

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 24.04.2021

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### Accounting for Not-for-Profit Organisation

#### Illustration 13

Following is the Receipt and Payment Account of Friendship Club in respect of the Year on 31.3.2006.

#### Receipt and Payment Account for the year ending March 31, 2006.

Dr.		Cr.	
Receipts	Amount (Rs.)	Payment	Amount (Rs.)
Opening cash in hand	10,000	Salaries	20,000
Subscription:		Stationery	4,500
2004-05	15,000	Rates and Taxes	1,500
2005-06	20,000	Telephone charges	7,500
2006-07	<u>5,000</u>	8% govt. securities at par	25,000
Profit from sports	17,800	Sundry expenses	500
Interest on 8% govt. securities	5,000	Courier service charges	300
		Closing cash in hand	13,500
	<b>72,800</b>		<b>72,800</b>

#### Additional Information :

1. There are 500 members, each paying an annual subscription of Rs. 50, Rs. 17,500 being in arrears for 2004-05 at the beginning of 2005-06. During 2004-05, subscriptions were paid in advance by 40 members for 2005-06.
2. Stock of stationery at March 31, 2005, was Rs. 1,500 and at March 31, 2006, Rs. 2,000.
3. At March 31, 2006, the rates and taxes were prepaid to the following January 31, the annual charge being Rs. 1,500.
4. A quarter's charge for telephone is outstanding, the amount accrued being Rs. 1,500. There is no change in quarterly charge.
5. Sundry expenses accruing at 31.3.2005 were Rs. 250 and at March 31, 2006 Rs. 300.
6. At March 31, 2005 Building stood in the books at Rs. 2,00,000 and it is required to write off depreciation @ 10% p.a.
7. Value of 8% Government Securities at March 31, 2005 was Rs. 75,000 which were purchased at that date at Par. Additional Government Securities worth Rs. 25,000 are purchased on March 31, 2006.

You are required to prepare:

- (a) An Income and Expenditure Account for the year ended on 31.3.2006
- (b) A Balance Sheet on that date.

## Solution

### Books of Friendship Club Balance Sheet as on March 31, 2005

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Outstanding Expenses:		Building	2,00,000
Telephone charges 3,000		Investment in 8% Govt. Securities	75,000
Sundry Expenses <u>250</u>	3,250	Stock of stationery	1,500
Subscription received in Advance	2,000	Prepaid Rates and Taxes	1,250
General Fund	3,00,000	Subscription outstanding	17,500
(balancing figure)		Cash in hand	10,000
	<b>3,05,250</b>		<b>3,05,250</b>

### Income and Expenditure Account for the year ending on March 31, 2006

Expenditure	Amount (Rs.)	Income	Amount (Rs.)
Salaries	20,000	Profit on Sports	17,800
Stationery (paid) 4,500		Interest on 8% Govt. 5,000	
Add: Opening stock <u>1,500</u>		Securities Received	
6,000		Add: Receivable <u>1,000</u>	6,000
Less: Closing stock <u>2,000</u>		Total Subscription 40,000	
Stationery consumed	4,000	Received during the current year	
Rates and Taxes 1,500			

Less: Closing Prepaid <u>1,250</u>		Add: Opening 2,000	
250		Subscription in advance	
Add: Opening Prepaid <u>1,250</u>	1,500	Add: Outstanding at 5,500	
Telephone charges paid 7,500		the end of the	
Add: Outstanding <u>1,500</u>		Current Year	
(Current Year) 9,000		(2,500+3,000)= 47,500	
Less: Outstanding <u>3,000</u>	6,000	Less: Subscription <u>5,000</u>	
(Previous year)		received in 42,500	
Sundry expenses paid 500		Advance(Closing)	
Add: Outstanding <u>300</u>		Less: Outstanding <u>17,500</u>	25,000*
(Current Year) 800		at the start of	
Less: Outstanding <u>250</u>	550	the Current Year	
(Previous year)		Deficit: (Excess of Expenditure over to Income)	3,550
Depreciation on building	20,000		
Courier charges	300		
	<b>52,350</b>		<b>52,350</b>

• Verification:  $500 \times 50 = 25000$ .

**Balance Sheet of Friendship Club as on March 31, 2006**

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
<i>Outstanding Expenses:</i>		<i>Building :</i> 2,00,000	
Telephone charges 1,500		<i>Less: depreciation</i> <u>20,000</u>	1,80,000
Sundry Expenses <u>300</u>	1,800	Investment in 8%	75,000
Subscription received in Advance	5,000	Govt. Securities:	
General Fund 3,00,000		<i>Add: Purchases</i> <u>25,000</u>	1,00,000
<i>Less: Deficit</i> <u>3,550</u>	2,96,450	Stock of stationery	2,000
		Interest on 8%	1,000
		Govt. securities Receivable	
		Prepaid Rates and Taxes	1,250
		Subscription outstanding	5,500
		(Rs. 17,500-Rs. 5,000)	
		+Rs. 3,000= Rs.5,500	
		Cash in hand	13,500
	<b>3,03,250</b>		<b>3,03,250</b>