Debit exceeds the Credit, and the resultant debit balance of Rs. 2,000 shall be charged to the Income and Expenditure Account of that year.