



# Vidya Bhawan, Balika Vidyapith

Shakti Utthan Ashram, Lakhisarai – 811311 (Bihar)

(Affiliated to CBSE up to +2 Level)

Class: 12th

Subject: Accountancy

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## Accounting for Not for Profit Organization

Question 1:

From the following particulars taken from the Cash Book of a health club, prepare a Receipts and Payments Account.

Particulars	Rs
Opening balance:	
Cash in Hand	5,000
Cash at Bank	25,000
Subscriptions	1,65,000
Donations	35,000
Investment Purchased	80,000
Rent Paid	20,000
General Expenses	21,500
Postage and stationery	2,000
Courier charges	1,000
Sundry Expenses	2,500
Closing Cash in Hand	12,000

ANSWER:

### Books of Health Club

#### Receipt and Payment Account

Dr.		Cr.	
Receipts	Amount Rs	Payments	Amount Rs
Balance b/d		Investment	80,000
Cash in Hand	5,000	Rent	20,000
Cash at Bank	<u>25,000</u>	General Expenses	21,500
Subscriptions	1,65,000	Postage and Stationery	2,000
Donations	35,000	Courier Charges	1,000
		Sundry Expenses	2,500
		Balance c/d	
		Cash in Hand	12,000
		Cast at Bank	<u>91,000</u>
		(Balancing figure)	
	<u>2,30,000</u>		<u>2,30,000</u>

Question 2:

The Receipt and Payment Account of Harimohan charitable institution is given:

**Receipt and Payment Account for the year ending March 31, 2015**

Receipts	Amount	Payments	Amount
	Rs		Rs
Balance b/d:		Furniture	3,000
Cash at Bank	22,000	Investments	55,000
Cash in Hand	8,800	Advance for building	20,000
Donations	32,000	Charities	60,000
Subscriptions	50,200	Salaries	10,400
Endowment Fund	60,000	Rent and Taxes	4,000
Legacies	24,000	Printing	1,000
Interest on Investment	3,800	Postage	300
Interest on Deposits	800	Advertisements	1,100
Sale of old newspapers	500	Insurance	4,800
		Balance c/d:	
		Cash at Bank	32,000
		Cash in Hand	10,500
	<u>2,02,100</u>		<u>2,02,100</u>

Prepare the Income and Expenditure Account for the Year ended on March 31, 2015 after considering the following:

- (i) It was decided to treat Fifty per cent of the amount received on account of Legacies and Donations as income.
- (ii) Liabilities to be provided for are:  
Rent Rs 800; Salaries Rs 1,200; advertisement Rs 200.
- (iii) Rs 2,000 due for interest on investment was not actually received.

**ANSWER:**

**Books of Harimohan Charitable Institution**

**Income and Expenditure Account**

Dr.			Cr.	
Expenditure	Amount	Income	Amount	
	Rs		Rs	
Rent and Taxes	4,000	Donations	16,000	
Add: Outstanding	<u>800</u>	Legacies	12,000	
	4,800	Subscriptions	50,200	
Salaries	10,400	Interest on Investment	3,800	
Add: Outstanding	<u>1,200</u>	Add: Accrued Interest	<u>2,000</u>	5,800
	11,600			
Advertisement	1,100	Interest on Deposits	800	
Add: Outstanding	<u>200</u>	Sale of Old Newspapers	500	
	1,300			
Charities	60,000			
Printing	1,000			
Postage	300			
Insurance	4,800			

Surplus ( <i>Excess of Income over Expenditure</i> )	1,500	
	85,300	85,300

Question 3:

From the following particulars, prepare Income and Expenditure account:

Details	Amount Rs
Fees collected, including Rs 80,000 on account of the previous year	5,20,000
Fees for the year outstanding	30,000
Salary paid, including Rs 5,000 on account of the previous year	68,000
Salary outstanding at the end of the year	3,000
Entertainment expenses	8,000
Tournament expenses	25,000
Meeting Expenses	18,000
Traveling Expenses	7,000
Purchase of Books and Periodicals, including Rs 31,000 for purchase of Books	40,000
Rent	15,000
Postage, telegrams and telephones	6,000
Printing and Stationery	18,000
Donations received	25,000

ANSWER:

