

# Chapter 7 Company Accounts Financial Statements of Not-for-Profit Organisations

Question 1.

From the following particulars of Evergreen club, prepare Receipts and payments Account for the year ended 31st March,2018:

	₹		₹
Cash in Hand on 1 <sup>st</sup> April,2017	50,000	Newspaper and Magazines	87,000
Cash at Bank on 1 <sup>st</sup> April,2017	3,40,000	Sale of Old Newspaper	12,000
Subscriptions Received	15,70,000	Books purchased	3,40,000
Donations Received	2,80,000	Sports Materials	4,70,000
Investments purchased	5,00,000	Purchased	50,000
Rent paid	50,000	Interest on Investments Received	1,50,000
General Expenses	2,30,000	Honorarium to coaches	30,000
Postage and stationery	25,000	Cash in Hand on 31st March,2018	?
		Cash at Bank on 31 st March ,2018	

Solution:

**In the books of Evergreen Club  
Receipts and Payments Account  
for the year ended March 31,2018**

Dr.			Cr.
Receipts	Rs.	Payments	Rs.
To Balance b/d		By Investments Purchased	5,00,000
Cash in Hand	50,000	By Rent Paid	50,000
Cash at Bank	<u>3,40,000</u>	By General Expenses	2,30,000
To Subscription Received		By Postage and Stationery	25,000
To Donation Received		By Newspapers and Magazines	87,000
To Sale of Old Newspapers		By Books Purchased	3,40,000
To Interest on Investments Received		By Sports Material Purchased	4,70,000
		By Honorarium to Coacher	1,50,000
		By Balance c/d	
		Cash in Hand	30,000
		Cash at Bank (Balancing Fig.)	4,20,000
	<u>23,02,000</u>		4,50,000
			<u>23,02,000</u>

Question 2.

How are the following items shown in the accounts of a Not-for-Profit Organisation ?

₹	
Tournament Fund	50,000
Tournament Expenses	15,000
Receipts from Tournament	20,000

Solution:

**Balance Sheet (Extract)**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Tournament Fund	50,000		
Add : Tournament Receipts	20,000		
Less : Tournament Expenses	(15,000)	55,000	

Question 3.

How are the following dealt with in the accounts of a Not-for-Profit Organisation ?

<b>Case I</b>	<b>Dr. (₹)</b>	<b>Cr. (₹)</b>	<b>Case II</b>	<b>Dr. (₹)</b>	<b>Cr. (₹)</b>
Prize Fund		50,000	Match Fund		1,00,000
Prizes Paid	12,000		Match Expenses	35,000	
Match	15,000		Investments of Match	60,000	
Expenses			Fund		
			Interest on Match		
			Fund		
			Investments		
			Prizes Paid	19,000	3,000

Solution:

**Case 1**

**Balance Sheet (Extract)**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Prize Fund 50,000			
Less : Prize Paid (12,000)	38,000		

**Note:** Prize Fund is maintained to meet the expenses related to the Prize. Thus, Match Expenses of Rs.15,000 are not deducted from the Prize Fund. However, it will be debited to the Income and Expenditure Account as no specific fund is maintained to meet such expenses.

**Case 2**

**Balance Sheet (Extract)**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Match Fund 1,00,000		Match fund Investments	60,000
Less : Match Expenses (35,000)			
Add : Interest on Investment of Match Fund 3,000	68,000		

**Note:** Match Fund is maintained to meet the expenses related to the Match. Therefore, Prizes paid worth Rs.19,000 are not deducted from the Match fund. However, it will be debited to the Income and Expenditure Account as no specific funds maintained for distributing the prizes. Also, the interest on investment of Match Fund will be added to Match Fund because it is an income related to this particular fund.

Question 4.

How are the following dealt with while preparing the final accounts of a club?

**TRIAL BALANCE as at 31st March,2018**

<b>Particulars</b>	<b>Dr. (₹)</b>	<b>Cr. (₹)</b>
Match Fund .....		80,000
Match Fund 72,000		.....
Investments 3,500		.....
Match Fund Bank .....		2,880
Balance 5,500		.....
Interest on Match Fund Investments		
Match Expenses		

Solution:

<b>Balance Sheet (Extract)</b>			
<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Match Fund	80,000	Match Fund Investments	72,000
Add : Interest on Match Fund			
Investment	2,880	Match Fund Bank Balance	3,500
Less : Match Expenses	(5,500)		
	77,380		

Question 5.

From the following information of a club show the amounts of match expenses and match fund in the appropriate Financial Statements of the club for the year ended on 31st March, 2018:

<b>Details</b>	<b>₹</b>
Match expenses paid during the year ended 31st March, 2018	1,02,000
Match Fund as on 31st March, 2017	24,000
Donation for Match Fund (Received during the year ended 31st March, 2018)	40,000
proceeds from the sale of match tickets (Received during the year ended 31st March, 2018)	15,000

Solution:

<b>Balance Sheet (Extract)</b>			
<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Match Fund	24,000		
Add : Donation For Match Fund	40,000		
Add : Proceed from Sale of Tickets	15,000		
Less: Match Expenses (Note)	(79,000)	NIL	

#### **Income and Expenditure Account (Extract)**

<b>Dr.</b>			<b>Cr.</b>
<b>Expenditure</b>	<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>
To Match Expenses (Note)	23,000		

Note: The Total Match Fund is Rs.79,000 (i.e. Rs.24,000 + Rs.40,000 +Rs.15,000) whereas the total Match Expenses amounts to Rs.1,02,000. It means that expenses of Rs.79,000 will be met through the Fund and the remaining expenses of Rs.23,000 (i.e., Rs.1,02,000 - Rs.79,000) will be debited to the Income and Expenditure Account.

Question 6.

Show how are the following items dealt with while preparing the final accounts for the year ended 31st March , 2018 of a Not-for-profit Organisation:

Case I: Expenditure on construction of Pavilion is ₹ 6,00,000. The construction work is in progress and has not yet completed.

Capital Fund as at 31st March , 2017 is ₹ 20,00,000.

Case II: Expenditure on construction of Pavilion is ₹ 6,00,000. The construction work is in progress

and has not yet completed.

Pavilion Fund as at 31st March, 2017 is ₹ 10,00,000 and Capital Fund as at 31st March, 2017 is ₹ 20,00,000.

Case III: Expenditure on construction of Pavilion is ₹ 6,00,000. The construction work is in progress and has not yet completed.

Pavilion Fund as at 31st March, 2017 is ₹ 10,00,000, and Capital Fund as at 31st March, 2017 is ₹ 20,00,000 .

Donation Received for Pavilion on 1st January, 2018 is ₹ 5,00,000.

Solution:

**Case 1**

**Balance Sheet (Extract)**  
**as on March 31,2018**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital Fund	20,00,000	Pavilion Work - in - Progress	6,00,000

**Case 2**

**Balance Sheet (Extract)**  
**as on March 31,2018**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Pavilion Fund	10,00,000	Pavilion Work - in Progress	6,00,000
Less : Expenditure on Construction of Pavilion	(6,00,000)		
Capital Fund	20,00,000		
Add : Pavilion Work - in - Progress	6,00,000		
		26,00,000	

**Case 3**

**Balance Sheet (Extract)**  
**as on March 31,2018**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Pavilion Fund	10,00,000	Pavilion Work - in Progress	6,00,000
Add: Donation	5,00,000		
Less : Expenditure on Construction of Pavilion	(6,00,000)		
Capital Fund	20,00,000		
Add : Pavilion Work - in - Progress	6,00,000		
		26,00,000	

Question 7.

How is Entrance Fees dealt with while preparing the final accounts for the year ended 31st March, 2018 in each of the following alternative cases?

Case I: During the year ended 31st March, 2018, Entrance Fees received was ₹ 1,00,000.

Case II: During the year ended 31st March, 2018, Entrance Fees received was ₹ 1,00,000. Out of this ₹ 25,000 was received from individuals whose membership is not yet approved.

Solution:

**Case 1**

**Income and Expenditure Account (Extract)**  
**for the year ended March 31, 2018**

Dr.				Cr.
Expenditure	Rs.	Income	Rs.	
		By Entrance fees		1,00,000

**Case 2**

**Income and Expenditure Account (Extract)**

Dr.				Cr.
Expenditure	Rs.	Income	Rs.	
		By Entrance fees (1,00,000 - 25,000)		75,000

Question 8.

In the year ended 31st March, 2018, the subscriptions received by the Jaipur Literary Society were ₹ 4,20,000. These subscriptions include ₹ 14,000 received for the year ended 31st March, 2017. On 31st March, 2018, subscriptions due but not received were ₹ 10,000. What amount should be credited to Income and Expenditure Account for the year ended 31st March, 2018 as subscription ?

Solution:

**Income and Expenditure Account (Extract)**  
**for the year ended March 31, 2018**

Dr.				Cr.
Expenditure	Rs.	Income	Rs.	
		By Subscription Less : Outstanding for 31 <sup>st</sup> March 17 Add : Outstanding for 31 <sup>st</sup> March 18	4,20,000 (14,000) 10,000	4,16,000

Question 9.

Subscriptions received during the year ended 31st March, 2018 are:

	₹	₹
For the year ended 31st March, 2017	1,600	
For the year ended 31st March, 2018	84,400	
For the year ended 31st March, 2019	<u>3,200</u>	89,200

There are 450 members, each paying an annual subscription of ₹ 200; ₹ 1,800 were in arrears for the year ended 31st March, 2017.

Calculate amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31st March, 2018.

Solution:

**Income and Expenditure Account (Extract)**  
**for the year ended March 31, 2018**

Dr.			Cr.
Expenditure	Rs.	Income	Rs.
		By Subscription (450 Members × Rs.200 each)	90,000

Question 10.

In the year ended 31st March, 2018 subscriptions received by Kings Club, Delhi were ₹ 4,09,000 including ₹ 5,000 for the year ended 31st March, 2017 and ₹ 10,000 for the year ended 31st March, 2019. At the end ₹ 15,000. The subscriptions due but not received at the end of the previous year, i.e., 31st March, 2017 were ₹ 8,000, while subscriptions received in advance on the same date were ₹ 18,000.

Calculate amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31st March, 2018.

Solution:

**Statement of Subscription**  
**for the year ended March 31, 2018**

Particulars	Rs.
Subscription received during the year 2017 -18	4,09,000
Add : Outstanding for 2017 - 18 (Current year)	15,000
Less : Received for 2016 - 17 (Previous year)	(5,000)
Add : Advance received in 2016 - 17(Previous year)	18,000
Less : Advance received for 2018 - 19 (Next year)	(10,000)
<b>Subscriptions to be credited to Income and Expenditure Account</b>	<b>4,27,000</b>

Question 11.

From the following information, calculate amount of subscriptions to be credited to the Income and Expenditure Account for the year ended 31st March, 2018:

₹		
1st April, 2017	Subscriptions in Arrears	50,000
	Subscriptions Received in Advance	30,000
31st March, 2018	Subscriptions in Arrears	25,000
	Subscriptions Received in Advance	70,000

Subscriptions received during the year ended 31st March, 2018 – ₹ 3,00,000

Solution:

**Statement of Subscription  
for the year ended March 31, 2018**

Particulars	Rs.
Subscription received during the year 2017- 18	3,00,000
Less : Subscription-in-Arrears for 2016 - 17	(50,000)
Add : Subscription-in-Arrears for 2017 -18	25,000
Add : Subscription-in-Advance for 2017 - 18	30,000
Less : Subscription-in advance for 2018 -19	(70,000)
<b>Subscriptions to be credited to Income and Expenditure Account</b>	<b>2,35,000</b>

**Balance Sheet (Extract)  
as on March 31, 2018**

Liabilities	Rs.	Assets	Rs.
Capital Fund NIL			
Entrance Fees 25,000	25,000		

Question 12.

