

# Chapter 20 – 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 31<sup>st</sup> March, 2016:

	₹		₹
Cash in Hand on 1 <sup>st</sup> April, 2015	500	Newspapers and Magazines	870
Cash at Bank on 1 <sup>st</sup> April, 2015	3,400	Sale of Old Newspapers	120
Subscriptions Received	15,700	Books Purchased	3,400
Donations Received	2,800	Sports Materials Purchased	4,700
Investments Purchased	5,000	Interest on Investments Received	500
Rent Paid	500	Honorarium to Coaches	1,500
General Expenses	2,300	Cash in Hand on 31 <sup>st</sup> March, 2016	300
Postage and Stationery	250	Cash at Bank on 31 <sup>st</sup> March 2016	?

## Solution:

Books of Evergreen Club  
Receipts and Payments Account for the year ended March 31, 2016

Dr.				Cr.
Receipts	₹	Payments	₹	
To Balance b/d		By Investments Purchased	5,000	
Cash in Hand	500	By Rent Paid	500	
Cash at Bank	3,400	By General Expenses	2,300	
To Subscription Received	15,700	By Postage and Stationery	250	
To Donation Received	2,800	By Newspapers and Magazines	870	
To Sale of Old Newspapers	120	By Books Purchased	3,400	
To Interest on Investments Received	500	By Sports Material Purchased	4,700	
		By Honorarium to Coaches	1,500	
		By Balance c/d		
		Cash in Hand	300	
		Cash at Bank (Balancing Fig.)	4,200	4,500
	23,020			23,020

## 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)

Liabilities	₹	Assets	₹
Tournament Fund	50,000		
Add : Tournament Receipts	20,000		
Less : Tournament Expenses	(15,000)		
	55,000		

### Question 3.

#### Case 1

Balance Sheet (Extract)

Liabilities	₹	Assets	₹
Prize Fund	5,000		
Less : Prize Paid	(1,200)		
	3,800		

**Note:** Prize Fund is maintained to meet the expenses related to the Prize. Thus, Match Expenses of ₹1,500 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)

Liabilities	₹	Assets	₹
Match Fund	10,000	Match fund Investments	6,000
Less : Match Expenses	(3,500)		
Add : Interest on Investment of Match Fund	300		
	6,800		

**Note:** Match Fund is maintained to meet the expenses related to the Match. Therefore, Prizes paid worth ₹1,900 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.

### Solution:

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

Case 1	Dr.(₹)	Cr.(₹)	Case 2	Dr.(₹)	Cr.(₹)
Prize Fund		5,000	Match Fund		10,000
Prizes Paid	1,200		Match Expenses	3,500	
Match Expenses	1,500		Investments of Match Fund	6,000	
			Interest on Investments of Match Fund		300
			Prizes Paid	1,900	

### Question 4.

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

TRIAL BALANCE  
as at 31<sup>st</sup> March,2016

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

**Solution:**

Balance Sheet (Extract)

Liabilities	₹	Assets	₹
Match Fund	80,000	Match Fund Investments	72,000
Add : Interest on Match Fund	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 31<sup>st</sup> March 2016:

Details	₹
Match Expenses (paid during the year 2015 - 16)	1,02,000
Match Fund (as on 31 <sup>st</sup> March, 2015)	24,000
Donation for Match Fund (Received during the year 2015-16)	40,000
Proceeds from the sale of match tickets (Received during the year 2015 - 16)	15,000

**Solution:**

Balance Sheet (Extract)

Liabilities	₹	Assets	₹
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)

Dr.

Cr.

Expenditure	₹	Income	₹
To Match Expenses (Note)	23,000		

Note: The Total Match Fund is ₹79,000 (i.e. Its ₹24,000 + ₹40,000 + ₹15,000) whereas the total Match Expenses amounts to ₹1,02,000. It means that expenses of ₹79,000 will be met through the Fund and the remaining expenses of ₹23,000 (i.e., ₹1,02,000 - ₹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, 2016 of a Not – For – Profit Organisation:

Case 1: Expenditure on construction of Pavilion is Rs.6,00,000. The construction work is in progress and has not yet completed. Capital Fund as at 31st March, 2015 is 20,00,000

Case 2: Expenditure on construction of Pavilion is Rs.6,00,000. The construction work is in progress and has not yet completed. Pavilion Fund as at 31st March 2015 is Rs.10,00,000 and capital Fund as at 31st March, 2015 is Rs.20,00,000.

Case 3. Expenditure on construction of Pavilion is Rs.6,00,000. The construction work is in progress and has not yet

completed. Pavilion Fund as at 31st March, 2015 is Rs.10,00,000 and Capital Fund as at 31st March, 2015 is Rs.20,00,000. Donation Received for Pavilion on 1st January,2016 is Rs.5,00,000

**Solution:**

Case 1

Balance Sheet (Extract)  
as on March 31,2015

Liabilities	₹	Assets	₹
Capital Fund	20,00,000	Pavilion Work - in - Progress	6,00,000

Case 2

Balance Sheet (Extract)  
as on March 31,2015

Liabilities	₹	Assets	₹
Pavilion Fund 10,00,000	4,00,000	Pavilion Work - in Progress	6,00,000
Less : Expenditure on Construction of Pavilion (6,00,000)			
Capital Fund 20,00,000	26,00,000		
Add : Pavilion Work - in - Progress 6,00,000			

Case 3

Balance Sheet (Extract)  
as on March 31,2015

Liabilities	₹	Assets	₹
Pavilion Fund 10,00,000	4,00,000	Pavilion Work - in Progress	6,00,000
Less : Expenditure on Construction of Pavilion (6,00,000)			
Capital Fund 20,00,000	26,00,000		
Add : Pavilion Work - in - Progress 6,00,000			

**Question 7.**

How is Entrance Fees dealt with while preparing the final accounts for the year ended 31st March, 2016 in each of the following alternatives cases?

Case 1. During the year 2015-16, Entrance Fees received was Rs.1,00,000.

Case 2. During the year 2015-16, Entrance Fees received was Rs.1,00,000. Out of this Rs.25,000 pertains to the year 2016

**Solution:**

### Case 1

**Income and Expenditure Account (Extract)**  
**for the year ended March 31, 2016**

Dr.

Cr.

Expenditure	₹	Income	₹
		By Entrance fees	1,00,000

Balance Sheet (Extract)  
as on March 31, 2016

Liabilities		₹	Assets	₹
Capital Fund				
Add : Entrance Fees	1,00,000	1,00,000		

## Case 2

### Income and Expenditure Account (Extract)

Dr.

Cr.

Expenditure	₹	Income	₹
		By Entrance fees (1,00,000 - 25,000)	75,000

**Question 8.**

In 2015 -16, the subscriptions received by the Jaipur Library were Rs.42,000. These subscriptions include Rs.1,400 received for 2014-15. On 31st March, 2016 subscriptions due but not received were Rs.1,000. What amount should be credited to Income and Expenditure Account for the year ended 31st March, 2016 as subscriptions?

**Solution:**

**Income and Expenditure Account (Extract)**  
**for the year ended March 31, 2016**

Dr.

Cr.

Expenditure	₹	Income	₹
		By Subscription	42,000
		Less : Outstanding for 2014 -15	(1,400)
		Add : Outstanding for 2015 - 16	1,000
			41,600

**Question 9.**

Subscriptions received during the year ended 31<sup>st</sup> March,2016 are :

	₹	₹
For the year ended 31 <sup>st</sup> March,2015	160	
For the year ended 31 <sup>st</sup> March,2016	8,440	
For the year ended 31 <sup>st</sup> March,2017	320	8,920

There are ₹450 member, each paying an annual subscription of ₹20; ₹180 were in arrears for the year ended 31<sup>st</sup> March, 2015. Calculate amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2016

**Solution:**

**Income and Expenditure Account (Extract)**  
for the year ended March 31, 2016

Dr.			Cr.
Expenditure	₹	Income	₹
		By Subscription (450 Members × ₹20 each)	9,000

**Question 10.**

In 2015-16, subscriptions received by King Club of Delhi were Rs.40,900 including Rs.500 for 2014-15 and Rs.1,000 for 2016-17. At the end of 2015-16, subscriptions outstanding for 2015-16 were Rs.1,500. The subscriptions due but not received at the end of the previous year, i.e., 31st March, 2015 were Rs.800, while subscriptions received in advance on the same date were Rs.1,800.

Calculate amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31st March, 2016.

