

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 20.04.2021

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Accounting for Not-for-Profit Organisation

Illustration 10

Extract of a Receipt and Payment Account for the year ended on March 31, 2006:

Payments:

Stationery Rs. 23,000

Additional Information:

<i>Details</i>	<i>April 1, 2005</i>	<i>March 31, 2006</i>
Stock of stationery	4,000	3,000
Creditors for stationery	9,000	2,500

Solution

<i>Details</i>	<i>Amount (Rs.)</i>
Payment made for the purchase of stationery as per Receipts and Payments A/c	23,000
Less: Payment for 2004-05 (i.e. creditors in the beginning)	9,000
Payment made for the year 2005-06	14,000
Add: Payment not yet made (i.e. creditors at the end)	2,500
Stationery Purchased for the year 2005-06	16,500
Add: Stock in the beginning	4,000
Stationery Available for consumption during 2005-06	20,500
Less: Stock at the end	3,000
Stationery Consumed during 2005-06 to be taken to the Expenditure side of the Income and Expenditure account	17,500

Stationery: Normally expenses incurred on stationery, a consumable items are charged to Income and Expenditure Account. But in case stock of stationery (opening and/or closing) is given, the approach would be make necessary adjustments in purchases of stationery and work out cost of stationery consumed and show that amount in Income and Expenditure Account and its stock in the

balance sheet. For example, the Receipt and Payment Account shows a payment for stationery amounting to Rs. 40,000 and there is an opening and closing stationery amounting to Rs. 12,000 and Rs. 15,000. The amount of expense on stationery will be worked out as follows:

Stationery	
Purchases	40,000
Add: Opening stock	<u>12,000</u>
	52,000
Less: Closing stock	<u>15,000</u>
	<u>37,000</u>

In case stationery is also purchased on credit, the amount of its consumption will be worked out as given in Illustration 12.