Calculate amount of subscriptions which will be treated as income for the year ended 31st March, 2018 for each of the following cases:

	Particulars	₹
<b>Case I.</b>	(i) Subscriptions collected during the year ended 31st March, 2018	2,50,000
	(ii) Subscriptions in arrears for the year ended 31st March, 2018	6,000
	(iii) Subscriptions received in advance for the year ended 31st March, 2019	5,000
<b>Case II.</b>	(i) Subscriptions collected during the year ended 31st March, 2018	49,000
	(ii) Subscriptions for the year ended 31st March, 2018 collected in the year ended 31st March, 2017	3,000
	(iii) Subscriptions unpaid for the year ended 31st March, 2018	2,000
<b>Case III.</b>	(i) Subscriptions received during the year ended 31st March, 2018	25,000
	(ii) Subscriptions outstanding in the beginning of the year ended 31st March, 2018	3,000
	(iii) Subscriptions not yet collected for the year ended 31st March, 2018	5,000
<b>Case IV.</b>	(i) Subscriptions received during the year ended 31st March, 2018	80,000
	(ii) Subscriptions outstanding in the beginning of the year ended 31st March, 2018	5,000
	(iii) Subscriptions not yet collected for the year ended 31st March, 2018	8,000
	(iv) Subscriptions for the year ended 31st March, 2019 received in advance	2,000
<b>Case V.</b>	(i) Subscriptions received during the year ended 31st March, 2018	90,000
	(ii) Subscriptions outstanding at the end of the year ended 31st March, 2017	5,000
	(iii) Subscriptions received in advance on 31st March, 2017	3,000
	(iv) Subscriptions received in advance on 31st March, 2018	4,000
	(v) Subscriptions not yet collected for the year ended 31st March, 2018	6,000

Solution:

**Case 1**

**Statement of Subscription  
for the year ended March 31, 2018**

Particulars	Rs.
Subscriptions received during the year 2017 - 18	2,50,000
Add : Subscriptions -in -arrears for the year 2017 - 18	6,000
Less : Subscriptions received in advance for the year 2018 - 19	(5,000)
<b>Subscriptions Income for the year 2017 - 18</b>	<b>2,51,000</b>

**Case 2**

**Statement of Subscription  
for the year ended March 31, 2018**

Particulars	Rs.
Subscriptions received during the year 2017 - 18	49,000
Add : Subscriptions collected for 2017 - 18 in 2016 - 17	3,000
Add : Subscriptions unpaid for the year 2017-18	2,000
<b>Subscriptions Income for the year 2017 - 18</b>	<b>54,000</b>

**Case 3**

**Statement of Subscription  
for the year ended March 31, 2018**

Particulars	Rs.
Subscriptions received during the year 2017 - 18	25,000
Less : Subscriptions outstanding in the beginning of 2017 - 18	(3,000)
Add : Subscriptions yet not collected for 2017 - 18	5,000
<b>Subscriptions Income for the year 2017 - 18</b>	<b>27,000</b>

**Case 4**

**Statement of Subscription  
for the year ended March 31, 2018**

Particulars	Rs.
Subscriptions received during the year 2017 - 18	80,000
Less : Subscriptions Outstanding in the beginning of 2017 - 18	(5,000)
Add : Subscriptions yet not Collected for 2017 - 18	8,000
Less : Subscriptions for 2018 - 19 received in advance	(2,000)
<b>Subscriptions Income for the year 2017 - 18</b>	<b>81,000</b>

**Case 5**

**Statement of Subscription  
for the year ended March 31, 2018**

Particulars	Rs.
Subscriptions received during the year 2017 - 18	90,000
Less : Subscriptions Outstanding at the end of 2016 - 17	(5,000)
Add : Subscriptions received in advance on March 31, 2017	3,000
Less : Subscriptions received in advance on March 31, 2018	(4,000)
Add : Subscriptions not yet collected for 2017 - 18	6,000
<b>Subscriptions Income for the year 2017 - 18</b>	<b>90,000</b>

Question 13.

From the following particulars, calculate amount of subscriptions to be credited to the Income and Expenditure Account for the year ended 31st March, 2018:

- (a) Subscriptions in arrears on 31st March, 2017 – ₹ 500
- (b) Subscriptions received in advance on 31st March, 2017 for the year ended on 31st March, 2018 – ₹ 1,100
- (c) Total Subscriptions received during the year ended 31st March, 2018 – ₹ 35,400  
(including ₹ 400 for the year ended 31st March, 2017 ₹ 1,200 for the year ended 31st March, 2019 and ₹ 300 for the year ended 31st March, 2020)
- (d) Subscriptions outstanding for year ended 31st March, 2018 – ₹ 400

Solution:

**Statement of Subscription  
for the year ended March 31, 2018**

Particulars	Rs.
Subscriptions received during the year 2017- 18	35,400
Less : Subscriptions-in-arrears received for 2016 -17	(400)
Less : Subscriptions received-in-advance for 2018-19	(1,200)
Less : Subscriptions received-in-advance for 2018-19	(300)
Add : Subscriptions Outstanding for 2017-18	400
Add : Subscriptions received in 2016 -17 for 2017 - 18	1,100
<b>Subscriptions to be credited to Income and Expenditure Account</b>	<b>35,000</b>

Question 14.

Receipts and Payments Account of Friends Club showed that ₹ 6,85,000 were received by way of

subscriptions for the year ended on 31st March, 2018.

The additional information was as under:

- (a) Subscription outstanding as on 31st March, 2017 were – ₹ 65,000.
- (b) Subscription received in advance as on 31st March, 2017 were – ₹ 41,000.
- (c) Subscription outstanding as on 31st March, 2018 were – ₹ 54,000.
- (d) Subscription received in advance as on 31st March, 2018 were – ₹ 25,000.

Show how the above information would appear in the final accounts for the year ended on 31st March, 2018 of Friends Club.

Solution:

**Income and Expenditure Account**  
*for the year ending March 31, 2018*

Dr.			Cr.
Expenditure	Amount (Rs.)	Income	Amount (Rs.)
		Subscriptions	6,90,000

**Balance Sheet**

*as on March 31, 2018*

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Subscriptions Received in Advance	25,000	Subscriptions Outstanding	54,000

**Balance Sheet**

*as on March 31, 2017*

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Subscriptions Received in Advance	41,000	Subscriptions Outstanding	65,000

**Working Notes:**

**WN1:** Calculation of Subscription Income (to be shown in Income and Expenditure Account)

Particulars	Amount (Rs.)
Subscription received during 2017-18	6,85,000
Subscription outstanding in 2017-18	54,000
Subscription outstanding in 2016-17	(65,000)
Subscription received in advance in 2017-18	(25,000)
Subscription received in advance in 2016-17	41,000
<b>To be credited to Income and Expenditure Account</b>	<b>6,90,000</b>

Question 15.

How are the following items of subscriptions shown in the Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheets as at 31st March, 2017 and 2018 ?

Subscriptions received during the year ended 31st March, 2018 – ₹ 3,58,500

Subscriptions outstanding on 31st March, 2017 – ₹ 30,000

Subscriptions received in Advance on 31st March, 2017 – ₹ 22,500

Subscriptions received in Advance on 31st March, 2018 – ₹ 13,500

Subscriptions outstanding on 31st March, 2018 – ₹ 37,500

(including ₹ 12,500 for the year ended 31st March, 2017)

Solution:

**Income and Expenditure Account (Extract)**  
**For the year ended March 31, 2018**

Dr.		Cr.	
Expenditure	Rs.	Income	Rs.
		By Subscriptions 3,58,500	
		Add: Outstanding at the end 37,500	
		Add: Advance in the beginning 22,500	
		Less: Outstanding in the beginning (30,000)	
		Less: Advance at the end (13,500)	3,75,000

**Balance Sheet (Extract)**  
**as on March 31, 2017**

Liabilities	Rs.		Rs.
Subscriptions received in Advance	2,2,500	Subscriptions Outstanding	30,000

**Balance Sheet (Extract)**  
**as on March 31, 2018**

Liabilities	Rs.	Assets	Rs.
Subscriptions received in Advance	13,500	Subscriptions Outstanding	37,500

Question 16.

From the following information , calculate amount of subscriptions outstanding for the year ended 31st March, 2018:

A club has 200 members each paying an annual subscription of ₹ 1,000. The Receipts and Payments Account for the year showed a sum of ₹ 2,05,000 received as subscriptions. The following additional information is provided:

Subscriptions Outstanding on 31st March, 2017 – ₹ 30,000

Subscriptions Received in Advance on 31st March, 2018 – ₹ 40,000

Subscriptions Received in Advance on 31st March, 2017 – ₹ 14,000

Solution:

**Subscriptions Account**

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Income and Expenditure (200 members × Rs.100 each)	2,00,000	By Bank (Subscriptions Received) 2,05,000	
To Outstanding Subscriptions in the beginning	30,000	By Advance Subscriptions in the beginning 14,000	
		By Outstanding Subscriptions at the end 51,000	
To Advance Subscriptions at the end	40,000	(Balancing Figure) 2,70,000	
	2,70,000		2,70,000

Question 17.

On the basis of information given below, calculate the amount of medicines to be debited to the Income and Expenditure Account of Good Health Hospital for the year ended 31st March, 2018:

Particulars	1 st April, 2017 (₹)	31 st March, 2018 (₹)
Stock of Medicines	1,75,750	1,44,650
Creditors for Medicines	15,06,900	18,20,700

Medicines purchased during the year ended 31st March, 2018 were ₹ 60,80,700.

Solution:

**Statement of Medicine Consumed  
during the year 2017-18**

Particulars	Rs.
Medicine Purchased during the year 2017 - 18	60,80,700
Add : Stock in the beginning (as on April 01,2017)	1,75,750
Less : Stock at the end (as on March 31, 2018)	(1,44,650)
<b>Medicine to be debited to Income and Expenditure Account</b>	<b>61,11,800</b>

Question 18.

Calculate amount of medicines consumed during the year ended 31st March, 2018:

Opening Stock of Medicines – ₹ 1,00,000

Opening Creditors for Medicines – ₹ 90,000

Cash purchases of Medicines during the year – ₹ 3,00,000

Closing Stock of Medicines – 1,50,000

Closing Creditors for Medicines – 1,30,000

Solution:

**Statement of Medicine Consumed  
For the year ending March 31, 2018**

Particulars	Rs.
Cash Purchases of medicine during the year	3,00,000
Add : Opening Stock of Medicines	1,00,000
Less : Closing Stock of Medicines	(1,50,000)
Add : Closing Creditors of Medicines	1,30,000
Less : Opening Creditors of Medicines	(90,000)
<b>Medicines Consumed during the year 2017 - 18</b>	<b>2,90,000</b>

Question 19.

Calculate amount to be posted to the Income and Expenditure Account for the year ended 31st March, 2018:

(i) Amount paid for stationery during the year ended 31st March, 2018 – ₹ 5,400; Stock of Stationery in Hand on 31st March, 2018 – ₹ 250.