**Solution:**

**Statement of Subscription**  
for the year ended March 31, 2016

Particulars	₹
Subscription received during the year 2015 - 16	40,900
Add : Outstanding for 2015 - 16 (Current year)	1,500
Less : received for 2014 - 15 (Previous year)	(5,00)
Add : Advance received in 2014 - 15 (Previous year)	1,800
Less : Advance received for 2016 - 17 (Next year)	(1,000)
<b>Subscriptions to be credited to Income and Expenditure Account</b>	<b>42,700</b>

**Question 11.**

From the following information, calculate amount of subscriptions to be credited to the Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2016

		₹
1 <sup>st</sup> April, 2015	Subscriptions in Arrears	5,000
	Subscriptions Received in Advance	3,000
31 <sup>st</sup> March, 2016	Subscriptions in Arrears	2,500
	Subscriptions Received in Advance	7,000
Subscriptions received during the year 2015 - 16 - ₹30,000		

**Solution:**

**Statement of Subscription**  
for the year ended March 31, 2016

Particulars	₹
Subscription received during the year 2015 - 16	30,000
Less : Subscription - in - Arrears for 2014 - 15	(5,000)
Add : Subscription - in - Arrears for 2015 - 16	2,500
Add : Subscription - in - Advance for 2015 - 16	3,000
Less : Subscription - In advance for 2016 - 17	(7,000)
<b>Subscriptions to be credited to Income and Expenditure Account</b>	<b>23,500</b>

**Question 12.**

Calculate amount of subscriptions which will be treated as income for the year ended 31<sup>st</sup> March, 2016 for each of the following cases:

Case	Particulars	₹
1.	i. Subscriptions collected during the year 2015-16	2,50,000
	ii. Subscriptions in arrears for the year 2015-16	6,000
	iii. Subscriptions received in advance for the year 2016-17	5,000
2.	i. Subscriptions collected during the year 2015-16	49,000
	ii. Subscriptions for the year 2015-16 collected in 2014-15	3,000
	iii. Subscriptions unpaid for the year 2015 -16	2,000
3.	i. Subscriptions received during the year 2015-16	25,000
	ii. Subscriptions outstanding in the beginning of 2015 -16	3,000
	iii. Subscriptions not yet collected for 2015 -16	5,000
4.	i. Subscriptions received during the year 2015-16	80,000
	ii. Subscriptions outstanding in the beginning of 2015-16	5,000
	iii. Subscriptions not yet collected for 2015-16	8,000
	iv. Subscriptions for 2016 - 17 received in advance	2,000
5	i. Subscriptions received during the year 2015-16	90,000
	ii. Subscriptions outstanding at the end of 2014 - 15	5,000
	iii. Subscriptions received in advance on 31 <sup>st</sup> March,2015	3,000
	iv. Subscriptions received in advance on 31 <sup>st</sup> March,2015	4,000
	v. Subscriptions not yet collected for 2015-16	6,000

**Solution:**Case 1

**Statement of Subscription  
for the year ended March 31, 2016**

Particulars	₹
Subscriptions received during the year 2015 - 16	2,50,000
Add : Subscriptions -in -arrears for the year 2015 - 16	6,000
Less : Subscriptions received in advance for the year 2016 - 17	(5,000)
<b>Subscriptions Income for the year 2015 - 16</b>	<b>2,51,000</b>

Case 2

**Statement of Subscription  
for the year ended March 31, 2016**

Particulars	₹
Subscriptions received during the year 2015 - 16	49,000
Add : Subscriptions collected for 2015 - 16 in 2014 - 15	3,000
Add : Subscriptions unpaid for the year 2015 - 16	2,000
<b>Subscriptions Income for the year 2015 - 16</b>	<b>54,000</b>

Case 3

**Statement of Subscription  
for the year ended March 31, 2016**

Particulars	₹
Subscriptions received during the year 2015 - 16	25,000
Less : Subscriptions outstanding in the beginning of 2015 - 16	(3,000)
Add : Subscriptions yet not collected for 2015 - 16	5,000
<b>Subscriptions Income for the year 2015 - 16</b>	<b>27,000</b>

**Case 4**

**Statement of Subscription  
for the year ended March 31, 2016**

Particulars	₹
Subscriptions received during the year 2015 - 16	80,000
Less : Subscriptions Outstanding in the beginning of 2015 - 16	(5,000)
Add : Subscriptions yet not Collected for 2015 - 16	8,000
Less : Subscriptions for 2016 - 17 received in advance	(2,000)
<b>Subscriptions Income for the year 2015 - 16</b>	<b>81,000</b>

**Case 5**

**Statement of Subscription  
for the year ended March 31, 2016**

Particulars	₹
Subscriptions received during the year 2015 - 16	90,000
Less : Subscriptions Outstanding at the end of 2014 - 15	(5,000)
Add : Subscriptions received in advance on Mar.31, 2015	3,000
Less : Subscriptions received in advance on Mar.31, 2015	(4,000)
Add : Subscriptions not yet collected for 2015 - 16	6,000
<b>Subscriptions Income for the year 2015 - 16</b>	<b>90,000</b>

**Question 13.**

There were 450 members in a club each paying an annual subscription of Rs.50. Rs.500 were in arrears as at 31st December, 2012. Subscriptions received during 2013 were Rs.22,300 including Rs.450, for 2012 and Rs.750 for the year 2014. Calculate amount of subscriptions in arrears as at 31st December, 2013 by preparing the Subscriptions Account.

**Solution:**

**Subscriptions Account**

Dr.		Cr.	
Particulars	₹	Particulars	₹
To Subscriptions Outstanding (as on Dec 31, 2012)	500	By Bank (Subscriptions received)	22,300
To Advance Subscriptions (for 2014)	750	By Subscription Outstanding (as on Dec 31, 2013) (Balancing Fig.)	1,450
To Income and Expenditure (450 Member × ₹ 50)	22,500		
	<b>23,750</b>		<b>23,750</b>

**Subscriptions in arrears as at 31st December, 2013**

Subscriptions - in - arrears in 2013	1450
Less : Subscriptions still - in - arrears for 2012	(50)
<b>Subscriptions - in - arrears for 2013</b>	<b>1,400</b>



**Question 14.**

From the following particulars, calculate amount of subscriptions to be credited to the Income and Expenditure Account for the year ended 31<sup>st</sup> March 2016:

	₹
a. Subscriptions in arrears on 31 <sup>st</sup> March, 2015	500
b. Subscriptions received in advance on 31 <sup>st</sup> March, 2015 for the year ended on 31 <sup>st</sup> March, 2016	1,100
c. Total subscriptions received during 2015-16 (including 400 for 2014 - 15, 1,200 for 2016 - 17 and 300 for 2017 - 18)	35,400
d. Subscriptions outstanding for 2015-16	400

**Solution:**

Statement of Subscription  
for the year ended March 31, 2016

Particulars	₹
Subscriptions received during the year 2015 - 16	35,400
Less : Subscriptions-in-arrears received for 2014 - 15	(400)
Less : Subscriptions received-in-advance for 2016 - 17	(1,200)
Less : Subscriptions received-in-advance for 2017 - 18	(300)
Add : Subscriptions Outstanding for 2015 - 16	400
Add : Subscriptions received in 2014 - 15 for 2015 - 16	1,100
<b>Subscriptions to be credited to Income and Expenditure Account</b>	<b>35,000</b>

**Question 15.**

How are the following items relating to subscriptions shown in the Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2015 and Balance Sheets as at 31<sup>st</sup> March, 2014 and 2015?

	₹
Subscriptions received during 2014 - 15	35,850
Subscriptions outstanding on 31 <sup>st</sup> March, 2014	3,000
Subscriptions received in Advance on 31 <sup>st</sup> March, 2014	2,250
Subscriptions received in advance on 31 <sup>st</sup> March, 2015	1,350
Subscriptions outstanding on 31 <sup>st</sup> March, 2015	3,750

(including 1,250 for 2013 - 14)

**Solution:**

Income and Expenditure Account (Extract)  
For the year ended March 31, 2015

Dr			Cr
Expenditure	₹	Income	₹
		By Subscriptions	35,850
		Add: Outstanding at the end	3,750
		Add: Advance in the beginning	2,250
		Less: Outstanding in the beginning	(3,000)
		Less: Advance at the end	(1,350)
			<b>37,500</b>

Balance Sheet (Extract)  
as on March 31, 2014

Liabilities	₹		₹
Subscriptions received in Advance	2,250	Subscriptions Outstanding	3,000

Balance Sheet (Extract)  
as on March 31, 2015

Liabilities	₹	Assets	₹
Subscriptions received in Advance	1,350	Subscriptions Outstanding	3,750

**Question 16.**

From the following information, calculate amount of subscriptions outstanding for the year 2015 - 16:

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 31 <sup>st</sup> March, 2015	30,000
Subscriptions Received in Advance on 31 <sup>st</sup> March, 2016	40,000
Subscriptions Received in Advance on 31 <sup>st</sup> March, 2015	14,000

**Solution:****Subscriptions Account**

Dr.			Cr.
Particulars	₹	Particulars	₹
To Income and Expenditure (200 members × ₹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
To Advance Subscriptions at the end	40,000	By Outstanding Subscriptions at the end (Balancing Figure)	51,000
	2,70,000		2,70,000

**Question 17.**

On the basis of information given below, calculate amount of medicines to be debited to the Income and Expenditure Account of Good Health Hospital for the year ended 31<sup>st</sup> March, 2016:

Particulars	1.4.2015 ₹	31.3.2015 ₹
Stock of Medicines	1,75,750	1,44,550
Creditors for Medicines	15,06,900	18,20,700

Medicines purchased during the year ended 31<sup>st</sup> March, 2016 were ₹60,80,700.

**Solution:****Statement of Medicine Consumed  
during the year 2015 - 16**

Particulars	₹
Medicine Purchased during the year 2015 - 16	60,80,700
Add : Stock in the beginning (as on April 01, 2015)	1,75,750
Less : Stock at the end (as on March 31, 2016)	(1,44,650)
Medicine to be debited to Income and Expenditure Account	61,11,800

**Question 18.**

Calculate amount of medicines consumed during the year 2012 - 2013;

	₹
Opening Stock of Medicines	10,000
Opening Creditors for Medicines	9,000
Cash Purchases of Medicines during the year	30,000
Closing Stock of Medicines	15,000
Closing Creditors of Medicines	13,000

**Solution:**

Statement of Medicine Consumed  
For the year ending March 31, 2013

Particulars	₹
Cash Purchases of medicine during the year	30,000
Add : Opening Stock of Medicines	10,000
Less : Closing Stock of Medicines	(15,000)
Add : Closing Creditors of Medicines	13,000
Less : Opening Creditors of Medicines	(9,000)
Amount of Medicines Consumed during the year 2012 - 13	29,000

**Question 19.**

Calculate amount to be posted to the Income and Expenditure Account for the year ended 31<sup>st</sup> December, 2015:

- Amount paid for stationery during the year 2015 - ₹540; Stock of Stationery in Hand on 31<sup>st</sup> December, 2015 - ₹25.
- Stock of Stationery in Hand on 1<sup>st</sup> January, 2015 - ₹150; Payment made for stationery during the year 2015 - ₹540; Stock of Stationery in Hand on 31<sup>st</sup> December, 2015 - ₹25.
- 

	₹
Stock of Stationery on 1 <sup>st</sup> January, 2015	150
Creditors for Stationery on 1 <sup>st</sup> January, 2015	100
Amount paid for Stationery during the year	540
Stock of Stationery on 31 <sup>st</sup> December, 2015	25

**Solution:**

a.

