

# VIDYA BHAWAN BALIKA VIDYA PITH

## शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 25.04.2021

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### Accounting for Not-for-Profit Organisation

#### Illustration 14

From the trial balance and other information given below for a school, prepare Income and Expenditure Account for the year ended on 31.3.2006 and a Balance Sheet as on that date:

Debit Balance	Amount (Rs.)	Credit Balance	Amount (Rs.)
Building	6,25,000	Admission fees	12,500
Furniture	1,00,000	Tuition fees received	5,00,000
Library books	1,50,000	Creditors for supplies	15,000
Investment @12%	5,00,000	Rent for the school hall	10,000
Salaries	5,00,000	Miscellaneous receipts	30,000
Stationery	40,000	Government grant	3,50,000
General expenses	18,000	General fund	10,00,000
Sports expenses	15,000	Donation for library books	62,500
Cash at bank	50,000	Sale of old furniture	20,000
Cash in hand	2,000		
	<b>20,00,000</b>		<b>20,00,000</b>

#### Additional Information:

- (i) Fees yet to be received for the year are Rs. 25,000.
- (ii) Salaries yet to be paid amount to Rs.30,000.
- (iii) Furniture costing Rs. 40000 was purchased on October 1, 2005.
- (iv) The book value of the furniture sold was Rs. 50,000 on April 1, 2005
- (v) Depreciation is to be charged @ 10% p.a. on furniture, 15% p.a. on Library books, and 5% p.a. on building.

#### Solution

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

Expenditure	Amount (Rs.)	Income	Amount (Rs.)
Loss on sale of old furniture (50,000 – 20,000)	30,000	Admission fees	12,500
Salaries 5,00,000		Tuition fees 5,00,000	
Add: outstanding 30,000	5,30,000	Add: Outstanding 25,000	5,25,000
Stationery 40,000		Rent for the school hall	10,000
General expenses 18,000		Miscellaneous receipts	30,000
Depreciation:		Government grant	3,50,000
Furniture 3,000		Interest accrued on investments	60,000
Building 31,250			
Library books 22,500	56,750		
Sports expenses 15,000			
Surplus (excess of income over expenditure)	2,97,750		
	<b>9,87,500</b>		<b>9,87,500</b>

*Working Notes:*

1. As admission fee is a regular income of a school, so it has been taken as a revenue income of the school.
2. Depreciation on furniture has been computed as following on the assumption that furniture was sold on April 1, 2005.

	<i>Amount (Rs.)</i>
Book Value on March 31, 2006	1,00,000
Less: Book Value of Sold furniture	(50,000)
	<b>50,000</b>
Depreciation on furniture of Rs. 10,000 for one year	1,000
Depreciation on furniture of Rs. 40,000 for 6 months	2,000
Total depreciation	<b>3,000</b>

**Balance Sheet as on March 31, 2006**

<i>Liabilities</i>	<i>Amount (Rs.)</i>	<i>Assets</i>	<i>Amount (Rs.)</i>
Creditors for Supplies	15,000	Buildings	6,25,000
Outstanding Salaries	30,000	Less: Depreciation	31,250
Donation for Library Books	62,500	Furniture	1,00,000
General fund	10,00,000	Less: Sold	50,000
Add: Surplus	2,97,750		50,000
	12,97,750	Less: Depreciation	3,000
		Accrued fees	25,000
		Library books	1,50,000
		Less: depreciation	22,500
		Investments @ 12%	5,00,000
		Interest accrued	60,000
		Cash at Bank	50,000
		Cash in Hand	2,000
	<b>14,05,250</b>		<b>14,05,250</b>