(ii) Stock of Stationery in Hand on 1st April, 2017 – ₹ 1,500; Payment made for Stationery during the year ended 31st March, 2018 – ₹ 5,400; Stock of Stationery in Hand on 31st March, 2018 – ₹ 250.

(iii) Stock of Stationery on 1st April, 2017 – ₹ 1,500

Creditors for Stationery on 1st April, 2017 – ₹ 1,000

Amount paid for Stationery during the year – ₹ 5,400

Stock of Stationery on 31st March, 2018 – ₹ 250

Solution:

a.

**Statement of Stationery Consumed  
at the end of 31<sup>st</sup> March 2018**

Particulars	Rs.
Amount paid for Stationery during the year ended 31 <sup>st</sup> March 2018	5,400
Less : Closing Stock (as on 31 <sup>st</sup> March 2018)	(250)
<b>Stationery to be posted to Income and Expenditure Account</b>	<b>5,150</b>

b.

**Statement of Stationery Consumed  
at the end of 31<sup>st</sup> March 2018**

Particulars	Rs.
Payment made for Stationery during the year ended 31 <sup>st</sup> March 2018	5,400
Add : Opening Stock (as on 1 <sup>st</sup> April 2017)	1,500
Less : Closing Stock (as on 31 <sup>st</sup> March 2018)	(250)
<b>Stationery to be posted to Income and Expenditure Account</b>	<b>6,650</b>

c.

**Statement of Stationery Consumed  
at the end of 31<sup>st</sup> March 2018**

Particulars	Rs.
Amount paid for Stationery during the year ended 31 <sup>st</sup> March 2018	5,400
Add : Opening Stock (as on 1 <sup>st</sup> April 2017)	1,500
Less : Closing Stock (as on 31 <sup>st</sup> March 2018)	(250)
Less: Creditors for Stationery in the beginning (as on 1 <sup>st</sup> April 2017)	(1,000)
<b>Stationery to be posted to Income and Expenditure Account</b>	<b>5,650</b>

Question 20.

On the basis of the following information, calculate amount that will appear against the term Stationery Used in the Income and Expenditure Account for the year ended 31st March, 2018:

	₹
Stock of Stationery as at 1st April, 2017	12,000
Creditors for Stationery as at 1st April, 2017	25,600
Amount paid for Stationery during the year ended 31st March,2018	1,40,000
Stock of Stationery as at 31st March,2018	23,200
Creditors for Stationery as at 31st March,2018	24,000

Solution:

**Statement of Stationery Consumed  
for the year ended March 31, 2018**

Particulars	Rs.
Amount paid for Stationery during the year 2017 - 18	1,40,000
Add : Opening Stock (as on April 01, 2017)	12,000
Less : Closing Stock (as on March 31, 2018)	(23,200)
Add : Creditors at the end ( as on March 31, 2018)	24,000
Less : Creditors in the beginning (as on April 01, 2017)	(25,600)
<b>Rs. Stationery be shown in Income and Expenditure Account</b>	<b>1,27,200</b>

Question 21.

Calculate the amount that will be posted to the income and Expenditure Account for the year ended 31st March, 2018:

	₹
Stock of Stationery on 1st April, 2017	30,000
Creditors for Stationery on 1st April, 2017	20,000
Advances paid for Stationery carried forward from the year ended 31st March, 2017	2,000
Amount paid for Stationery during the year ended 31st March,2018	1,08,000
Stock of Stationery on 31st March,2018	13,000
Advance paid for Stationery on 31st March,2018	3,000

Solution:

**Statement of Stationery**  
**for the year ended March 31, 2018**

Particulars	Rs.
Amount paid for Stationery during the year 2017-18	1,08,000
Add : Opening Stock (as on April 01, 2017)	30,000
Less : Closing Stock (as on March 31, 2018)	(5,000)
Less: Creditors in the beginning (as on April 01, 2017)	(20,000)
Add: Creditors at the end (as on March 31, 2018)	13,000
Add: Advance in the beginning (as on April 01, 2017)	2,000
Less: Advance at the end (as on March 31, 2018)	(3,000)
<b>Amount to be posted to Income and Expenditure Account</b>	<b>1,25,000</b>

Question 22.

How are the following dealt with while preparing the final accounts for the year ended 31st March, 2018?

**RECEIPTS AND PAYMENTS ACCOUNT ( AN EXTRACT )**  
*for the year ended 31ST March, 2018*

Dr.	Cr.
Receipts      ₹	Payments      ₹

  

	By Payments for Sports Material	1,40,000
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**BALANCE SHEET (AN EXTRACT) as at 1st April, 2017**

Liabilities	₹	Assets	₹
Creditors for Sports Materials	6,000	Sports Materials	8,000

Additional information:

(i) Sports Materials in Hand on 31st March, 2018 – ₹ 22,000

Solution:

**Income and Expenditure Account  
for the year ended March 31,2018 (Extract)**

Dr.			Cr.	
<b>Expenditure</b>		<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>
To Sports : Material	1,40,000			
Add : Opening Stock	8,000			
Less: Closing Stock	(22,000)			
Less: Creditors in the beginning	<u>(6,000)</u>	1,20,000		

**Balance Sheet  
as on March 31,2018 (Extract)**

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
		Stock of Sport Materials	22,000

Question 23.

How are the following dealt with while preparing the final accounts for the year ended 31st March, 2018?

**RECEIPTS AND PAYMENTS ACCOUNT ( AN  
EXTRACT ) for the year ended 31ST  
March, 2018**

Dr.			Cr.
Receipts	₹	Payments	₹
		By Payments for Medicines	1,50,000

Additional information :

	As at 1st April, 2017 (₹)	As at 31st March, 2018 (₹)
Stock of Medicines	50,000	75,000
Creditors for Medicines	40,000	60,000

Solution:

**Income and Expenditure Account  
for the year ended March 31,2018(Extract)**

Dr.			Cr.
Expenditure	Rs.	Income	Rs.
To Medicine	1,50,000		
Add : Opening Stock	50,000		
Less: Closing Stock	(75,000)		
Less : Creditors in the beginning	(40,000)		
Add : Creditors at the end	60,000	1,45,000	

**Balance Sheet  
as on March 31,2017 (Extract)**

Liabilities	Rs.	Assets	Rs.
Creditors for Medicines	40,000	Stock of Medicines	50,000

**Balance Sheet  
as on March 31,2018 (Extract)**

Liabilities	Rs.	Assets	Rs.
Creditors for Medicines	60,000	Stock of Medicines	75,000

Question 24.

How are the following dealt with while preparing the final accounts of a sports club for the year ended 31st March, 2018?

**RECEIPTS AND PAYMENTS ACCOUNT ( AN  
EXTRACT ) for the year ended 31ST March, 2018**

Dr.			Cr.
Receipts	₹	Payments	₹
To Sale of Sports Materials (Book value ₹ 20,000)	26,000	By Creditors for Sports Materials By Cash purchase of Sports Materials	61,000 10,000

Additional information :

	As at 1st April, 2017 (₹)	As at 31st March, 2018 (₹)
Sports Materials	20,000	25,000
Creditors for Sports Materials	7,000	15,000

Solution:

**Income and Expenditure Account (Extract)**  
**for the year ended March 31, 2018**

Dr.	Expenditure	Rs.	Income	Cr.
To Payment for Sports Material	71,000		By Profit on Sale of Sports Material	6,000
Add: Opening Stock	20,000		(26,000 - 20,000)	
Less: Closing Stock	(25,000)			
Less: Creditors in the beginning	(7,000)			
Add: Creditors at the end	15,000			
Less: Book Value of Material Sold	<u>(20,000)</u>	54,000		

**Balance Sheet (Extract)**

**as on March 31, 2017**

Liabilities	Rs.	Assets	Rs.
Creditors for Sport Materials	7,000	Stock of Sport Materials	20,000

**Balance Sheet (Extract)**

**as on March 31, 2018**

Liabilities	Rs.	Assets	Rs.
Creditors for Sport Materials	15,000	Stock of Sport Materials	25,000

Question 25.

From the following information of a Not-for-Profit Organisation, show the Sports Materials item in the Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheets as at 31st March, 2018:

Particulars	31st March, 2017 ₹	31st March, 2018 ₹
Stocks of Sports Materials	6,200	4,800
Creditors for Sports Materials	9,800	7,200
Advance to Suppliers for Sports Materials	11,000	19,000

Solution:

**Extract of Income and Expenditure Account  
for the year ended March 31, 2018 (Extract)**

Dr.	Cr.		
Expenditure	Rs.	Income	Rs.
To Sports Material Consumed	92,800		

**Balance Sheet  
as on March 2017 (Extract)**

Liabilities	Rs.	Assets	Rs.
Creditors of Sports Materials	9,800	Stock of Sports Materials	6,200
		Advance paid for Sports Materials	11,000

**Balance Sheet  
as on March 2018 (Extract)**

Liabilities	Rs.	Assets	Rs.
Creditors of Sports Materials	7,200	Stock of Sports Materials	4,800
		Advance paid for Sports Materials	19,000

**Working Note:**

Calculation of Sports Material Consumed

Particulars	Rs.
Sports Material	1,02,000
Add : Opening Stock	6,200
Less : Closing Stock	(4,800)
Less: Opening Creditors	(9,800)
Add : Closing Creditors	7,200
Less : Advance at the end	(19,000)
Add : Advance in the beginning	11,000
	<b>92,800</b>

Question 26.

The book value of furniture on 1st April, 2017 is ₹ 60,000. Half of this furniture is sold for ₹ 20,000 on 30th September, 2017. Depreciation is to be charged on furniture @ 10% p.a.

Calculate loss on sale of furniture. Show how the loss on sale and depreciation on furniture will be shown in the Income and Expenditure Account for the year ended 31st March, 2018.

Solution:

### Furniture Account

Dr.	Particulars	Rs.	Date	Particulars	Cr.
2017			2017	By Depreciation A/c (Furniture I)	
Apr 01	To Balance b/d (Furniture I) 30,000 (Furniture II) 30,000	60,000	Sep 30	(6 Months)	1,500
			Sep 30	By Bank A/c (Sale) (Furniture I)	20,000
			Sep 30	By Income and Expenditure A/c (Loss on Sale)	8,500
			2018		
			Mar 31	By Depreciation A/c (Furniture I)	3,000
			Mar 31	By Balance c/d (30,000 - 3,000)	27,000
		<b>60,000</b>			<b>60,000</b>

### Income and Expenditure Account for the year ended March 31, 2018 (Extract)

Dr.	Expenditure	Rs.	Income	Cr.
	To Depreciation on Furniture (1,500 + 3,000)	4,500		
	To Loss on Sale of Furniture	8,500		

#### Working Note :

#### Calculation of Profit or Loss on Sale of Furniture

Particulars	Rs.
Book Value of Furniture Sold as on April 01, 2017	30,000
Less : Depreciation (6 Months) $(30,000 \times 10\% \times 6/12)$	(1,500)
Book Value of Furniture as on Sep 30, 2017	28,500
Less : Sale Value	(20,000)
<b>Loss on Sale of Furniture</b>	<b>8,500</b>

Question 27.

Delhi Youth Club has furniture at a value of ₹ 2,20,000 in its book on 31st March, 2017. It sold old furniture, having book value of ₹ 20,000 as at 1st April, 2017 at a loss of 20% on 31st December, 2017. Furniture is to be depreciated @ 10% p.a. Furniture costing ₹ 1,50,000 was also purchased on 1st October, 2017.