**Statement of Stationery Consumed  
at the end of December 31,2015**

Particulars	₹
Amount paid for Stationery during the year 2015	540
Less : Closing Stock ( as on December 31, 2015)	(25)
<b>Amount of Stationery to be posted to Income and Expenditure Account</b>	<b>515</b>

b.

**Statement of Stationery Consumed  
at the end of December 31,2015**

Particulars	₹
Payment made for Stationery during the year 2015	540
Add :- Opening Stock (as on Jan, 2015)	150
Less : Closing Stock (as on Dec 31, 2015)	(25)
<b>Amount of Stationery to be posted to Income and Expenditure Account</b>	<b>665</b>

c.

**Statement of Stationery Consumed  
at the end of December 31,2015**

Particulars	₹
Amount paid for Stationery during the year 2015	540
Add : Opening Stock (as on Jan.01 2015)	150
Less : Closing Stock (as on Dec. 31, 2015)	(25)
<b>Amount of Stationery to be posted to Income and Expenditure Account</b>	<b>565</b>

**Question 20.**

On the basis of the following information, calculate amount that will appear against the item 'Stationery Used' In the Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2014:

	₹
Stock of Stationery on 1 <sup>st</sup> April,2013	12,000
Creditors for Stationery on 1 <sup>st</sup> April, 2013	25,600
Amount paid for Stationery during the year ended 31 <sup>st</sup> March, 2014	1,40,000
Stock of Stationery on 31 <sup>st</sup> March, 2014	23,200
Creditors of Stationery as at 31 <sup>st</sup> March, 2014	24,000

**Solution:**

**Statement of Stationery Consumed  
for the year ended March 31, 2014**

Particulars	₹
Amount paid for Stationery during the year 2013 - 14	1,40,000
Add : Opening Stock (as on April 01, 2013)	12,000
Less : Closing Stock (as on March 31,2014)	(23,200)
Add : Creditors at the end ( as on March 31,2014)	24,000
Less : Creditors in the beginning (as on April 01,2013)	(25,600)
<b>Amount of Stationery be shows in Income and Expenditure Account</b>	<b>1,27,200</b>

**Question 21.**

How will you deal with the following case while preparing the final accounts of a non - profit organization?

	1 <sup>st</sup> April, 2015	31 <sup>st</sup> March, 2016
	₹	₹
Stock of Stationery	600	100
Creditors of Stationery	400	260
Advance paid for Stationery	40	60

Amount paid for stationery during 2015 - 16 was ₹2,160.

**Solution:**

**Statement of Stationery  
for the year ended March 31,2016**

Particulars	₹
Amount paid for Stationery during 2015 - 16	2,160
Add : Opening Stock (as on April 01,2015)	600
Less : Closing Stock (as on March 31,2016)	(100)
Less : Creditors in the beginning (April 01,2015)	(400)
Add: Creditors at the end (March 31,2016)	260
Add: Advance in the beginning (April 01,2015)	40
Less : Advance at the end (March 31,2016)	(60)
<b>Amount to be posted to Income and Expenditure Account</b>	<b>2,500</b>

**Income and Expenditure Account  
for the year ended March 31,2016 (Extract)**

Dr.		Cr.	
Expenditure	₹	Income	₹
To Stationery Consumed	2,500		

**Balance Sheet  
as on April 01,2015 (Extract)**

Liabilities	₹	Assets	₹
Creditors for Stationery	400	Stock of Stationery	600
		Advance Paid for Stationery	40

**Balance Sheet  
as on March 31,2016 (Extract)**

Liabilities	₹	Assets	₹
Creditors for Stationery	260	Stock of Stationery	100
		Advance Paid for Stationery	60

**Question 22.**

Calculate what amount will be posted to the Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2016

	₹
Stock of Stationery on 1 <sup>st</sup> April, 2015	3,000
Creditors for Stationery on 1 <sup>st</sup> April, 2015	2,000
Advances paid for Stationery carried forward from 2014 - 15	200
Amount paid for Stationery during the year 2015 - 16	10,800
Stock of Stationery on 31 <sup>st</sup> March, 2016	500
Creditors for Stationery on 31 <sup>st</sup> March, 2016	1,300
Advance paid for Stationery on 31 <sup>st</sup> March, 2016	300

**Solution:**

Statement of Stationery  
for the year ended March 31, 2016

Particulars	₹
Amount paid for Stationery during the year 2015 - 16	10,800
Add : Opening Stock (as on Apr. 01, 2015)	3,000
Less : Closing Stock as on Mar. 31, 2015	(500)
Less: Creditors in the beginning (as on Apr. 01, 2015)	(2,000)
Add: Creditors at the end (as on Mar. 31, 2016)	1,300
Add: Advance in the beginning (as on Apr. 01, 2015)	200
Less: Advance at the end (as on Mar. 31, 2016)	(300)
<b>Amount to be posted to Income and Expenditure Account</b>	<b>12,500</b>

**Question 23.**

How are the following dealt with while preparing the final Accounts for the year ended 31<sup>st</sup> March, 2015

**RECEIPTS AND PAYMENTS ACCOUNT (AN EXTRACT)**

for the year ended 31<sup>st</sup> March, 2015

Dr.		Cr.	
Receipts	₹	Payments	₹
		By Payment for Sports Materials	1,40,000

**BALANCE SHEET (AN EXTRACT) as at 1<sup>st</sup> April, 2014**

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

Additional Information :

Sports Materials in hand on 31<sup>st</sup> March, 2015 - ₹22,000

**Solution:**

**Income and Expenditure Account**  
for the year ended March 31, 2015 (Extract)

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

**Balance Sheet**  
as on March 31, 2015 (Extract)

Liabilities	₹	Assets	₹
		Stock of Sport Materials	22,000

**Question 24.**

How are the following dealt with while preparing the final accounts for the year ended 31<sup>st</sup> March, 2016?

**RECEIPTS AND PAYMENTS ACCOUNT (AN EXTRACT)**

for the year ended 31<sup>st</sup> March, 2016

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

**Additional Information**

	As at 1 <sup>st</sup> April, 2015 ₹	As at 31 <sup>st</sup> March, 2016 ₹
Stock of Medicines	50,000	75,000
Creditors for Medicines	40,000	60,000

**Solution:**

**Income and Expenditure Account  
for the year ended March 31,2016(Extract)**

Dr.			Cr.
Expenditure	₹	Income	₹
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 31,2015 (Extract)**

Liabilities	₹	Assets	₹
Creditors for Medicines	40,000	Stock of Medicines	50,000

**Balance Sheet  
as on March 31,2016 (Extract)**

Liabilities	₹	Assets	₹
Creditors for Medicines	60,000	Stock of Medicines	75,000

**Question 25.**

How are the following dealt with while preparing the final accounts of a sports club for the year ended 31st March, 2016?

**RECEIPTS AND PAYMENTS ACCOUNT  
for the year ended 31st March, 2016**

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

Additional Information:

	As of 31st March, 2015 (₹)	As at 31st March, 2016 (₹)
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, 2016

Dr.				Cr.
	Expenditure	₹	Income	₹
	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	(20,000)		
		54,000		

**Balance Sheet (Extract)**

as on March 31, 2015

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

**Balance Sheet (Extract)**

as on March 31, 2016

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

**Question 26.**

From the following information of a Not-for -Profit Organisation Show the 'Sports Material' item in the Income and Expenditure for the year ended 31<sup>st</sup> March, 2016 and Balance Sheets as at 31<sup>st</sup> March, 2015 and 31<sup>st</sup> March 2016 :

Particulars	31.3.2015 ₹	31.3.2016 ₹
Stock 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

Payment to suppliers for Sports Materials during the year was ₹1,02,000. There was no cash purchases made.

**Solution:**

**Extract of Income and Expenditure Account  
for the year ended March 31,2016 (Extract)**

Dr.

Cr.

Expenditure	₹	Income	₹
To Sports Material Consumed	92,800		

**Balance Sheet  
as on March 2015 (Extract)**

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

**Balance Sheet  
as on March 2016 (Extract)**

Liabilities	₹	Assets	₹
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 Consume

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

**Alternatively :** Sports Material consumed can also be calculated as :

**Creditors for Sports Material Account**

Dr.

Cr.

Expenditure	₹	Income	₹
To Balance b/d (Advance in the beginning)	11,000	By Balance b/d (Creditors in the beginning)	9,800
To Bank A/c (Amount Paid for stationery)	1,02,000	By Purchase A/c (Balancing Fig.)	91,400
To Balance c/d (Creditors at the end)	7,200	By Balance c/d (Advance at the end)	19,000
	<b>1,20,200</b>		<b>1,20,200</b>

**Sports Material Consumed**

= Opening Stock + Purchases - Closing Stock

= 6,200 + 91,400 - 4,800

= ₹92,800

**Question 27.**

The book value of furniture on 1st April, 2015 is Rs.6,000. Half of this furniture is sold for Rs.2,000 on 30th September, 2015.

