

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 21.04.2021

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Accounting for Not-for-Profit Organisation

Illustration 11

Following is the Receipt and Payment Account of an Entertainment Club for the period April 1, 2006 to March 31, 2007.

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

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
Balance b/d		Salaries	24,000
Cash	27,500	Electric bill	21,000
Bank	<u>60,000</u>	Food stuff for restaurant	60,000
Member's subscriptions:		Telephone bill	35,000
2005-2006	12,500	Subscription for periodicals	14,500
2006-2007	1,00,000	Printing and stationery	13,000
2007-2008	<u>10,000</u>	Sports expenses	50,000
Sale of furniture (book value: Rs. 8,000)	10,000	Secretary's honorarium	30,000
Sale of food stuffs	1,00,000	8% Investments (31.3.2007)	1,00,000
Sale of old periodicals and newspapers	3,200	Balance c/d:	
Hire of ground used for marriage	48,750	Cash	21,500
Donation for sports fund	25,000	Bank	<u>45,000</u>
Locker Rent	17,050		66,500
	4,14,000		4,14,000

Additional Information

- During 2006-07 the Club had 225 members, each paying an annual subscription of Rs. 500. Out of 30 members, who had not paid annual subscription during 2005-06, twenty five members cleared their arrears in 2006-07 and the arrears of the remaining five members who left the club on April 1, 2006 were treated as irrecoverable.
- During 2006-07 an amount of Rs. 35,000 was deposited with MTNL, Delhi for adjustment of telephone bills. On March 31, 2007 the following statement was received from the telephone office:

	Rs.
Amount deposited	35,000
Interest on deposit	3,000
Less: Telephone rent and bills for 2006-2007	22,000
Balance of deposit on 31.3.2007	<u>16,000</u>
- Stock of foodstuffs for Restaurant run by the club amounted to Rs. 16,000 and Rs. 18,000 at the end of 2005-06 and 2006-07 respectively.
- Advance payment of subscription for periodicals, magazines, newspapers amounted to Rs. 2,500 and Rs. 5,000 at the end of 2005-06 and 2006-07 respectively.

5. On April 1, 2006 other balances were as under:

	Rs.
Furniture	1,00,000
Buildings	6,50,000
Sports fund	15,000

7. Depreciate Furniture and Building @ 12.5% and 5% respectively.
Prepare Income and Expenditure account and Balance Sheet as on March 31, 2007.

Solution

**Book of Entertainment Club
Income and Expenditure Account
for the year ending on March 31, 2007**

<i>Dr.</i>		<i>Cr.</i>	
<i>Expenditure</i>	<i>Amount (Rs.)</i>	<i>Income</i>	<i>Amount (Rs.)</i>
Printing and Stationery	13,000	Subscriptions	1,00,000
Electric bill	21,000	Add: Outstanding	<u>12,500</u>
Salaries	24,000	Sale of old periodicals	3,200
Telephone charges	22,000	Interest on deposit with	3,000
Secretary's honorarium	30,000	MTNL, Delhi	
Sports expenses	50,000	Locker rent	17,050
Less: Opening balance	<u>15,000</u>	Profit on sale of furniture	
of sports fund	35,000	(10,000 - 8,000)	2,000
Less: Donation for	<u>25,000</u>	Sale of Food Stuff	1,00,000
Sports		Less: Cost of food stuff	
Subscription for		Consumed:	60,000
Periodicals	14,500	Add: opening stock	16,000
Add: Prepaid (opening)	<u>2,500</u>	Less: closing stock	18,000
	17,000		<u>58,000</u>
Less: Prepaid (closing)	<u>5,000</u>	Hire of ground used for	48,750
Depreciation on:		marriage	
Furniture	11,500		
Building	<u>32,500</u>		
Subscriptions written off	2,500		
(bad debt i.e. 500×5)			
Surplus (excess of income	50,000		
over expenditure)			
	<u>2,28,500</u>		<u>2,28,500</u>

Balance Sheet of Entertainment Club as on March 31, 2006

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
Sports fund	15,000	Cash in hand	27,500
Capital/General Fund	8,56,000	Cash at bank	60,000
(Balancing figure)		Advance subscription for periodicals	2,500
		Outstanding subscriptions (500×30)	15,000
		Stock of food stuffs	16,000
		Furniture	1,00,000
		Buildings	6,50,000
	8,71,000		8,71,000

Note: Since expenses on sports have exceeded the amounts available in sports fund included donations therefor, the excess has been debited to Income and Expenditure account.

Balance Sheet of Entertainment Club as on March 31, 2007

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
Subscriptions received in advanced	10,000	Cash in hand	21,500
Sports fund:		Cash at bank	45,000
Opening balance	15,000	Deposit with MTNL, Delhi	
Add: Donation	<u>25,000</u>	Outstanding subscriptions	16,000
	40,000		
Add: Sports expenses (charged from income and expenditure)	<u>10,000</u>	Advance subscription for Periodicals	
	50,000	Outstanding subscription (500×25)	5,000
Less: Sports expenses	<u>50,000</u>	Stock of food stuff	12,500
Capital fund	8,56,000	Investment	18,000
Add: Surplus	<u>50,000</u>	Furniture	1,00,000
	9,06,000	Less: Sold	<u>8,000</u>
			92,000
		Less: Depreciation	<u>11,500</u>
		Building	6,50,000
		Less: Depreciation	<u>32,500</u>
			6,17,500
	9,16,000		9,16,000