Prepare Furniture Account for the year ended 31st March, 2018.

Solution:

**Furniture Account**

Dr.	Particulars	Rs.	Date	Particulars	Rs.
2017			2017		
Apr 01	To Balance b/d (Furniture I) 2,00,000 (Furniture II) 20,000	2,20,000	Dec 31	By Depreciation A/c (Furniture II) (9 Months)	1,500
Oct 01	To Bank A/c (Furniture III)	1,50,000	Dec 31	By Bank A/c (Furniture II) (Sale) By Income and Expenditure A/c (Loss on Sale)	14,800 3,700
		3,70,000	2018		
			Mar 31	By Depreciation A/c (Furniture I) 20,000 (Furniture III) (6 Months) 7,500	27,500
			Mar 31	By Balance c/d (Furniture I) 1,80,000 (Furniture III) 1,42,500	3,22,500
		3,70,000			3,70,000

**Working Note :**

**Calculation of Profit or Loss on Sale of Furniture**

Particulars	Rs.
Book Value of Furniture I as on April 01, 2017	20,000
Less : Depreciation (9 months) $(20,000 \times 10\% \times 9/12)$	(1,500)
Book Value on December 31, 2017	18,500
Less: Loss on Sale of Furniture $(18,500 \times 20\%)$	(3,700)
<b>Sale value of Furniture</b>	<b>14,800</b>

Question 28.

In the year ended 31st March, 2018, salaries paid amounted to ₹ 2,04,000. Ascertain the amount chargeable to the Income and Expenditure Account for the year ended 31st March, 2018 from the following additional information:

	₹
Prepaid Salaries on 31st March, 2017	24,000
Prepaid Salaries on 31st March, 2018	12,000
Outstanding Salaries on 31st March, 2017	18,000
Outstanding Salaries on 31st March, 2018	15,000

Solution:

**Statement of Salaries**  
for the year ended March 31, 2018

Particulars	Rs.
Amount paid for Salaries	2,04,000
Add : Prepaid Salaries as on March 31, 2017	24,000
Less : Prepaid Salaries as on March 31, 2018	(12,000)
Less : Outstanding Salaries as on March 31, 2017	(18,000)
Add : Outstanding Salaries as on March 31, 2018	15,000
<b>Salaries chargeable to Income and Expenditure Account</b>	<b>2,13,000</b>

Question 29.

How are the following items dealt with while preparing Income and Expenditure Account of a club for the year ended 31st March, 2018?

1st April, 2017    31st March, 2018

Outstanding Locker Rent	₹ 4,600	₹ 6,300
Advance Locker Rent	₹ 3,000	₹ 4,000

Locker Rent received during the year ended 31st March, 2018 – ₹ 52,000.

Solution:

**Income and Expenditure Account (Extract)**

Dr.		Cr.	
Expenditure	Rs.	Income	Rs.
		By Locker Rent Received	52,000
		Add : Outstanding at the end	6,300
		Add : Advance in the beginning	3,000
		Less : Outstanding in the beginning	(4,600)
		Less : Advance at the end	(4,000)
			52,700

Question 30.

Prepare Income and Expenditure Account for the year ended 31st March, 2018 from the following:

**RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2018**

Dr:		Cr:	
Receipts	₹	Payments	₹
To Balance b/d (cash)			4,80,000
To Subscriptions			50,000
To Sale of Investments	1,80,000		20,000
To Sale of Old Furniture	9,00,000		3,00,000
( Book Value ₹ 40,000)	2,00,000		2,00,000
To Donations	30,000		30,000
	10,000		2,40,000
	13,20,000		13,20,000

Solution:

**Income and Expenditure Account**

for the year ended 31<sup>st</sup> March 2018

Dr.		Cr.	
Expenditure	Rs.	Income	Rs.
To Salaries	4,80,000	By Subscriptions	9,00,000
To Rent	50,000	By Donation	10,000
To Stationery	20,000		
To Loss on Sale of Old Furniture	10,000		
To Surplus (Balancing Fig.)	3,50,000		
	9,10,000		9,10,000

Question 31.

Prepare Income and Expenditure Account from the following Receipts and Payments Account of Delhi Nursing Society for the year ended 31st March, 2018:

**RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2018**

Dr.	₹	Payments	₹
Receipts			
To Balance b/d (Cash at Bank)		By Salaries of Nurses	65,600
To Subscriptions	2,01,000	By Board, Laundry and Domestic Help	38,000
To Fees from Non-members	1,11,500	By Rent, Rates and Taxes	20,000
To Government Grant	27,000	By Cost of Car	2,00,000
To Donations for Building Fund	1,00,000	By Expenses of Car	84,000
To Interest	1,56,000	By Drugs and Incidental Expenses	67,000
	3,800	By Balance c/d (Cash at Bank)	1,24,700
	5,99,300		5,99,300

Donation of ₹10,000 received for Building Fund was wrongly included in the Subscriptions Account. A bill of medicines purchased during the year amounted to ₹12,800 was outstanding. Government Grant is not for a specific purpose.

Solution:

**In the books of Delhi Nursing Society  
Income and Expenditure Account  
for the year ended 31<sup>st</sup> March 2018**

Dr.	Expenditure	Rs.	Income	Cr.
To Salaries of Nurses		65,600	By Subscriptions	1,11,500
To Board, Laundry and Domestic Help		38,000	Less : Donation for Building	(10,000)
To Rent Rates and Taxes		20,000	By Fess from Non-members	27,000
To Expenses of Car		84,000	By Municipal Grant	1,00,000
To Drugs and Incidental	67,000		Interest	3,800
Add : Outstanding Expenses	12,800	79,800	By Deficit (Balancing Fig.)	55,100
		2,87,400		2,87,400

Question 32.

Following is the Receipts and Payments Account of You Bee Forty Club for the year ended 31st March, 2018:

**RECEIPTS AND PAYMENTS ACCOUNT** for the year ended 31st March, 2018

Dr:	₹	Payments	₹
To Balance b/d (cash)	1,50,000	By Salaries and Wages	1,60,000
To Subscriptions 2016-2017	60,000	By Office Expenses	35,000
2017-2018	3,50,000	By Sports Equipments	3,40,000
To Donations	50,000	By Telephone Charges	24,000
To Entrance Fees	80,000	By Electricity Charges	32,000
	6,90,000	By Travelling Expenses	65,000
		By Balance c/d (Cash)	34,000
			6,90,000

Additional information:

- (a) Outstanding Subscriptions for the year ended 31st March, 2018 – ₹ 55,000.
- (b) Outstanding Salaries and Wages – ₹ 40,000.
- (c) Depreciate Sports Equipments by 25%.

Prepare Income and Expenditure Account of the club from the above particulars.

Solution:

**Books of You Bee Forty Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.	Expenditure	Rs.	Income	Rs.
To Salaries and Wages	1,60,000		By Subscriptions	3,50,000
Add : Outstanding	<u>40,000</u>	2,00,000	Add : Outstanding for 2017-18	<u>55,000</u>
To Office Expenses	35,000			4,05,000
To Telephone Charges	24,000		By Donations	50,000
To Electricity Charges	32,000		By Entrance Fees	80,000
To Travelling Expenses	65,000			
To Depreciation on Sports Equipments ( $34,000 \times 25\%$ )	85,000			
To Surplus (Balancing Fig.)	94,000			
	5,35,000			5,35,000

Question 33.

From the following Receipts and Payments Account of Jaipur Sports Club, prepare Income and Expenditure Account for the year ended 31st March, 2018:

**RECEIPTS AND PAYMENTS Account**  
*for the year ended March 31, 2018*

Dr.	₹	Payments	₹
<b>Receipts</b>			
To Balance b/d	2,00,000	By Rent (including ₹15,000 for 2016-17)	60,000
To Entrance Fees:		By Insurance Premium	60,000
2016-17	10,000	(including ₹15,000 for 2018-19)	
2017-18	50,000	By Sports Equipments	50,000
To Subscriptions:		By Furniture	60,000
2016-17	10,000	(Purchased on 31st March, 2018)	
2017-18(90%)	90,000	By 8% Fixed Deposit	1,20,000
2018-19	5,000	(made on 1st October, 2017)	
To Life Membership Fees	20,000	By Tournament Expenses	10,000
To Donations	1,20,000	By Books	20,000
To Donation for Tournament	50,000	By Newspapers	1,000
To Subscription for Governor's Party	15,000	By Printing and Stationery	19,000
To Interest on 8% Fixed Deposit	2,400	By Balance c/d	1,80,000
To Sale of Old Newspapers	300		
To Sale of Old Sports Materials	500		
(Book Value ₹ 1,200)			
To Locker Rent			
(including ₹ 600 for 2016-17)	6,800		
	5,80,000		5,80,000

Solution:

**Books of Jaipur Sports Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.				Cr.
	<b>Expenditure</b>	<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>
To Rent	60,000		By Entrance Fees (2017 - 18)	50,000
Less : For 2016 - 17	<u>(15,000)</u>	45,000	Subscription 2015 - 16	90,000
			Add : Outstanding for 2017 - 18 $(90,000 \times 10/9)$	<u>10,000</u>
To Insurance Premium	60,000		By Donations	1,00,000
Less : For 2018 - 19	<u>(15,000)</u>	45,000	By Interest on Fixed Deposit	2,400
To Printing and Stationery		20,000	Add : Accrued Interest	<u>2,400</u>
To Loss on Sale of Sports Material (1,200 - 500)	700		By Sale of Old Sports Materials	4,800
To Surplus (Balancing Fig.)	1,70,600		By Locker Rent	6,800
	<b><u>2,81,300</u></b>		Less : For 2016 - 17	<u>(600)</u>
				<b><u>6,200</u></b>
				<b><u>2,81,300</u></b>

**Working Note :**

**Calculation of Interest Accrued on investment**

Interest on Investments for 6 Months ( $1,20,000 \times 8\% \times 6/12$ )	4,800
Less : Interest Received	(2,400)
<b>Amount of Accrued Interest on Investments</b>	<b>2,400</b>

Question 34.

Following is the Receipts and Payments Account of Delhi Football Club for the year ended 31st March, 2018:

**RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March , 2018**

Dr.

Receipts	₹
To Opening Cash	18,000
To Donations for Building	4,50,000
To Donations	50,000
To Government Grant (Young Talent	1,00,000
Search and Development)	
To Life Membership Fees	40,000
To Match Fund	80,000
To Subscriptions	52,000
To Locker Rent	4,000
To Interest on Investments	10,000
To Sale of Furniture (Book value ₹ 80,000)	1,00,000
To Entrance Fees	50,000
	3,000
	9,54,000

Cr.

Payments	₹
By Building	4,00,000
By Project Expenses(Young Talent Search and Development)	90,000
By Match Expenses	90,000
By Match Furniture	1,21,000
By 10% Investments ( Purchased on 1st July,2017)	1,60,000
By Salaries	70,000
By Insurance	3,500
By Sundry Expenses	4,700
By Closing Cash	4,800
By Bank (Young Talent Search and Dev	10,000
	9,54,000

## Additional Information:

- (i) During the year ended 31st March, 2018, the club had 550 members and each paying an annual subscription of ₹ 100.

(ii) Salaries Outstanding as at 1st April, 2017 were ₹ 10,000 and as at 31st March, 2018 were ₹ 5,000.