Depreciation is to be charged on furniture @ 10% p.a. Calculate loss on sale of furniture. Show how on sale and depreciation

on furniture will be shown in the Income and Expenditure Account for the year ended 31st March, 2016.

**Solution:**

**Furniture Account**

Dr.			Cr.		
Date	Particulars	₹	Date	Particulars	₹
2015 Apr 01	To Balance b/d		2015 Sep 30	By Depreciation A/c (Furniture I) (6 Months)	150
	(Furniture I) 3,000				
	(Furniture II) 3,000	6,000			
			Sep 30	By Bank A/c (Sale) (Furniture I)	2,000
			Sep 30	By Income and Expenditure A/c (Loss on Sale)	850
			2016 Mar 31	By Depreciation A/c (Furniture I) (for whole year)	300
				By Balance c/d (3,000 - 300)	2,700
		6,000			6,000

**Income and Expenditure Account  
for the year ended March 31, 2016 (Extract)**

Dr.		Cr.	
Expenditure	₹	Income	₹
To Depreciation on Furniture (150 + 300)	450		
To Loss on Sale of Furniture	850		

**Working Note :**

Calculation of Profit or Loss on Sale of Furniture

Particulars	₹
Book Value of Furniture Sold as on April 01, 2015	3,000
Less : Depreciation (For 6 Months) $(3,000 \times 10\% \times 6/12)$	(150)
Book Value of Furniture as on Sept. 30, 2015	2,850
Less : Sale Value	(2,000)
Loss on Sale of Furniture	850

**Question 28.**

Delhi Youth Club has furniture at a value of Rs.2,20,000 in its book on 31st March, 2015.. It sold old furniture, having book value of Rs.20,000 as at 1st April, 2015 at a loss of @20% on 31st December, 2015. Furniture is to be depreciated @10% p.a. Furniture costing Rs.1,50,000 was also purchased on 1st October, 2015.

Prepare Furniture Account for the year ended 31st March, 2016

**Solution:****Furniture Account**

Dr.			Cr.		
Date	Particulars	₹	Date	Particulars	₹
2015 Apr 01	To Balance b/d i. 2,00,000		2015 Dec 31	By Depreciation A/c ii. (9 m)	1,500
	ii. 20,000	2,20,000			
Oct 01	To Bank A/c (iii)	1,50,000	Dec 31	By Bank A/c (Sale ii.)	14,800
				By Income and Expenditure A/c (Loss on Sale)	3,700
			2016 Mar 31	By Depreciation A/c i.20,000 ii.7,500(6m)	27,500
			Mar 31	By Balance c/d i. 1,80,000 ii. 1,42,500	3,22,500
		3,70,000			3,70,000

**Working Note :****Calculation of Profit or Loss on Sale of Furniture**

Particulars	₹
Book Value of Furniture (i) as on April 01,2015	20,000
Less : Depreciation (for 9 months) [ 20,000 × 10% × 9/12]	(1,500)
Book Value on December 31, 2015	18,500
Less: Loss on Sale of Furniture (18,500 × 20%)	(3,700)
Sale value of Furniture	14,800

**Question 29.**

In 2015 - 16, salaries paid amounted to 20,400. Ascertain the amount chargeable to the Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2016 from the following additional information:

	₹
Prepaid Salaries on 31 <sup>st</sup> March, 2015	2,400
Prepaid Salaries on 31 <sup>st</sup> March,2016	1,200
Outstanding Salaries on 31 <sup>st</sup> March, 2015	1,800
Outstanding Salaries on 31 <sup>st</sup> March, 2016	1,500

**Solution:**

**Statement of Salaries**  
for the year ended March 31, 2016

Particulars	₹
Amount paid for Salaries	20,400
Add : Prepaid Salaries as on March 31,2015	2,400
Less : Prepaid Salaries as on March 31,2016	(1,200)
Less : Outstanding Salaries as on March 31,2015	(1,800)
Add : Outstanding Salaries as on March 31,2016	1,500
Salaries chargeable to Income and Expenditure Account	21,300

**Question 30.**

During 2015 - 16, the miscellaneous expenses paid by a Young India Club were ₹6,500. Find out the expenses chargeable to Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2016.

Additional Information	31 <sup>st</sup> March,2015 ₹	31 <sup>st</sup> March,2016 ₹
Prepaid Expenses	600	800
Outstanding Expenses	1,000	1,200

**Solution:**

**Statement of Miscellaneous Expenses  
for the year ended March 31,2016**

Particulars	₹
Amount Paid for Miscellaneous Expenses during the year 2015 - 16	6,500
Add : Prepaid Expenses as on March 31,2015	600
Less : Prepaid Expenses as on March 31,2016	(800)
Add : Outstanding Expenses as on March 31,2015	(1,000)
Less : Outstanding Expenses as on March 31,2016	1,200
<b>Miscellaneous Expenses chargeable to Income and Expenditure Account</b>	<b>6,500</b>

**Question 31.**

How are the following items with while preparing Income and Expenditure Account of a club for the year ended 31<sup>st</sup> March, 2016?

	1 <sup>st</sup> April,2015	31 <sup>st</sup> March,2016
	₹	₹
Outstanding Locker Rent	460	630
Advance Locker Rent	300	400
Locker Rent received during the year 2015 - 16 - ₹5,200		

**Solution:**

**Income and Expenditure Account (Extract)**

Dr.		Cr.		
Expenditure	₹	Income		₹
		By Locker Rent Received	5,200	
		Add : Outstanding at the end	630	
		Add : Advance in the beginning	300	
		Less : Outstanding in the beginning	(460)	
		Less : Advance at the end	(400)	5,270

**Question 32.**

Prepare Income and Expenditure Account for the year ended 31<sup>st</sup> March,2016 from the following:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.		Cr.	
Receipts	₹	Payments	₹
To opening Balance	1,800	By Salaries	4,800
To Subscriptions	9,000	By Rent	500
To Sale of Investments	2,000	By Stationery	200
To Sale of Old Furniture (Book Value ₹400)	300	By Defence Bonds	3,000
To Donations	100	By Furniture	2,000
		By Bicycle	300
		By Balance c/d	2,400
	<b>13,200</b>		<b>13,200</b>

**Solution:****Income and Expenditure Account**

Dr.

Cr.

Expenditure	₹	Income	₹
To Salaries	4,800	By Subscriptions	9,000
To Rent	500	By Donation	100
To Stationery	200		
To Loss on Sale of Old Furniture	100		
To Surplus (Balancing Fig.)	3,500		
	9,100		9,100

**Question 33.**

From the following Receipts and Payments Account, prepare Income and Expenditure Account for 2013:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance as at 1 <sup>st</sup> January, 2013		By Salaries	3,500
Cash	550	By Rent	1,200
Bank	2,800	By Printing and Stationery	190
To Subscriptions	3,900	By Postage, etc	130
including (₹200 for 2012 and ₹150 for 2014)		By Steel Almira's	350
To Investments	850	By Defence Bonds	1,000
To Sale of Furniture	600	By Cash Balance (31 <sup>st</sup> December, 2013)	970
To Sale of Old Newspapers	40	By Bank Balance (31 <sup>st</sup> December, 2013)	2,500
To Entrance Fees	100		
To Life Membership Fees	1,000		
	9,840		9,840

**Solution:****Income and Expenditure Account  
for the year ended December 31, 2013**

Dr.

Cr.

Expenditure	₹	Income	₹
To Salaries	3,500	By Subscriptions	3,900
To Rent	1,200	Less : Outstanding in 2012	(200)
To Printing and Stationery	190	Less : Advance for 2014	(150)
To Postage	130	By Sale of Old Newspapers	40
		By Entrance Fees	100
		By Deficit (Balancing Fig.)	1,330
	5,020		5,020

**Question 34.**

Convert the following Receipts and Payments Account of Delhi Nursing Society for the year ended 31<sup>st</sup> March, 2016 into the Income and Expenditure Account:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance at Bank on 1 <sup>st</sup> April, 2015	20,100	By Salaries of Nurses	6,560
To Subscriptions	11,150	By Board, Laundry and Domestic Help	3,800
To Fees from Non - Members	2,700	By Rent, Rates and Taxes	2,000
To Municipal Grant	10,000	By Cost of Car	20,000
To Donations for Building Fund	15,600	By Expenses of Car	8,400
To Interest	380	By Drugs and Incidental Expenses	6,700
		By Balance c/d	12,470
	59,930		59,930

A donation of ₹1,000 received for Building Fund was wrongly included in the Subscriptions Account. A bill of medicines purchased during the year amounted to ₹1,280 was outstanding.