#### Income and Expenditure Account

Dr.		Cr.	
Expenditure	Amount Rs	Income	Amount Rs
Salaries	68,000	Fees Collected	5,20,000
<i>Less: Previous year's</i>		<i>Less: Previous year's</i>	
Outstanding	(5,000)	Outstanding	(80,000)
	63,000		4,40,000
<i>Add: Current year's</i>		<i>Add: Current year's</i>	
Outstanding	3,000	Outstanding	30,000
	66,000		4,70,000
Entertainment Expenses	8,000	Donations	25,000
Tournament Expenses	25,000		
Meeting Expenses	18,000		
Traveling Expenses	7,000		
Purchases of Periodicals (40,000 – 31,000)	9,000		
Postage, Telegrams and Telephone's	6,000		
Rent	15,000		
Printing and Stationery	18,000		
Surplus ( <i>Excess of Income over Expenditure</i> )	3,23,000		
	4,95,000		4,95,000

**NOTE:** As per the solution, Excess of Income over Expenditure is Rs 3,23,000; however, as per the book, it is Rs 3,07,000.

Question 4:

Following is the information given in respect of certain items of a Sports Club. Show these items in the Income and Expenditure Account and the Balance Sheet of the Club:

Particulars	Rs
Sports Fund as on 1.4.2015	35,000
Sports Fund Investments	35,000
Interest on Sports Fund	4,000
Donations for Sports Fund	15,000
Sports Prizes awarded	10,000
Expenses on Sports Events	4,000
General Fund	80,000
General Fund Investments	80,000
Interest on General Fund Investments	8,000

ANSWER:

### Books of Sports Club

#### Income and Expenditure Account

Dr.		Cr.	
Expenditure	Amount Rs	Income	Amount Rs
		Interest on General Fund Investments	8,000

#### Balance Sheet

Liabilities	Amount Rs	Assets	Amount Rs
Sports Fund	35,000	Sports Fund Investments	35,000
Add: Interest on Sports Fund	4,000	General Fund Investments	80,000
Add: Donations for Sports Fund	15,000		
	54,000		
Less: Expenses on Sports Event	(4,000)		
Less: Prize Awarded	(10,000)		
General Fund	40,000		
	80,000		

Question 5: How will you deal with the following items while preparing for the Bombay Women Cricket Club its income and expenditure account for the year ending 31.3.2017 and its Balance Sheet as on 31.3.2017:

	Rs
(a) Donation received during the year for the construction of a permanent Pavilion	12,25,000
Expenditure incurred up to 31.3.2017 on its construction	10,80,000
The total estimated expenditure on construction of Pavilion being	25,00,000
(b) Tournament Fund:	
Balance as on 1.4.2016	10,700
Subscriptions for tournament received during the year	65,800
Expenditure incurred during the year on conducting tournaments	72,400
(c) Life Membership fee received during the year	28,000

Give reasons for your answers

(a)

## Books of Bombay Women Cricket Club

## Balance Sheet

as on March 31, 2017

Liabilities		Amount	Assets		Amount
		Rs			Rs
Donation for Pavilion	12,25,000	1,45,000	Construction of Pavilion in Progress	10,80,000	
Less: Exp. on construction of Pavilion	(10,80,000)				
Capital		10,80,000			
Add: Pavilion Construction	10,80,000				

**Reason**

Donation for construction of Pavilion is a donation for specific purpose.

Expenses on construction on Pavilion is a capital expenditure.

(b)

## Balance Sheet

as on March 31, 2017

Liabilities		Amount	Assets		Amount
		Rs			Rs
Tournament Fund	10,700	4,100			
Add: Subscription for Tournament	65,800				
	76,500				
Less: Tournament Expenses	(72,400)				

**Reason**

All funds received are treated as capital receipts and expenses related to any fund are deduced from the concerned funds.

(c)

## Balance Sheet

as on March 31, 2017

Liabilities		Amount	Assets		Amount
		Rs			Rs
Life Membership Fees		28,000			

**Reason** Life Membership Fees are considered as capital receipts and are shown on the Liabilities side of the Balance Sheet, if nothing is specified about its treatment. But if it is to be treated as revenue item, then it is shown on the credit side of the Income and Expenditure Account.