Prepare Income and Expenditure Account of the Club for the year ended 31st March, 2018.

Solution:

**In the books of Delhi Football Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.			Cr.
Expenditure	Rs.	Income	Rs.
To Salaries	70,000	By Subscriptions (550 members × Rs.100 each)	55,000
Add : Outstanding at the end	5,000	By Entrance Fees	50,000
Less : Outstanding in the beginning	<u>(10,000)</u>	By General Donation (5,00,000 × 10%)	50,000
To Insurance	3,500	By Locker Rent	4,000
To Sundry Expenses	4,700	By Profit on Sale of Furniture(1,00,000 - 80,000)	20,000
To Match Expenses	90,000	By Interest on Investment	10,000
Less : Match Fund	<u>(80,000)</u>	Add : Accrued Interest	2,000
To Surplus (Balancing Fig.)	1,07,800		12,000
	<b>1,91,000</b>		<b>1,91,000</b>

**Calculation of Interest Accrued on Investment**

Interest on Investment for 9 Months ( $1,60,000 \times 10\% \times 9/12$ )	12,000
Less : Interest Received	(10,000)
<b>Amount of Accrued Interest on Investment</b>	<b>2,000</b>

Question 35.

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 as at 31st March, 2018:

Particulars	₹
Sports Fund as on 1st April, 2017	3,50,000
Sports Fund Investments	3,50,000
Interest on Sports Fund Investments	40,000
Donations for Sports Fund	1,50,000
Sports Prizes awarded	1,00,000
Expenses on Sports Events	40,000
General Fund	8,00,000
General Fund Investments	8,00,000
Interest on General Fund Investment	80,000

Solution:

**Income and Expenditure Account**  
*for the year ending March 31, 2018*

Dr.			Cr.
Expenditure	Amount (Rs.)	Income	Amount (Rs.)
		Interest on General Fund Investments	80,000

**Balance Sheet**  
*as on March 31, 2018*

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Sports Fund	4,00,000	Sports Fund Investment	3,50,000
General Fund	8,00,000	General Fund Investment	8,00,000

**Working Notes:**

**WN1: Calculation of Sports Fund Balance**

Particulars	Amount (Rs.)
Sports Fund as on April 01, 2017	3,50,000
Interest on Sports Fund Investments	40,000
Donation for Sports Fund	1,50,000
Sports Prizes Awarded	(1,00,000)
Expenses on Sports Events	(40,000)
<b>Balance of Sports Fund</b>	<b>4,00,000</b>

**Question 36.**

Following is the summary of cash transactions of the Royal Club for the year ended 31st March, 2018:

RECEIPTS AND PAYMENTS ACCOUNT

Dr:			Cr:
Receipts	₹	Payments	₹
To Balance b/d (cash)	31,900	By Rent	16,800
To Entrance Fees	25,500	By Wages	24,500
To Subscriptions	1,60,000	By Electricity Charges	7,200
To Donations	16,500	By Honorarium	43,500
To Life Membership Fees	25,000	By Books	21,300
To Profit on Entertainment	5,600	By Office Expenses	45,000
		By 3% Fixed Deposit (1st October, 2017)	80,000
		By Balance c/d (Cash at Bank)	24,200
		By Balance c/d (Cash in Hand)	2,000
	2,64,500		2,64,500

In the beginning of the year, the club possessed Books of ₹ 2,00,000 and Furniture of ₹ 85,000. Subscriptions in arrears in the beginning of the year amounted to ₹ 3,500 and at the end of the year ₹ 4,500 and six months Rent ₹ 6,000 was due both in the beginning of the year and at the end of the year.

Prepare Income and Expenditure Account of the club for the year ended 31st March, 2018 and ist Balance Sheet as at that date after writing off ₹ 5,000 and ₹ 11,300 on Furniture and books respectively.

Solution:

**Books of Royal Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.			Cr.	
Expenditure		Rs.	Income	Rs.
To Rent and Taxes	16,800		By Entrance Fees	25,500
Less : Outstanding Rent in the beginning	(6,000)		By Subscriptions	1,60,000
Add: Outstanding Rent at the end	<u>6,000</u>	16,800	Less : Outstanding in the beginning	(3,500)
			Add : Outstanding at the end	<u>4,500</u>
To Wages	24,500		By Donations	16,500
To Lighting Charge	7,200		By Profit on Entertainment	5,600
To Lecturer's Fee	43,500		By Interest Accrued on Fixed Deposits	(80,000 × 3% × 6/12)
To Office Expenses	45,000			1,200
To Depreciation on :				
Books	11,300			
Furniture	<u>5,000</u>	16,300		
To Surplus (Balancing Fig.)		56,500		
		<u>2,09,800</u>		<u>2,09,800</u>

**Balance Sheet**  
as on 01<sup>st</sup> April 2017

Liabilities	Rs.	Assets	Rs.
Outstanding Rent	6,000	Books	2,00,000
Capital Fund (Balancing Fig.)	3,14,400	Furniture	85,000
		Subscriptions Outstanding	3,500
		Cash and Bank	31,900
	<u>3,20,400</u>		<u>3,20,400</u>

**Balance Sheet**  
as on 31<sup>st</sup> March 2018

Liabilities	Rs.	Assets	Rs.
Rent Outstanding	6,000	Subscriptions Outstanding	4,500
Capital Fund	3,14,400	Books	2,00,000
		Add : Purchases	
Add : Life Membership Fees	25,000		21,300
Add : Surplus	<u>56,500</u>	Less : Depreciation	<u>(11,300)</u>
			2,10,000
		Furniture	85,000
		Less : Depreciation	<u>(5,000)</u>
			80,000
		Fixed Deposits	80,000
		Add : Accrued interest	<u>1,200</u>
			81,200
		Cash at Bank	24,200
		Cash in hand	2,000
	<u>4,01,900</u>		<u>4,01,900</u>

Question 37.

From the following Receipts and Payments Account of City Club and from the information supplied, prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at that date:

**RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March ,2018**

<b>Dr.</b>			<b>Cr.</b>
<b>Receipts</b>	<b>Amount ₹)</b>	<b>Payments</b>	<b>Amount ₹)</b>
To Balance b/d	7,000	By Salaries	28,000
To Subscriptions:		By General Expenses	6,000
2016-17	5,000	By Electricity Charges	4,000
2017-18	20,000	By Books	10,000
2018-19	4,000	By Newspapers	8,000
To Rent (Received from the Use of Hall)		By Balance c/d	4,000
To Profit from Entertainment	8,000		
To Sale of Old Newspapers	2,000		
	<b>60,000</b>		<b>60,000</b>

- (a) The club has 50 members each paying an annual subscription of ₹ 500. Subscriptions Outstanding on 31st March, 2017 were ₹ 6,000.
- (b) On 31st March, 2018, Salries Outstanding amounted to ₹ 2,000. Salaries paid in the year ended 31st March, 2018 included ₹ 6,000 for the year ended 31st March, 2017.
- (c) On 1st April, 2017, the club owned Building valued at ₹ 2,00,000; Furniture ₹ 20,000 and Books ₹ 20,000.
- (d) Provide depreciation on Furniture at 10%.

Solution:

**In the books of New City Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

<b>Dr.</b>			<b>Cr.</b>
<b>Expenditure</b>	<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>
To Salaries	28,000	By Subscription (50 members × Rs.500 each)	25,000
Add : Outstanding for 2018	2,000	By Rent Received from the use of hall	14,000
Less: Outstanding for 2017	(6,000)	By Profit from Entertainment	8,000
To General Expenses	6,000	By Sale of Old Newspapers	2,000
To Electricity Charges	4,000		
To Newspaper	8,000		
To Depreciation on Furniture (20,000 × 10%)	2,000		
To Surplus (Balancing Fig.)	5,000		
	<b>49,000</b>		<b>49,000</b>

**Balance Sheet**  
as on 01<sup>st</sup> April 2017

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Salaries Outstanding	6,000	Subscriptions Outstanding	6,000
Capital Fund	2,47,000	Building	2,00,000
(Balancing Fig.)		Furniture	20,000
		Books	20,000
		Cash at Bank	7,000
	<b>2,53,000</b>		<b>2,53,000</b>

**Balance Sheet**  
as on 31<sup>st</sup> March 2018

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Advance Subscription	4,000	Subscription Outstanding	
Salaries Outstanding	2,000	For 2017-18 (25,000 - 20,000)	5,000
Capital Fund	2,47,000	For 2016-17 (6,000 - 5,000)	1,000
Add : Surplus	<u>5,000</u>	Building	2,00,000
		Furniture	20,000
		Less : 10 % Depreciation	(2,000)
		Books	20,000
		Add : Purchases	<u>10,000</u>
		Cash and Bank	4,000
	<b>2,58,000</b>		<b>2,58,000</b>

Question 38.

From the following Receipts and Payments Account and additional information given below, prepare Income and Expenditure Account and Balance Sheet of Rural Literacy Society as on 31st March, 2018:

**RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31 st March, 2018**

Dr.			Cr.	
<b>Receipts</b>		<b>Amount (₹)</b>	<b>Payments</b>	<b>Amount (₹)</b>
To Balance b/d			By General Expenses	32,000
Cash in Hand		40,000	By Newspaper	18,500
Cash at Bank		1,55,500	By Electricity	30,000
To Subscriptions:			By Fixed Deposit with Bank (On 30th September, 2017 @ 10% p.a.)	1,80,000
2016-17	12,000		By Books	70,000
2017-18	2,65,000		By Salary	36,000
2018-19	<u>5,000</u>	2,82,000	By Rent	65,000
To Sale of Old Newspaper		12,500	By Postage Charges	3,000
To Government Grant		1,20,000	By Furniture (purchased)	1,05,000
To Sale of Old Furniture (Book value ₹50,000)		37,000	By Balance c/d: Cash in Hand	30,000
To Interest received on Fixed Deposit		4,500	Cash at Bank	82,000
		<b>6,51,500</b>		<b>6,51,500</b>

Additional information:

- (i) Subscription outstanding as on 31st March, 2017 ₹ 20,000 and on 31st March, 2018 ₹ 15,000.
- (ii) On 31st March, 2018, salary outstanding ₹ 6,000 and one month rent paid in advance.
- (iii) On 1st April, 2017, society owned furniture ₹ 1,20,000 and books ₹ 50,000.