**Solution:**

**Books of Delhi Nursing Society**  
Income and Expenditure Account  
for the year ended March 31, 2016

Dr.			Cr.
Expenditure	₹	Income	₹
To Salaries of Nurses	6,560	By Subscriptions	11,150
To Board Laundry and Domestic Help	3,800	Less : Donation for Building	(1,000)
To Rent Rates and Taxes	2,000	By Fees from Non - members	2,700
To Expenses of Car	8,400	By Municipal Grant	10,000
To Drugs and Incidental	6,700	Interest	380
Add : Outstanding Expenses	1,280		
	7,980	By Deficit (Balancing Fig.)	5,510
	28,740		28,740

**Question 35.**

Following is the Receipts and Payments Account of You Bee Forty Club for the year ended 31<sup>st</sup> March, 2015

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr			Cr
Receipts	₹	Payments	₹
To Balance b/d	15,000	By Salaries and Wages	16,000
To Subscriptions		By Office Expenses	3,500
2013 - 14		By Office Equipments	34,000
2014 - 15	6,000	By Telephone Charges	2,400
To Donations	5,000	By Electricity Charges	3,200
To Entrance Fees	8,000	By Travelling Expenses	6,500
		By Balance c/d	3,400
	69,000		69,000

- Outstanding Subscriptions for 2014 - 15 - ₹5,500.
- Outstanding Salaries and Wages - ₹4,000
- Depreciate Sports Equipment 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 March 31,2015

Dr.			Cr.	
Expenditure		₹	Income	₹
To Salaries and Wages	16,000		By Subscriptions	35,000
Add : Outstanding	4,000	20,000	Add : Outstanding for 2014 - 15	5,500
To Office Expenses		3,500	By Donations	5,000
To Telephone Charges		2,400	By Entrance Fees	8,000
To Electricity Charges		3,200		
To Travelling Expenses		6,500		
To Depreciation on Sports		8,500		
To Equipments (34,000 × 25%)				
To Surplus (Balancing Fig.)		9,400		
		53,500		53,500

**Question 36.**

From the following Receipts and Payments Account of Jaipur Sports Club, Prepare Income and Expenditure Account for the year ended 31<sup>st</sup> March,2016:

**RECEIPTS AND PAYMENTS ACCOUNT**  
for the year ended 31<sup>st</sup> March, 2016

Dr			Cr	
Receipts		₹	Payments	₹
To Balance b/d		20,000	By Rent	6,000
To Entrance Fees			(including ₹1,500 for 2014 - 15)	
2014 - 15	1,000		By Insurance Premium	6,000
2015 - 16	5,000	6,000	(Including ₹1,500 for 2016 - 17)	
To Subscriptions			By Sports Materials	5,000
2014 - 15	1,000			
2015 - 16 (90%)	9,000			
2016 - 17	500	10,500		
To Life Membership Fees		2,000	By Furniture	6,000
To Donations		12,000	(Purchased on 31 <sup>st</sup> March,2016)	
To Donation for Tournament		5,000	By 8% Fixed Deposit	
			(made on 1 <sup>st</sup> October,2015)	
To Subscriptions for Governor's Party		1,500	By Tournament Expenses	1,000
To Interest on 8% Fixed Deposit		240	By Books	2,000
To Sale of Old Sports Materials		30	By Printing and Stationery	2,000
To Sale of Old Sports Materials (Book Value ₹120)		50	By Balance c/d	18,000
To Locker Rent (including ₹60 for 2014 - 15)		680		
		58,000		58,000



**Solution:**

**Income and Expenditure Account**  
for the year ended March 31, 2016

Dr.

Cr.

Expenditure	₹	Income	₹
To Rent	6,000	By Entrance Fees (2015 - 16)	5,000
Less : For 2014 - 15	(1,500)	Subscription 2015 - 16	9,000
		Add : Outstanding for 2015 - 16 (9,000 × 10/9)	1,000
To Insurance Premium	6,000		10,000
Less : For 2016 - 17	(1,500)	By Donations	12,000
To Printing and Stationery		By Interest on Fixed Deposit	240
To Loss on Sale of Sports Material (120 - 50)	70	Add : Accrued Interest	240
To Surplus (Balancing Figure)	17,060	By Sale of Old Sports Materials	30
		By Locker Rent	680
		Less : For 2014 - 15	(60)
	28,130		620
			28,130

**Working Note :**

Calculation of Interest Accrued on investment

Interest on Investments for 6 Months (12,000 × 8% × 6/12)	480
Less : Interest Received	(240)
Accrued Interest on Investments	240

**Question 37.**Following is the Receipts and Payments Account of Delhi Football Club for the year ended 31<sup>st</sup> March, 2016 :**RECEPITS AND PAYMENTS ACCOUNT** for the year ended 31<sup>st</sup> March 2016

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance b/d	18,000	By Building	4,00,000
To Donations for Building	5,00,000	By Match Expenses	90,000
To Life Membership Fees	40,000	By Furniture	1,21,000
To Match Fund	80,000	By 10 % Investments	1,60,000
		(Purchased on 1 <sup>st</sup> July, 2015)	
To Subscriptions	52,000	By Salaries	70,000
To Locker Rent	4,000	By Insurance	3,500
To Interest on Investments	10,000	By Sundry Expenses	4,700
To Sale on Furniture	1,00,000	By Balance c/d	4,800
(Book Value `80,000)			
To Entrance Fees	50,000		
	8,54,000		8,54,000

**Additional Information :**

- During the year 2015 - 16, the club had 550 members and each paying an annual subscription of ₹100.
- Donations for Building include 10% general donations
- Salaries Outstanding as at 1<sup>st</sup> April, 2015 were ₹10,000 and as at 31<sup>st</sup> March, 2016 were ₹5,000

Prepare Income and Expenditure Account of the Club for the year ended 31<sup>st</sup> March, 2016

**Solution:**

**Books of Delhi Football Club**  
**Income and Expenditure Account**  
for the year ended March 31, 2016

Dr.			Cr.
Expenditure	₹	Income	₹
To Salaries 70,000		By Subscriptions (550 members × ₹100 each)	55,000
Add : Outstanding at the end 5,000		By Entrance Fees	50,000
Less : Outstanding in the end beginning (10,000)	65,000		
To Insurance	3,500	By General Donation (5,00,000 × 10%)	50,000
To Sundry Expenses	4,700	By Locker rent	4,000
To Match Expenses 90,000		By Profit on Sale of Furniture (1,00,000 - 80,000)	20,000
Less : Match Fund (80,000)	10,000	By Interest on Investment 10,000	
To Surplus (Balancing Figure)	1,07,800	Add : Accrued Interest 2,000	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 × 10% × 9/12)	12,000
Less : Interest Received	(10,000)
Accrued Interest on Investment	<u>2,000</u>

**Question 38.**

Following is the summary of cash Transactions of the Royal Club for the year ended 31<sup>st</sup> March, 2016:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance from last year	3,190	By Rent	1,680
To Entrance Fees	2,550	By wages	2,450
To Subscriptions	16,000	By Electricity Charges	720
To Donations	1,650	By Honorarium	4,350
To Life Membership Fees	2,500	By Books	2,130
To Profit on Entertainment	560	By Office Expenses	4,500
		By 3% Fixed Deposit (1 <sup>st</sup> October,2015)	8,000
		By Cash at Bank	2,420
		By Cash in Hand	200
	26,450		26,450

In the beginning of the year, the Club possessed Books worth ₹20,000 and Furniture worth ₹8,500. Ordinary Subscriptions in arrears in the beginning of the year amounted to ₹350 and at the end of the year ₹450 and six months Rent ₹600 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 31<sup>st</sup> March, 2016 and its Balance Sheet as at that date after writing off ₹500 and ₹1,130 on Furniture and Books respectively.

**Solution:**

**Books of Royal Club**  
**Income and Expenditure Account**  
for the year ended March 31,2016

Dr.				Cr.
Expenditure	₹		Income	₹
To Rent and Taxes	1,680		By Entrance Fees	2,550
Less : Outstanding Rent in the beginning	(600)		By Subscriptions	16,000
Add: Outstanding Rent at the end	600	1,680	Less : Outstanding in the beginning	(350)
			Add : Outstanding at the end	450
To Wages		2,450	By Donations	1,650
To Lighting Charge		720	By Profit on Entertainment	560
To Lecturer's Fee		4,350	By Interest Accrued on Fixed Deposits (8,000 × 3% × 6/12)	120
To Office Expenses		4,500		
To Depreciation on :				
Books	1,130			
Furniture	500	1,630		
To Surplus (Balancing Figure)		5,650		
		20,980		20,980

**Balance Sheet**  
as on April 01, 2015

Liabilities	₹	Assets	₹
Outstanding Rent	600	Books	20,000
Capital Fund (Balancing Fig.)	31,440	Furniture	8,500
		Subscriptions Outstanding	350
		Cash and Bank	3,190
	32,040		32,040

**Balance Sheet**  
as on March 31,2016

Liabilities	₹	Assets	₹
Rent Outstanding	600	Subscriptions Outstanding	450
Capital Fund	31,440	Books	20,000
Add : Life Membership Fees	2,500	Add : Purchases	2,130
Add : Surplus	5,650	Less : Deprecation	(1,130)
	39,590	Furniture	8,500
		Less : Depreciation	(500)
		Fixed Deposits	8,000
		Add : Accrued interest	120
		Cash at Bank	2,420
		Cash in hand	200
	40,190		40,190

**Question 39.**

From the following Receipts and Payments Account of New City Club and from the information supplied, prepare Income and Expenditure Account for the year ended 31<sup>st</sup> March, 2016 and Balance Sheet as at that date

**RECEIPTS AND PAYMENTS ACCOUNT**

for the year ended 31<sup>st</sup> March, 2016

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d	700	By Salaries	2,800
To Subscriptions:		By General Expenses	600
2014 - 15	500	By Electricity Charges	400
2015 - 16	2,000	By Books	1,000
2016 - 17	400	By Newspapers	800
To Rent	1,400	By Balance c/d	400
(Received from the Use of Hall)			
To Profit from Entertainment	800		
To Sale of Old Newspapers	200		
	6,000		6,000

- The club has 50 members each paying an annual subscription of ₹50. Subscriptions Outstanding on 31<sup>st</sup> March, 2015 were ₹600.
- On 31<sup>st</sup> March, 2016, Salaries Outstanding amounted to ₹200. Salaries paid in 2015 - 16 included ₹600 for the year 2014 - 15
- On 1<sup>st</sup> April, 2015, The Club Owned Building Valued at ₹20,000; Furniture ₹2,000 and Books ₹2,000.
- Provide depreciation on Furniture at 10%

**Solution:**

**In the books of New City Club  
Income and Expenditure Account  
for the year ended March 31, 2016**

Dr.		Cr.	
Expenditure	₹	Income	₹
To Salaries	2,800	By Subscription (50 members × ₹50 each)	2,500
Add : Outstanding for 2016	200	By Rent Received from the use of hall	1,400
Less: Outstanding for 2015	(600)	By Profit from Entertainment	800
To General Expenses	600	By Sale of Old Newspapers	200
To Electricity Charges	400		
To Newspaper	800		
To Depreciation on Furniture (2,000 × 10%)	200		
To Surplus (Balancing Figure)	500		
	4,900		4,900

**Balance Sheet  
as on April 01, 2015**

Liabilities	₹	Assets	₹
Salaries Outstanding	600	Subscriptions Outstanding	600
Capital Fund	24,700	Building	20,000
(Balancing Fig.)		Furniture	2,000
		Books	2,000
		Cash at Bank	700
	25,300		25,300

**Balance Sheet**  
as on March 31, 2016

Liabilities	₹	Assets	₹
Advance Subscription	400	Subscription Outstanding	
Salaries Outstanding	200	For 2015 - 16 (2,500 - 2,000)	500
Capital Fund	24,700	For 2014 - 15 (600 - 500)	100
Add : Surplus	500	Building	20,000
	25,200	Furniture	2,000
		Less : 10 % Depreciation	(200)
		Books	2,000
		Add : Purchases	1,000
		Cash and Bank	4,000
	25,800		28,800

**Question 40.**

Following particulars relate to Madura Club for the year ended 31<sup>st</sup> December 2012:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d	60,000	By Salaries	1,24,500
To Subscriptions:		By Stationery	24,000
Arrear	2,400	By Rates and Taxes	36,000
Current	1,26,600	By Telephone	6,000
Advance	4,800	By Investments	75,000
To Profit from Canteen	90,000	By Advertisements	10,500
To Miscellaneous Receipts	4,500	By Postage	10,000
To Sale of Old Newspapers	11,200	By Sundries	35,000
To Dividends	48,500	By Balance c/d	27,000
	3,48,000		3,48,000

You are required to prepare Income and Expenditure Account and Balance Sheet after making the following adjustments:

- There are 450 members each paying an annual subscription of ₹300, ₹2,700 being in arrears for 2011 in the beginning of this year.
- Stock of Stationery on 31st December, 2011 was ₹3,000 and on 31st December, 2012 was ₹5,400.
- Cost of Building is ₹6,00,000. Depreciate it at 5%.

**Solution:**

**Books of Madhura Club**  
**Income and Expenditure Account**  
For the year ended December 31, 2012

Dr.			Cr.
Expenditure	₹	Income	₹
To Salaries	1,24,500	By Subscriptions	1,35,000
To Stationery	24,000	(450 members × ₹300)	
Add : Opening Stock	3,000	By Profit from Canteen	90,000
Less : Closing Stock	(5,400)	By Miscellaneous Receipts	4,500
To Rates and Taxes	36,000	By Sale of old Newspapers	11,200
To Telephone	6,000	Dividends	48,500
To Advertisements	10,500		
To Postage	10,000		
To Sundries	35,000		
To Depreciation on Building	30,000		
To surplus (Balancing fig.)	15,600		
	2,89,500		2,89,500

**Balance Sheet**  
as on January 01, 2012

Liabilities	₹	Assets	₹
Capital Fund (Balancing Fig.)	6,65,700	Subscriptions Outstanding	2,700
		Stationery	3,000
		Building	6,00,000
		Cash and Bank	60,000
	6,65,700		6,65,700

**Balance Sheet**  
as on December 31, 2012

Liabilities	₹	Assets	₹
Advance Subscriptions	4,800	Subscriptions Outstanding for 2012 (1,35,000 - 1,26,600)	8,400
Capital Fund	6,65,700	For 2011 (2,700 - 2,400)	300
Add : Surplus	15,600	Building	6,00,000
	6,81,300	Less : 5% Depreciation	(30,000)
		Stock of stationery	5,400
		Investments	75,000
		Cash and Bank	27,000
	6,86,100		6,86,100

**Question 41.**

Modern Club's Balance Sheet as at 1 st April, 2015 was as under:

Liabilities	₹	Assets	₹
Subscription in Advance	600	Sports Equipments	5,000
Salaries Unpaid	1,100	Grounds	12,000
Capital Fund	20,000	Billiards Tables	6,000
Tournament Fund	6,000	Subscription Outstanding	800
	27,700	Cash and Bank Balance	3,900
			27,700

The Receipts and Payments Account for the year ended 31 st March, 2016 was:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.			Cr.
Receipts	₹	Payments	₹
To Opening Balance	3,900	By Wages and Salaries	6,000
To Subscriptions	18,100	By Upkeep of Grounds	1,000
To Sale of Old Materials	150	By Stationery	1,500
To Sale of Sports Equipment (costing ₹1,000)	600	By Audit Fees	200
To Entrance Fees	200	By Expenses on Teams	6,500
To Life Membership Fee	5,000	By Sports Equipments	2,000
To Donations for Tournament	2,000	By 5% Investment (On 1 st October, 2015)	4,000
	29,950	By Cash and Bank Balances	8,750
			29,950

Subscriptions still to be received are ₹550 but subscriptions already received include ₹400 for next year. Salaries still unpaid are ₹600. Sports Equipments are now valued at ₹4,500. 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 March 31, 2016**

Dr.		Cr.
Expenditure	Rs.	Income
To Loss on Sale of Sports Material (1,000 - 600)	400	By Subscription 18,100
To Wages and Salaries 6,000		Add: Subscriptions Outstanding for 2015-16 550
Add: Outstanding in 2015-16 600		Less: Subscription Outstanding for 2014-15 (800)
Less: Outstanding in 2014-15 (1,100)	5,500	Add: Advance received for 2015-16 600
To Stationery 1,500		Less: Advance Received for 2016-17 (400)
To Audit Fee 200		
To Expenses on Terms 6,500		By Sale of Old Materials 150
To Depreciation on Billiards Tables (6,000×10%) 600		By Entrance Fees 200
To Consumption of Sports Equipments (5,000 + 2,000 - 1,000 - 4,500) 1,500		By Interest accrued on Investments (4,000×5%×6/12) 100
To Upkeep of Grounds 1,000		
To Surplus (Balancing Figure) 1,300		
	<b>18,500</b>	<b>18,500</b>

**Balance Sheet  
as on March 31, 2016**

Liabilities	Rs.	Assets	Rs.
Capital Fund 20,000		Subscriptions Outstanding 550	
Add: Surplus 1,300		Sports Equipment 5,000	
Add: Life Membership Fees 5,000	26,300	Add: Purchases 2,000	
Tournament Fund 6,000		Less: Book Value of Sold Equipment (1,000)	
Add: Donations 2,000	8,000		
Salaries Unpaid 600		Less: Consumption (1,500)	4,500
Subscriptions in Advance 400		Grounds 12,000	
		Billiards Tables 6,000	
		Less: 10% Depreciation (600)	5,400
		Cash and Bank Balances 8,750	
		Investments 4,000	
		Add: Accrued interest 100	4,100
	<b>35,300</b>		<b>35,300</b>

**Question 42.**

From the following Receipts and Payments Account and other information given, prepare Income and Expenditure Account and Balance Sheet of the Sivaji Social Club:

**RECEIPTS AND PAYMENTS ACCOUNT  
for the year ended 31 st March, 2016**

Dr.		Cr.
Receipts	₹	Payments
To Balance (1st April, 2015) 7,000		By Prizes 2,200
To Subscriptions 24,000		By Games Equipments 2,000
To Profit on Dance Show 14,800		By Rent 10,500
To Collection (Matches) 2,500		By Rates 3,000
To Competition Fees 1,800		By Printing 1,600
To Sales of Refreshments 8,200		By Stationery 2,200
		By Postages 1,900
		By Secretary's Expenses 1,400
		By Repairs (Equipment) 2,700
		By Wages 12,000
		By Refreshments 5,100
		By Balance (31 st March, 2016) 13,700
	<b>58,300</b>	<b>58,300</b>

The following matters should be taken into account:

- Capital Fund as at 1st April, 2015 ₹ 42,000.
- Fixed Assets owned by the Club as at 1st April, 2015-Furniture and Fittings ₹15,000;

Games Equipments ₹ 20,000. These are to be depreciated @ 10% on opening values.

- Amounts outstanding as at 31st March, 2016-Printing ₹ 400; Refreshments ₹ 700.
- On 31st March, 2016-Rent paid in advance ₹1,500; Subscriptions due ₹ 1,200;

Subscriptions in advance ₹ 500.