Solution:

**Income and Expenditure Account**  
*for the year ending March 31, 2018*

Dr.	Amount (Rs.)	Income	Cr. Amount (Rs.)
Expenditure			
Electricity	30,000	Subscription	2,65,000
Newspaper	18,500	<i>Add: Current O/s</i>	<u>7,000</u>
Loss on Sale of Furniture	13,000	Government Grant	1,20,000
Salary	36,000	Sale of Old News Paper	12,500
<i>Add: Outstanding</i>	<u>6,000</u>	Interest on Fixed Deposit	9,000
Rent	65,000	(18,000 @ 10% for 6 months)	
<i>Less: Prepaid</i>	<u>5,000</u>		
General Expenses	32,000		
Postage Charges	3,000		
Surplus	2,15,000		
	<b>4,13,500</b>		<b>4,13,500</b>

**Balance Sheet**  
*as on March 31, 2018*

<b>Liabilities</b>	<b>Amount (Rs.)</b>	<b>Assets</b>	<b>Amount (Rs.)</b>
Capital Fund		Books 50,000	
Opening Balance 3,85,500		Add: Purchases 70,000	1,20,000
Add: Surplus 2,15,000	6,00,500	Subscriptions Outstanding	15,000
Subscription Received in Advance 5,000		Furniture 1,20,000	
Salary Outstanding 6,000		Add: Purchases 1,05,000	
		Less: Sale 50,000	1,75,000
		Fixed Deposit 1,80,000	
		Add: Accrued Interest 4,500	1,84,500
		Prepaid Rent 5,000	
		Cash 30,000	
		Bank 82,000	
	<b>6,11,500</b>		<b>6,11,500</b>

**Working Notes**

*WN1: Ascertainment of Capital Fund*

**Balance Sheet**  
*as on March 31, 2017*

<b>Liabilities</b>	<b>Amount (Rs.)</b>	<b>Assets</b>	<b>Amount (Rs.)</b>
Capital Fund 3,85,500		Subscriptions Outstanding 20,000	
		Books 50,000	
		Furniture 1,20,000	
		Cash 40,000	
		Bank 1,55,500	
	<b>3,85,500</b>		<b>3,85,500</b>

Question 39.

Modern Club's Balance Sheet as at 1st April, 2017 was as under:

Liabilities	₹	Assets	₹
Capital Fund	2,00,000	Sports Equipments	50,000
Tournament Fund	60,000	Grounds	1,20,000
Subscriptions in Advance	6,000	Billiards Table	60,000
Salaries Unpaid	11,000	Subscriptions Outstanding	8,000
		Cash and Bank Balances	39,000
	2,77,000		2,77,000

The Receipts and Payments Account for the year ended 31st March, 2018 was:

#### RECEIPTS AND PAYMENTS ACCOUNT

Dr:			Cr:
Receipts	₹	Payments	₹
To Opening Balance	39,000	By Wages and Salaries	60,000
To Subscriptions	1,81,000	By Upkeep of Grounds	10,000
To Sale of old Materials	1,500	By Stationery	15,000
To Sale of Sports Equipment ( Costing ₹ 10,000)	6,000	By Audit Fee	2,000
To Entrance Fees	2,000	By Expenses on Teams	65,000
To Life Membership Fees	50,000	By Sports Equipments	20,000
To Donations for Tournament	20,000	By 5% Investments	40,000
	2,99,500	( On 1st October, 2017) By Cash and Bank Balances	87,500
			2,99,500

Subscriptions still to be received are ₹ 5,500 but subscriptions already received include ₹ 4,000 for next year. Salaries still unpaid are ₹ 6,000. Sports Equipments are now valued at ₹ 45,000. Prepare Income and Expenditure Account and the Balance Sheet, after charging 10% depreciation on Billiards Tables.

Solution:

**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.			Cr.	
<b>Expenditure</b>		<b>Rs.</b>	<b>Income</b>	<b>Rs.</b>
To Loss on Sale of Sports Material (10,000 - 6,000)		4,000	By Subscription	1,81,000
To Wages and Salaries	60,000		Add: Subscriptions Outstanding for 2017-18	5,500
Add: Outstanding in 2017-18	6,000		Less: Subscription Outstanding for 2016-17	(8,000)
Less: Outstanding in 2016-17	<u>(11,000)</u>	55,000	Add: Advance received for 2017-18	6,000
To Stationery		15,000	Less: Advance Received for 2018-19	<u>(4,000)</u>
To Audit Fee		2,000	By Sale of Old Materials	1,500
To Expenses on Terms		65,000	By Entrance Fees	2,000
To Depreciation on Billiards Tables (60,000×10%)		6,000	By Interest accrued on Investments (40,000×5%×6/12)	1,000
To Consumption of Sports Equipments (50,000 + 20,000 - 10,000 - 45,000)		15,000		
To Upkeep of Grounds		10,000		
To Surplus (Balancing Fig.)		13,000		
		<b>1,85,000</b>		<b>1,85,000</b>

**Balance Sheet**

as on 31<sup>st</sup> March 2018

Liabilities	Rs.	Assets	.
Capital Fund	2,00,000	Subscriptions Outstanding	5,500
Add: Surplus	13,000	Sports Equipment	50,000
Add: Life Membership Fees	<u>50,000</u>	Add: Purchases	20,000
Tournament Fund	60,000	Less: Book Value of Sold Equipment	<u>(10,000)</u>
Add: Donations	<u>20,000</u>		60,000
Salaries Unpaid	6,000	Less: Consumption	<u>(15,000)</u>
Subscriptions in Advance	4,000	Grounds	45,000
		Billiards Tables	60,000
		Less: 10% Depreciation	<u>(6,000)</u>
		Cash and Bank Balances	54,000
		Investments	87,500
		Add: Accrued interest	40,000
			1,000
	<b>3,53,000</b>		<b>41,000</b>
			<b>3,53,000</b>

Question 40.

From the following information relating to the Ganesh Cricket Club, prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at that date. The summary of cash transactions is:

RECEIPTS AND PAYMENTS ACCOUNT

Dr:			Cr:
Receipts	₹	Payments	₹
To Opening Balance(cash)	10,000	By Upkeep of Fields	20,000
To Opening Balance (Cash at Bank)	20,000	By Tournament Expenses	7,000
To Member's Subscriptions	50,000	By Rates and Insurance	2,000
To Admission Fee	3,000	By Telephone	500
To Sale of Old Bats, etc	500	By Printing and Stationery	1,000
To Hire of Ground	3,000	By General Charges	500
To Subscriptions for Tournament	10,000	By Secretary's Honorarium	2,000
To Donations	1,00,000	By Bats, Balls, etc	7,000
		By Closing Balance (Cash)	1,00,000
		By Closing Balance (Cash at Bank)	56,500
	1,96,500		1,96,500

Assets on 1st April, 2017:

	₹
Stock of Bats and Balls	15,000
Printing and Stationery	2,000
Subscription Due	5,000

Subscriptions due on 31st March, 2018 amounted to ₹ 7,500. Write off 50% of Bats, Balls (not considering sale) and 25% of Printing and Stationery.

Solution:

**In the books of Ganesh Cricket Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.			Cr.		
<b>Expenditure</b>		<b>Rs.</b>	<b>Income</b>		<b>Rs.</b>
To Upkeep of Fields		20,000	By Members' Subscriptions	50,000	
To Rates and Insurance		2,000	Add: Outstanding for 2017-18	7,500	
To Telephone		500	Less: Outstanding for 2016-17	(5,000)	52,500
To Printing and Stationery Consumed		750			3,000
To General Charges		500	By Admission Fee		500
To Secretary's Honorarium		2,000	By Sale of Old Bats, etc.		
To Depreciation on Bats, Balls, etc. (22,000×50%)		11,000	By Hire of Ground		3,000
To Surplus (Balance Fig.)		1,22,250	By Donations		1,00,000
		<b>1,59,000</b>			<b>1,59,000</b>

**Balance Sheet**  
as on 01<sup>st</sup> April 2017

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Capital Fund (Balancing Fig.)	52,000	Stock of Bats and Balls	15,000
		Printing and Stationery	2,000
		Subscriptions Outstanding	5,000
		Cash at Bank	30,000
	<b>52,000</b>		<b>52,000</b>

**Balance Sheet**  
as on 31<sup>st</sup> March 2018

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Subscription for Tournament	10,000	Subscriptions	7,500
Less: Tournament Expenses	(7,000)	Outstanding Bats and Balls	15,000
Capital Fund	52,000	Add: Purchases	7,000
Add: Surplus	1,22,250		22,000
	1,74,250	Less: 50% Written-off	(11,000)
		Printing and Stationery	2,000
		Add: Purchases	1,000
			3,000
		Less: 25% Written-off	(750)
		Bank	2,250
	1,77,250		1,56,500
			<b>1,77,250</b>

Question 41.

From the following Receipts and Payments Account of Mumbai Theatre Club, prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at that date.

RECEIPTS AND PAYMENTS ACCOUNT

Dr.	₹	Payments	₹
Receipts			
To Cash in Hand	40,000	By Salary	20,000
To Cash at Bank	1,00,000	By Repair Expenses	5,000
To Donations	50,000	By Furniture	60,000
To Subscriptions	1,20,000	By Miscellaneous Expenses	5,000
To Entrance Fees	10,000	By Investments	60,000
To Interest on Investments	1,000	By Insurance Premium	2,000
To Interest Received from Bank	4,000	By Billiard Table	80,000
To Sale of Old Newspapers	1,500	By Paper, Ink, etc	1,500
To Sale of Drama Tickets	10,500	By Drama Expenses	5,000
		By Cash in Hand (closing)	26,500
		By Cash at Bank (closing)	72,000
	3,37,000		3,37,000

Additional information:

- (i) Subscriptions in arrear for the year ended 31st March, 2018 – ₹ 9,000 and subscriptions in advance for the year ended 31st March, 2019 – ₹ 3,500.
  - (ii) Insurance Premium outstanding ₹ 400.
  - (iii) Miscellaneous expenses prepaid ₹ 900.
  - (iv) 8% interest has accrued on investment for five months.
  - (v) Billiard Table costing ₹ 3,00,000 was purchased during last year and ₹ 2,20,000 were paid for it.
- Solution:

**In the books of Mumbai Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.			Cr.	
Expenditure		Rs.	Income	Rs.
To Salary		20,000	By Subscriptions	1,20,000
To Repair Expenses		5,000	Add: Outstanding	9,000
To Miscellaneous Expenses	5,000		Less: Advance	(3,500)
Less: Prepaid	(900)	4,100	By Entrance Fee	10,000
To Insurance Premium	2,000		By Interest on Investment	1,000
Add: Outstanding	400	2,400	Add: Accrued interest ( $60,000 \times 8\% \times 5/12$ )	2,000
To Paper, Ink, etc.		1,500	By Donation	50,000
To Surplus (Balancing Figure)		1,66,500	By Interest received from Bank	4,000
			By Sale of Old Newspapers	1,500
			By Receipt from Sale of Drama Tickets	10,500
			Less: Drama Expenses	(5,000)
		<b>1,99,500</b>		<b>5,500</b>
				<b>1,99,500</b>

**Balance Sheet**  
as on 01<sup>st</sup> April 2017

Liabilities	Rs.	Assets	Rs.
Creditors for Billiard Table	80,000	Billiard Table	3,00,000
Capital Fund (Balancing Fig.)	3,60,000	Cash in hand	40,000
		Cash at bank	1,00,000
	<b>4,40,000</b>		<b>4,40,000</b>

**Balance Sheet**  
as on 31<sup>st</sup> March 2018

Liabilities	Rs.	Assets	Rs.
Advance Subscriptions	3,500	Subscriptions Outstanding	9,000
Insurance Premium Outstanding	400	Prepaid Miscellaneous Expenses	900
Capital Fund	3,60,000	Investments	60,000
Add: Surplus	1,66,500	Add: Accrued Interest	2,000
		Billiard Table	3,00,000
		Furniture	60,000
		Cash in hand	26,500
		Cash at bank	72,000
	<b>5,30,400</b>		<b>5,30,400</b>

Question 42.