**Solution:**



**Books of Sivaji Social Club**  
**Income and Expenditure Account**  
**for the year ended March 31, 2016**

Dr.				Cr.
Expenditure	₹	Income	₹	
To Depreciation on:		By Subscriptions	24,000	
Furniture and Fittings	1,500	Add: Outstanding	1,200	
Games Equipments	2,000	Less: Advance	(500)	24,700
To Prizes		By Profit on Dance Show		14,800
To Rent	10,500	By Competition Fees		1,800
Less: Rent in Advance	(1,500)	By Sale of Refreshment		8,200
To Rates		By Match Collections		2,500
To Printing	1,600			
Add: Outstanding	400			
To Stationery				
To Postages				
To Secretary's Expenses				
To Repairs				
To Wages				
To Refreshments	5,100			
Add: Outstanding	700			
To Excess of Income Over Expenditure (Balancing Figure)				
	52,000			52,000

**Balance Sheet**  
**as on March 31, 2016**

Liabilities	₹	Assets	₹
Capital Fund	42,000	Furniture and Fillings	15,000
Add: Excess of Income Over Expenditure	6,300	Less: 10% Depreciation	(1,500)
Outstanding for Printing	400	Games Equipments	20,000
Outstanding for Refreshments	700	Less: 10% Depreciation	(2,000)
Subscription in Advance	500		18,000
		Add: Purchases	2,000
		Rent Paid in Advance	1,500
		Subscriptions Outstanding	1,200
		Cash and Bank	13,700
	49,900		49,900



**Question 43.**

From the following information relating to the Ganesh Cricket Club, prepare Income and Expenditure Account for the year ended 31st March, 2016 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 at Bank)	3,000	By Upkeep of Fields	2,000
To Members' Subscriptions	5,000	By Tournament Expenses	700
To Admission Fees	300	By Rates and Insurance	200
To Sale of Old Bats, etc.	50	By Telephone	50
To Hire of Ground	300	By Printing and Stationery	100
To Subscription for Tournament	1,000	By General Charges	50
To Donations	10,000	By Secretary's Honorarium	200
		By Bats, Balls, etc.	700
		By Closing Balance (Cash at Bank)	15,650
	19,650		19,650

Assets on 1 st April, 2015:	₹
Stock of Bats and Balls	1,500
Printing and Stationery	200
Subscriptions Due	500

Subscriptions due on 31st March, 2016 amounted to ₹ 750. Write off 50% of Bats, Balls (not considering sale) and 25% of Printing and Stationery.

**Solution:**

**Books of Ganesh Cricket Club**  
**Income and Expenditure Account**  
**for the year ended March 31, 2016**

Dr.			Cr.
Expenditure	₹	Income	₹
To Upkeep of Fields	2,000	By Members' Subscriptions	5,000
To Rates and Insurance	200	Add: Outstanding for 2015-16	750
To Telephone	50	Less: Outstanding for 2014-15	(500)
To Printing and Stationery Consumed	75	By Admission Fee	300
To General Charges	50	By Sale of Old Bats, etc.	50
To Secretary's Honorarium	200	By Hire of Ground	300
To Depreciation on Bats, Balls, etc. (2,200×50%)	1,100	By Donations	10,000
To Surplus (Balance Figure)	12,225		
	15,900		15,900

**Balance Sheet**  
**as on April 01, 2015**

Liabilities	₹	Assets	₹
Capital Fund (Balancing Figure)	5,200	Stock of Bats and Balls	1,500
		Printing and Stationery	200
		Subscriptions Outstanding	500
		Cash at Bank	3,000
	5,200		5,200

**Balance Sheet**  
as on March 31, 2016

Liabilities	₹	Assets	₹
Subscription for Tournament	1,000	Subscriptions	750
Less: Tournament Expenses	(700)	Outstanding Bats and Balls	1,500
Capital Fund	5,200	Add: Purchases	700
			2,200
Add: Surplus	12,225	Less: 50% Written-off	(1,100)
	17,425	Printing and Stationery	200
		Add: Purchases	100
			300
		Less: 25% Written-off	(75)
		Bank	15,650
	17,725		17,725

**Question 44.**

From the following Receipts and Payments Account of Pioneer Cricket Club and the additional information given, prepare Income and Expenditure Account for the year ended 31st March, 2016 and Balance Sheet as at that date:

**RECEIPTS AND PAYMENTS ACCOUNT**  
for the year ended 31st March, 2016

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d:		By Maintenance	6,820
Cash 3,520		By Crockery	2,650
Bank 27,380		By Match Expenses	13,240
6% Fixed Deposit 30,000	60,900	By Salaries	11,000
To Subscriptions	40,000	By Conveyance	820
(including ₹ 6,000 for 2014-15)		By Upkeep of Lawns	4,240
To Entrance Fees	2,750	By Postage and Stationery	1,050
To Donation	5,010	By Cricket Goods	9,720
To Interest on Fixed Deposits	900	By Sundry Expenses	2,000
To Tournament Fund	20,000	By Investments	5,700
To Sales of Crockery	2,000	By Tournament Expenses	18,800
(Book Value ₹ 1,200)		By Balance c/d:	
		Cash 2,200	
		Bank 23,320	
		6% Fixed Deposits 30,000	55,520
	1,31,560		1,31,560

**Additional Information:**

- Salary outstanding is ₹1,000.
- Opening balance of stock of Postage and Stationery and Cricket goods is ₹750 and ₹3,210 respectively. Closing stock of the same is ₹900 and ₹2,800 respectively.
- Outstanding Subscriptions for 2014-15 and 2015-16 are ₹6,600 and ₹8,000 respectively.

**Solution:**

**Books of Pioneer Cricket Club  
Income and Expenditure Account  
for the year ended March 31, 2016**

Dr.				Cr.
Expenditure	₹	Income	₹	
To Maintenance	6,820	By Subscriptions	40,000	
To Match Expense	13,240	Less: Outstanding for 2014-15	(6,000)	
To Salaries	11,000	Add: Outstanding for 2015-16	8,000	42,000
Add: Outstanding (11,000/11)	1,000	By Entrance Fee		2,750
To Conveyance	820	By Donation		5,010
To Upkeep of Loans	4,240	By Interest on Fixed Deposits	900	
To Postage and Stationery	1,050	Add: Accrued Interest	900	1,800
Add: Opening stock	750	By Profit on sale of Crockery		800
Less: Closing stock	(900)	(2,000-1,200)		
Cricket Goods	9,720			
Add: Opening stock	3,210			
Less: Closing stock	(2,800)			
Sunday Expenses	2,000			
To Surplus (Balance Figure)	2,210			
	52,360			52,360

**Balance Sheet  
as on April 01, 2015**

Liabilities	₹	Assets	₹
Capital Fund (Balancing Fig.)	72,660	Stock of Postage and Stationery	750
		Stock of Cricket Goods	3,210
		Subscriptions Outstanding	6,600
		Cash	3,520
		Bank	27,380
		Fixed Deposits	30,000
		Crockery	1,200
	72,660		72,660

**Balance Sheet  
as on March 31, 2016**

Liabilities	₹	Assets	₹
Salary Outstanding	1,000	Stock of Postage and Stationery	900
Tournament Fund	20,000	Stock of Cricket Goods	2,800
Less: Tournament Expenses	(18,800)	Crockery (Purchases)	2,650
Capital Fund	72,660	Subscription Outstanding	
Add: Surplus	2,210	For 2015-16	8,000
	74,870	For 2014-15	600
		Investments	
		Cash	2,200
		Bank	23,320
		Fixed Deposits	30,000
		Add: Accrued Interest	900
	77,070		30,900
			77,070

**Working Note:**

Calculation of Accrued Interest of Fixed Deposit

Interest on Fixed Deposit (30,000×6%) =	1,800
Less: Interest Received =	(900)
Interest Accrued on Fixed Deposits =	900

**Question 45.**

From the following Receipts and Payments Account of Mumbai Club, prepare Income Expenditure Account for the year ended 31st March, 2016 and Balance Sheet as at date:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.			Cr.
Receipts	₹	Payments	₹
To Cash in Hand	4,000	By Salary	2,000
To Cash at Bank	10,000	By Repair Expenses	500
To Donations	5,000	By Furniture	6,000
To Subscriptions	12,000	By Miscellaneous Expenses	500
To Entrance Fees	1,000	By Investments	6,000
To Interest on Investment	100	By Insurance Premium	200
To Interest Received from Bank	400	By Billiard Table	8,000
To Sale of Old Newspapers	150	By Paper, Ink, etc.	150
To Sale of Drama Tickets	1,050	By Drama Expenses	500
		By Cash in Hand (Closing)	2,650
		By Cash at Bank (Closing)	7,200
	33,700		33,700

**Additional Information:**

- Subscriptions in arrear for 2015-16 ₹900 and subscription in advance for 2016-17 ₹350.
- Insurance Premium outstanding ₹40.
- Miscellaneous expenses prepaid ₹90.
- Entrance Fees are to be treated as revenue income.
- 8% interest has accrued on investment for five months.
- Billiard Table costing ₹30,000 was purchased during last year and ₹22,000 were paid for it.

**Solution:****Income and Expenditure Account  
for the year ended March 31, 2016**

Dr.			Cr.
Expenditure	₹	Income	₹
To Salary	2,000	By Subscriptions	12,000
To Repair Expenses	500	Add: Outstanding	900
To Miscellaneous Expenses	500	Less: Advance	(350)
Less: Prepaid	(90)		12,550
	410	By Entrance Fee	1,000
To Insurance Premium	200	By Interest on Investment	100
Add: Outstanding	40	Add: Accrued interest	200
	240	(6,000×8%×5/12)	300
To Paper, Ink, etc.	150	By Donation	5,000
To Surplus (Balancing Figure)	16,650	By Interest received from Bank	400
		By Sale of Old Newspapers	150
		By Receipt from Sale of Drama Tickets	1,050
		Less: Drama Expenses	(500)
	19,950		550
			19,950

**Balance Sheet  
as on April 01, 2015**

Liabilities	₹	Assets	₹
Creditors for Billiard Table	8,000	Billiard Table	30,000
		Cash in hand	4,000
Capital Fund (Balancing Figure)	36,000	Cash at bank	10,000
	44,000		44,000

**Balance Sheet**  
**as on March 31, 2016**

Liabilities	₹	Assets	₹
Advance Subscriptions	350	Subscriptions Outstanding	900
Insurance Premium Outstanding	40	Prepaid Miscellaneous Expenses	90
Capital Fund	36,000	Investments	6,000
Add: Surplus	16,650	Add: Accrued Interest	200
		Billiard Table	30,000
		Furniture	6,000
		Cash in hand	2,650
		Cash at bank	7,200
	53,040		53,040

**Question 46.**

Given below is the Receipts and Payments Account of a Mayur club for the year ended 31 st March, 2016:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d	10,250	By Salaries	6,000
To Subscription:		By Expenses	750
2014-15	400	By Drama Expenses	4,500
2015-16	20,500	By Newspapers	1,500
2016-17	600	By Municipal Taxes	400
To Donations	5,400	By Charity	3,500
To Proceeds of Drama Tickets	9,500	By Investments	20,000
To Sale of Waste Paper	450	By Electricity Charges	1,450
		By Balance c/d	9,000
	47,100		47,100

Prepare club's Income and Expenditure Account for the year ended 31st March, 2016 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 ₹50, ₹500 are still in arrears for the year 2014-15.
- (ii) Municipal Taxes amounted to ₹400 per year have been paid up to 30th June, 2016 and ₹ 500 are outstanding of salaries.
- (iii) Building stands in the books at ₹50,000.
- (iv) 6% interest has accrued on investments for five months.