Following Receipts and Payments Account was prepared from the Cash Book of Delhi Charitable Trust for the year ending 31st March, 2018:

RECEIPTS AND PAYMENTS ACCOUNT

<i>Dr.</i>	<i>₹</i>	<i>Credit</i>
Receipts		
To Balance b/d:		
Cash in Hand	1,15,000	By Charity
Cash at Bank	1,26,000	By Rent and Taxes
To Donations	90,000	By Salary
To Subscriptions	4,28,000	By Printing
To Legacies	1,80,000	By Postage
To Interest on Investment	45,000	By Advertisements
To Sale of old Newspaper	2,000	By Insurance
		By Furniture
		By Investment
		By Balance c/d:
		Cash in Hand
		Cash at Bank
	9,86,000	
		9,86,000

Prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as on that date after the following adjustments:

- (i) Insurance premium was paid in advance for three months.
- (ii) Interest on investment ₹ 11,000 accrued was not received.
- (iii) Rent ₹ 6,000; Salary ₹ 9,000 and advertisement expenses ₹ 10,000 outstanding as on 31st March, 2018.

Solution:

**Income and Expenditure Account**  
*for the year ending March 31, 2018*

<i>Dr.</i>	<i>Amount (Rs.)</i>	<i>Credit</i>	<i>Amount (Rs.)</i>
Expenditure		Income	
Charity	1,15,000	Subscription	4,28,000
Advertisement	45,000	Donation	90,000
<i>Add: Outstanding</i>	<u>10,000</u>	<u>55,000</u>	<u>2,000</u>
Insurance	20,000	Sale of Old Newspapers	56,000
<i>Less: Prepaid</i>	<u>5,000</u>	<u>15,000</u>	<u>(45,000 + 11,000)</u>
Salary	60,000		
<i>Add: Outstanding</i>	<u>9,000</u>	<u>69,000</u>	
Rent	32,000		
<i>Add: Outstanding</i>	<u>6,000</u>	<u>38,000</u>	
Printing		6,000	
Postage		3,000	
Surplus		2,75,000	
		5,76,000	5,76,000

**Balance Sheet**  
as on March 31, 2018

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital Fund		Cash	99,000
Opening Balance	2,41,000	Bank	1,60,000
Add: Legacy	1,80,000	Prepaid Insurance	5,000
Add: Surplus	<u>2,75,000</u>	Furniture	2,16,000
Rent Outstanding		Investment	2,30,000
	6,000	Add: Accrued Interest	<u>11,000</u>
			2,41,000
	<b>7,21,000</b>		<b>7,21,000</b>

**Working Notes**

WN1: Ascertainment of Capital Fund

**Balance Sheet**  
as on March 31, 2017

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Capital Fund	2,41,000	Cash	1,15,000
		Bank	1,26,000
	<b>2,41,000</b>		<b>2,41,000</b>

Question 43.

Given Below is the Receipts and Payments Account of a Mayur Club for the year ended 31st March, 2018:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.	Receipts	Amount (₹)	Payments	Amount (₹)	Cr.
To Balance b/d			By Salaries	60,000	
To Subscriptions:			By Expenses	7,500	
2016-17	4,000		By Drama Expenses	45,000	
2017-18	2,05,000		By Newspapers	15,000	
2018-19	<u>6,000</u>	2,15,000	By Municipal Taxes	4,000	
To Donations		54,000	By Charity	35,000	
To Proceeds of Drama Tickets		95,000	By Investments	2,00,000	
To Sale of Waste Paper		4,500	By Electricity Charges	14,500	
			By Balance c/d	90,000	
		<b>4,71,000</b>		<b>4,71,000</b>	

Prepare club's Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at that date after taking the following information into account:

(i) There are 500 members, each paying an annual subscription of ₹ 500, ₹ 5,000 are still in arrears

for the year ended 31st March, 2017.

(ii) Municipal Taxes amounted to ₹ 4,000 per year is paid up to 30th June and ₹ 5,000 are outstanding of salaries.

(iii) Building stands in the books at ₹ 5,00,000.

(iv) 6% interest has accrued on investments for five months.

Solution:

**In the books of Mayur Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.			Cr.
Expenditure	Rs.	Income	Rs.
To Municipal Taxes	4,000	By Subscription (500members × Rs.500)	2,50,000
Add: Prepaid in 2016-17	1,000	By Interest Accrued on Investment $\left( 2,00,000 \times \frac{6}{100} \times \frac{5}{12} \right)$	5,000
Less: Prepaid in 2017-18	<u>(1,000)</u>		
To Salaries	60,000	By Profit from Drama:	
Add: Outstanding	<u>5,000</u>	Proceeds	95,000
To Expenses	7,500	Less: Drama Expenses	<u>(45,000)</u>
To Newspapers	15,000	By Sale of Waste Paper	50,000
To Charity	35,000	By Donations	4,500
To Electricity Charges	14,500		54,000
To Surplus (Balancing Fig.)	2,22,500		
	<b>3,63,500</b>		<b>3,63,500</b>

**Balance Sheet**  
as on 01<sup>st</sup> April 2017

Liabilities	Rs.	Assets	Rs.
Capital Fund (Balancing Fig.)	6,12,500	Subscription Outstanding (4,000+5,000)	9,000
		Municipal Taxes Prepaid	1,000
		Building	5,00,000
		Cash and Bank	1,02,500
	<b>6,12,500</b>		<b>6,12,500</b>

**Balance Sheet**  
as on 31<sup>st</sup> March 2018

Liabilities	Rs.	Assets	Rs.
Advance Subscriptions	6,000	Subscriptions Outstanding	
Salaries Outstanding	5,000	2017-18 (2,50,000-2,05,000)	4,5000
Capital Fund	<u>6,12,500</u>	2016-17	<u>5,000</u>
Add: Surplus	<u>2,22,500</u>	Prepaid Municipal Taxes	50,000
		Building	1,000
		Investments	5,00,000
		Add: Accrued Interest	2,00,000
		Cash at Bank	5,000
			90,000
	<b>8,46,000</b>		<b>8,46,000</b>

Question 44.

From the following information and Receipts and Payments Account of Delhi Medical Society, prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at that date.

RECEIPTS AND PAYMENTS ACCOUNT  
*for the year ended 31st March, 2018*

**Dr.**

<b>Receipts</b>	<b>(₹)</b>
To Balance b/d	31,900
To Entrance Fees	5,500
To Subscriptions	1,80,000
To Donations	16,500
To Life Membership Fees	25,000
To Government Grant (Polio Eradication Project)	2,00,000
To Proceeds of Seminar	23,200
To Interest on Deposits	2,400
	<b>4,84,500</b>

Payments	Cr. (₹)
By Rent	16,800
By Wages	24,500
By Lighting Charges	7,200
By Books	24,800
By Medicines (Polio Eradication Project)	1,00,000
By Salaries to Doctors(Polio Eradication Project)	80,000
By Office Expenses	45,000
By 8% Fixed Deposits (On 1st October, 2017)	1,20,000
By Seminar Expenses	20,200
By Cash in Hand	26,000
By Bank A/c (Polio Eradication Project)	20,000
	<b>4,84,500</b>

Other information:

On 31st March, 2017, the club possessed books of ₹ 2,00,000 and Furniture of ₹ 85,000. Provide depreciation on these assets @ 10% including the purchases during the year.

Subscriptions in arrears in the beginning of the year amounted to ₹ 3,500 and at the end of the year ₹ 5,500 were outstanding.

The Club paid three months rent in advance both in the beginning and at the end of the year.

Solution:

**In the books of Delhi Sports Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.				Cr.
Expenditure		Rs.	Income	Rs.
To Rent	16,800		By Entrance Fees	5,500
Add: Advance in the beginning	4,200		By Subscriptions	1,80,000
Less: Advance at the end	(4,200)	16,800	Add: Arrears at the end	5,500
To Wages		24,500	Less: Arrears in the beginning	(3,500)
To Lighting Charges		7,200	By Donations	16,500
To Office Expenses		45,000	By Interest on Deposits	2,400
To Depreciation on:			Add: Accrued Interest	2,400
Furniture	8,500		By Profit from Tournament:	4,800
Books	22,480	30,980	Proceeds	23,200
To Surplus (Balancing Fig.)		87,320	Less: Expenses	(20,200)
		<b>2,11,800</b>		<b>3,000</b>
				<b>2,11,800</b>

**Balance Sheet**  
as on 01<sup>st</sup> April 2017

Liabilities	Rs.	Assets	Rs.
Capital Fund (Balancing Fig.)	3,24,600	Advance Rent	4,200
		Subscriptions-in-Arrears	3,500
		Books	2,00,000
		Furniture	85,000
		Cash and Bank	31,900
	<b>3,24,600</b>		<b>3,24,600</b>

**Balance Sheet**  
as on 31<sup>st</sup> March 2018

Liabilities	Rs.	Assets	Rs.
Capital Fund	3,24,600	Subscription-in-Arrears	5,500
Add: Surplus	87,320	Advance Rent	4,200
Add: Life Membership	25,000	Books	2,00,000
	4,36,920	Add: Purchase	24,800
			2,24,800
		Less: 10% Depreciation	(22,480)
		Furniture	85,000
		Less: 10% Depreciation	(8,500)
		Cash and Bank	76,500
		8% Fixed Deposit	26,000
		Add: Accrued Interest	1,20,000
			2,400
	<b>4,36,920</b>		<b>1,22,400</b>
			<b>4,36,920</b>

**Working Note:**

**Calculation of Interest Accrued on Fixed Deposits**

Interest on Fixed Deposits ( $1,20,000 \times 8\% \times 6/12$ )	4,800
Less: Interest Received	(2,400)
<b>Amount of Interest Accrued on Fixed Deposits</b>	<b>2,400</b>

Question 45.

From the following Receipts and Payments Account of Imran Khan club and from the given additional information, prepare Income and Expenditure Account for the year ending 31st December,

2015 and the Balance Sheet as at that date:

**RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2018**

Dr.	₹	Payments	₹
To Balance b/d To Subscriptions To Interest on Investment @ 8% p.a. for full year	1,90,000 6,60,000 40,000	By Salaries By Sports Material By Balance c/d	3,30,000 4,00,000 1,60,000

Additional Information:

- (i) The club had received ₹ 20,000 for subscription in 2014 for 2015.
- (ii) Salaries had been paid only for 11 months.
- (iii) Stock of sports materials on 31st December, 2014 was ₹ 3,00,000 and on 31st December, 2015 ₹ 6,50,000.

Solution:

**Books of Imran Khan Club**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> December 2015

Dr.	Expenditure	Rs.	Income	Rs.
To Salaries	3,30,000		By Subscription	6,60,000
Add: Outstanding	30,000	3,60,000	Add: Advance in the beginning	20,000
To Sports Materials Consumed		50,000	By Interest on Investments	40,000
To Surplus (excess of income over expenditure)		3,10,000		
		7,20,000		7,20,000

**Balance Sheet**  
as on 31<sup>st</sup> December 2015

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Outstanding Salaries	30,000	Investments	5,00,000
Capital Fund	9,70,000	Stock of sports Material	6,50,000
Add: Surplus	3,10,000	Cash	1,60,000
	<b>12,80,000</b>		<b>13,10,000</b>
	<b>13,10,000</b>		<b>13,10,000</b>

**Working Notes:**

1.

**Calculation of amount of Sports Material Consumed**

Sports Material Purchased	4,00,000
Add: Opening Stock of Sports Material	3,00,000
Less: Closing Stock of Sports Material	(6,50,000)
<b>Amount of Sports Material Consumed</b>	<b>50,000</b>

**2. Calculation of Capital Fund**

**Balance Sheet**  
as on 1<sup>st</sup> January 2015

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Advance Subscription	20,000	Investments	5,00,000
Capital Fund (Balancing Fig.)	9,70,000	Stock of sports Material	3,00,000
		Cash	1,90,000
	<b>9,90,000</b>		<b>9,90,000</b>

**3. Calculation of Outstanding Salaries**

$$\text{Outstanding Salaries} = 3,30,000 \times \frac{1}{11} = \text{Rs.}30,000$$

**4. Calculation of Amount of Investments**

$$\text{Investments} = \text{Interest} \times \frac{100}{\text{Rate of Return}}$$

$$\text{Investments} = 40,000 \times \frac{100}{8} = 5,00,000$$

Question 46.

From the following particulars relating to the Ramakrishna Mission Charitable Hospital, prepare Income and Expenditure Account for the year ended 31st March, 2018 and Balance Sheet as at that date.

RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2018

Dr:	₹	Payments	Cr:
To Cash in Hand on 1st April, 2017	71,300	By Medicines	3,05,900
To Subscriptions	4,79,960	By Doctor's Honorarium	90,000
To Donations	1,45,000	By Salaries	2,75,000
To Interest on Investment @ 7% for full year	70,000	By Petty Expenses	4,610
To Proceeds from Charity Show	1,04,500	By Equipments	1,50,000
	8,70,760	By Expenses on Charity Show	7,500
		By Cash in Hand on 31st March, 2018	37,750
			8,70,760

Additional Information:

	As at 1st April, 2017 (₹)	As at 31st March, 2018 (₹)
Subscriptions Due	2,400	2,800
Subscriptions Received	640	1,000
Stock of Medicines	88,100	97,400
Estimated value of Equipments	2,12,000	3,16,000
Building (cost less depreciation)	4,00,000	3,80,000

Solution:

**Books of RamaKrishna Mission Charitable Hospital**  
**Income and Expenditure Account**  
for the year ended 31<sup>st</sup> March 2018

Dr.	Expenditure	Rs.	Income	Cr.
To Medicine	3,05,900		By Subscription	4,79,960
Add: Opening Stock	88,100		Add: Due for 2017-18	2,800
Less: Closing Stock	<u>(97,400)</u>	2,96,600	Less: Due for 2016-17	(2,400)
To Doctor's Honorarium		90,000	Less: Advance for 2018-19	(1,000)
To Salaries		2,75,000	Add: Advance for 2017-18	640
To Petty Expenses		4,610	By Donations	1,45,000
To Expenses on Charity Show		7,500	By Interest on Investments	70,000
To Depreciation on Equipments		46,000	By Proceeds from Charity Show	1,04,500
To Depreciation on Building		20,000		
To Surplus (Balancing Fig.)		<u>59,790</u>		
		<b>7,99,500</b>		<b>7,99,500</b>

**Balance Sheet**  
as on 01<sup>st</sup> April 2017

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Advance Subscription	640	Subscription Due	2,400
Capital Fund (Balancing Fig.)	17,73,160	Stock of Medicines	88,100
		Equipments	2,12,000
		Building	4,00,000
		Cash in Hand	71,300
		Investments	10,00,000
	<b>17,73,800</b>		<b>17,73,800</b>

**Balance Sheet**  
as on 31<sup>st</sup> March 2018

<b>Liabilities</b>	<b>Rs.</b>	<b>Assets</b>	<b>Rs.</b>
Advance Subscription	1,000	Subscription Due	2,800
Capital Fund	17,73,160	Stock of Medicines	97,400
Add: Surplus	<u>59,790</u>	Equipments	2,12,000
		Add: Purchase	<u>1,50,000</u>
			<u>3,62,000</u>
		Less: Depreciation	(46,000)
		Building	4,00,000
		Less: Depreciation	(20,000)
		Cash in Hand	37,750
		7% Investments	10,00,000
	<b>18,33,950</b>		<b>18,33,950</b>

**Working Note:**

**Calculation of Amount of Investments**

$$\text{Investments} = \text{Interest} \times \frac{100}{\text{Rate of Return}}$$

$$\text{Investments} = 70,000 \times \frac{100}{7} = 10,00,000$$

Question 47.

Following is the Receipt and Payment Account of Women's Welfare Club for the year ended 31st March, 2018:

**RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2018**

*Dr.*

Receipts	₹
To Cash in Hand	22,500
To Cash at Bank	50,000
To Subscriptions	8,17,500
To Donations	30,000
To Government Grant	1,50,000
To Sale of Newspapers	3,000
To Proceeds of Charity Show	1,65,000
To Interest on Investments @ 10% for full year	70,000
To Sundries Income	4,000
	<b>13,12,000</b>

Payments	₹
By Salary	1,25,000
By Stationery	17,000
By Electric Charges	95,500
By Insurance	75,000
By Equipments	3,00,000
By Petty Expenses	5,000
By Expenses on Charity Show	1,29,000
By Newspapers	10,000
By Lectures Fee	1,65,000
By Honorarium to secretary	1,20,000
By Cash in Hand	20,500
By Cash at Bank	2,50,000
	13,12,000

Particulars	1st April, 2017 (₹)	31st March, 2018 (₹)
Outstanding Salaries	12,000	18,000
Insurance Prepaid	7,000	3,000
Subscription Outstanding	37,500	25,000
Subscription received in advance	17,500	10,000
Electricity Charges outstanding	...	12,500
Stock of Stationery	22,500	7,000
Equipments	2,56,000	5,02,000
Building	12,00,000	11,40,000

Prepare Income and Expenditure Account for the year ended 31st March, 2018, and Balance Sheet as on that date.

Solution:

**Income and Expenditure Account**  
*for the year ending March 31, 2018*

Dr.			Cr.
Expenditure	Amount (Rs.)	Income	Amount (Rs.)
Petty Expenses	5,000	Government Grant	1,50,000
Electricity Expenses	95,500	Donation	30,000
<i>Add: Outstanding</i>	<i>12,500</i>	Sale of Old Newspapers	3,000
Insurance	75,000	Proceeds of Charity Show (Net)	36,000
<i>Add: Previous</i>	<i>7,000</i>	Sundries Income	4,000
<i>Less: Current</i>	<i>3,000</i>	Interest on Investments	70,000
Salary	1,25,000	Subscription	8,17,500
<i>Add: Current O/s</i>	<i>18,000</i>	<i>Add: Current O/s</i>	<i>25,000</i>
<i>Less: Previous O/s</i>	<i>12,000</i>	<i>Add: Previous Adv.</i>	<i>17,500</i>
Stationery	32,500	<i>Less: Previous O/s</i>	37,500
Lectures Fees	1,65,000	<i>Less: Current Adv.</i>	10,000
Honorarium to Secretary	1,20,000		8,12,500
Newspaper	10,000		
Depreciation on Equipment	54,000		
Depreciation on Building	60,000		
Surplus	3,41,000		
	<b>11,05,500</b>		<b>11,05,500</b>

**Balance Sheet**  
*as on March 31, 2018*

<b>Liabilities</b>	<b>Amount (Rs.)</b>	<b>Assets</b>	<b>Amount (Rs.)</b>
Capital Fund		Cash	20,500
Opening Balance	22,66,000	Bank	2,50,000
<i>Add:</i> Surplus	<u>3,41,000</u>	Investments	7,00,000
Outstanding Salary	18,000	Equipment	2,56,000
Subscription Received in Advance	10,000	<i>Add:</i> Purchases	3,00,000
Electricity Charges Outstanding	12,500	<i>Less:</i> Depreciation	<u>54,000</u>
		Prepaid Insurance	3,000
		Subscription Outstanding	25,000
		Building	12,00,000
		<i>Less:</i> Depreciation	<u>60,000</u>
		Stock of Stationery	11,40,000
	<b>26,47,500</b>		7,000
			<b>26,47,500</b>

**Working Notes**

**WN1:** Ascertainment of Capital Fund

**Balance Sheet**  
*as on March 31, 2017*

<b>Liabilities</b>	<b>Amount (Rs.)</b>	<b>Assets</b>	<b>Amount (Rs.)</b>
Outstanding Salary	12,000	Prepaid Insurance	7,000
Subscription Received in Advance	17,500	Subscription Outstanding	37,500
Capital Fund	22,66,000	Stock of Stationery	22,500
		Equipment	2,56,000
		Building	12,00,000
		Cash	22,500
		Bank	50,000
		Investments	7,00,000
	<b>22,95,500</b>		<b>22,95,500</b>

Question 48.

Receipts and Payments Account of Shankar Sports Club is given below, for the year ended 31st March, 2018:

**RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2018**

Dr.	₹	Payments	₹
To Cash in Hand (Opening)	2,600	By Rent	18,000
To Entrance Fee	3,200	By Wages	7,000
To Donation for Building	23,000	By Billiard Table	14,000
To Locker Rent	1,200	By Furniture	10,000
To Life Membership Fee	7,000	By Interest	2,000
To Profit from Entertainment	3,000	By Postage	1,000
To Subscription	40,000	By Salary	24,000
	80,000	By Cash In Hand (closing)	4,000
			80,000

Prepare Income and Expenditure Account and Balance Sheet with the help of following information:  
Subscription outstanding on 31st March, 2017 is ₹ 1,200 and ₹ 2,300 on 31st March, 2018; opening stock of postage stamps is ₹ 300 and closing stock is ₹ 200; Rent ₹ 1,500 related to the year ended 31st March, 2017 and ₹ 1,500 is still unpaid. On 1st April, 2017 the club owned furniture ₹ 15,000, Furniture valued at ₹ 22,500 on 31st March, 2018. The club has a loan of ₹ 20,000(@ 10% p.a.) which was taken in year ended 31st March, 2017.

Solution:

**Income and Expenditure Account  
for the year ending March 31, 2018**

Dr.	Amount (Rs.)	Income	Cr.
Expenditure	Amount (Rs.)		Amount (Rs.)
Postage	1,000	Entrance Fee	3,200
<i>Add: Outstanding</i>	300	Locker Rent	1,200
<i>Less: Closing</i>	200	Profit from Entertainment	3,000
Rent	18,000	Subscription	40,000
<i>Add: Current O/s</i>	1,500	<i>Add: Current O/s</i>	2,300
<i>Less: Previous O/s</i>	1,500	<i>Less: Previous O/s</i>	1,200
Interest	2,000	Deficit	6,100
Salaries	24,000		
Depreciation on Furniture	2,500		
Wages	7,000		
	54,600		54,600

**Balance Sheet**  
as on March 31, 2018

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Outstanding Rent	1,500	Cash in Hand	4,000
10% Loan	20,000	Billiards Table	14,000
Donation for Building	23,000	Subscription Outstanding	2,300
Life Membership Fees	7,000	Stock of Postage Stamps	200
		Furniture	15,000
		Add: Purchases	10,000
		Less: Depreciation	2,500
		Capital Fund	22,500
		Opening Balance	2,400
		Add: Deficit	6,100
			8,500
	<b>51,500</b>		<b>51,500</b>

**Working Notes**

*WN1: Ascertainment of Capital Fund*

**Balance Sheet**  
as on March 31, 2017

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Outstanding Rent	1,500	Furniture	15,000
10% Loan	20,000	Subscription Outstanding	1,200
		Stock of Stationery	300
		Cash in Hand	2,600
		Capital Fund (Deficit)	2,400
	<b>21,500</b>		<b>21,500</b>