**Solution:**

**Income and Expenditure Account  
for the year ended March 31, 2016**

Dr.				Cr.
Expenditure	₹		Income	₹
To Municipal Taxes	400		By Subscription (500members × ₹50)	25,000
Add: Prepaid in 2014-15	100		By Interest Accrued on Investment	500
Less: Prepaid in 2015-16	(100)	400	$\left(20,000 \times \frac{6}{100} \times \frac{5}{12}\right)$	
To Salaries	6,000		By Profit from Drama:	
Add: Outstanding	500	6,500	Proceeds	9,500
To Expenses		750	Less: Drama Expenses	(4,500)
To Newspapers		1,500	By Sale of Waste Paper	450
To Charity		3,500	By Donations	5,400
To Electricity Charges		1,450		
To Surplus (Balancing Figure)		22,250		
		36,350		36,350

**Balance Sheet  
as on April 01, 2015**

Liabilities	₹	Assets	₹
Capital Fund (Balancing Figure)	61,250	Subscription Outstanding (400+500)	900
		Municipal Taxes Prepaid	100
		Building	50,000
		Cash and Bank	10,250
	61,250		61,250

**Balance Sheet  
as on March 31, 2016**

Liabilities	₹	Assets	₹
Advance Subscriptions	600	Subscriptions Outstanding	
Salaries Outstanding	500	For 2015-16 (25,000-20,500)	4,500
Capital Fund	61,250	For 2014-15	500
Add: Surplus	22,250	Prepaid Municipal Taxes	100
		Building	50,000
		Investments	20,000
		Add: Accrued Interest	500
		Cash at Bank	9,000
	84,600		84,600

**Question 47.**

Sweet Valley Sports Club gives you the following Receipts and Payments Account for the year ended 31 st March, 2016:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.			Cr.
Receipts	₹	Payments	₹
To Opening Balance:		By Rent	6,000
In Hand	3,000	By Salaries to Coaches	30,000
At Bank	30,000	By Tournament Expenses	10,000
To Subscriptions	65,000	By Office Expenses	20,000
To Tournament Receipts	20,000	By Sports Equipments	15,000
To Life Membership Fees	30,000	By Mowing Machine	12,000
To Entrance Fees	6,000	By Closing Balance:	
To Donations for Pavilion	25,000	In Hand	16,000
		At Bank	70,000
	1,79,000		86,000
			1,79,000

Subscriptions include ₹5,000 for 2014-15 and ₹4,000 were still due in respect of subscriptions for 2015-16. Sports Equipments in hand on 31st March, 2015 were ₹10,000. The value of the equipments in hand on 31st March, 2016 was ₹21,000. The mowing machine was purchased on 1st October, 2015 and is to be depreciated @ 10% p.a. Income from Tournament should be credited to a newly opened Tournament Fund.

Prepare Income and Expenditure Account of the Club for the year ended 31st March, 2016 and Balance Sheet as at that date.

**Solution:**

**Books of Sweet Valley Sports Club  
Income and Expenditure Account  
for the year ended March 31, 2016**

Dr.			Cr.		
Expenditure		₹	Income		₹
To Rent		6,000	By Subscription	65,000	
To Salaries to Coaches		30,000	Add: Outstanding for 2015-16	4,000	
To Office Expenses		20,000	Less: Outstanding for 2014-15	(5,000)	64,000
To Sports Equipment	15,000		By Entrance Fees		6,000
Add: Opening Stock	10,000				
Less: Closing Stock	(21,000)	4,000			
To Depreciation on Mowing Machine (12,000×10%×6/12)		600			
To Surplus (Balancing Figure)		9,400			
		70,000			70,000

**Balance Sheet  
as on April 01, 2015**

Liabilities	₹	Assets	₹
Capital Fund (Balancing Figure)	48,000	Cash in Hand	3,000
		Cash at Bank	30,000
		Stock of Sports Equipments	10,000
		Subscriptions Outstanding	5,000
	48,000		48,000

**Balance Sheet  
as on March 31, 2016**

Liabilities	₹	Assets	₹
Tournament Fund		Subscription Outstanding	4,000
Receipts	20,000	Stock of Sports Equipments	21,000
Less: Expenses	(10,000)	Mowing Machines	12,000
Donation for Pavilion	25,000	Less: Depreciation	(600)
Capital Fund	48,000	Cash at Bank	16,000
Add: Life Membership Fees	30,000	Cash at Hand	70,000
Add: Surplus	9,400		
	87,400		
	1,22,400		1,22,400

**Question 48.**

From the following information and the Receipts and Payments Account of Delhi Sports Club, prepare Income and Expenditure Account for the year ended 31st March, 2016 and Balance Sheet as at that date:

**RECEIPTS AND PAYMENTS ACCOUNT**

Dr.	Cr.		
Receipts	₹	Payments	₹
To Balance b/d	3,190	By Rent	1,680
To Entrance Fees	550	By Wages	2,450
To Subscriptions	18,000	By Lighting Charges	720
To Donations	1,650	By Books	2,480
To Life Membership Fees	2,500	By Office Expenses	4,500
To Interest on Deposits	240	By 8% Fixed Deposits	12,000
To Proceeds of Tournament	2,320	(On 1 st October, 2015)	
		By Tournament Expenses	2,020
		By Cash in Hand	2,600
	28,450		28,450

**Other Information:**

On 31st March, 2015, the Club possessed books worth ₹20,000 and Furniture worth ₹8,500. Provide depreciation on these assets @ 10% including the purchases during the year.

Subscriptions in arrears in the beginning of the year amounted to ₹350 and the year ₹550 were outstanding.

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

**Solution:**



**Books of Delhi Sports Club  
Income and Expenditure Account  
for the year ended March 31, 2016**

Dr.				Cr.
Expenditure		₹	Income	₹
To Rent	1,680		By Entrance Fees	550
Add: Advance in the beginning	420		By Subscriptions	18,000
Less: Advance at the end	(420)	1,680	Add: Arrears at the end	550
To Wages		2,450	Less: Arrears in the beginning	(350)
To Lighting Charges		720	By Donations	1,650
To Office Expenses		4,500	By Interest on Deposits	240
To Depreciation on:			Add: Accrued Interest	240
Furniture	850		By Profit from Tournament:	
Books	2,248	3,098	Proceeds	2,320
To Surplus (Balancing Fig.)		8,732	Less: Expenses	(2,020)
		<b>21,180</b>		<b>21,180</b>

**Balance Sheet  
as on April 01, 2015**

Liabilities	₹	Assets	₹
Capital Fund (Balancing Fig.)	32,460	Advance Rent	420
		Subscriptions-in-Arrears	350
		Books	20,000
		Furniture	8,500
		Cash and Bank	3,190
	<b>32,460</b>		<b>32,460</b>

**Balance Sheet  
as on March 31, 2016**

Liabilities	₹	Assets	₹
Capital Fund	32,460	Subscription-in-Arrears	550
Add: Surplus	8,732	Advance Rent	420
Add: Life Membership	2,500	Books	20,000
		Add: Purchase	2,480
			22,480
		Less: 10% Depreciation	(2,248)
		Furniture	8,500
		Less: 10% Depreciation	(850)
		Cash and Bank	2,600
		8% Fixed Deposit	12,000
		Add: Accrued Interest	240
	<b>43,692</b>		<b>43,692</b>

**Working Notes:**

Calculation of Interest Accrued on Fixed Deposits

Interest on Fixed Deposits (12,000×8%×6/12)	480
Less: Interest Received	(240)
Interest Accrued on Fixed Deposits	<u>240</u>



**Question 49.**

From the following particulars relating to the Ramakrishna Mission Charitable Hospital, prepare Income and Expenditure Account for the year ended 31st March, 2016 and Balance Sheet as at that date:

**RECEIPTS AND PAYMENTS ACCOUNT**  
for the year ended 31 st March, 2016

Dr.	Cr.		
Receipts	₹	Payments	₹
To Cash in Hand on 1 st April, 2015	7,130	By Medicines	30,590
To Subscriptions	47,996	By Doctor's Honorarium	9,000
To Donations	14,500	By Salaries	27,500
To Interest on Investments @ 7% for full year	7,000	By Petty Expenses	461
To Proceeds from Charity Show	10,450	By Equipments	15,000
		By Expenses on Charity Show	750
		By Cash in Hand on 31 st March, 2016	3,775
	87,076		87,076

Additional Information:

	As at 1st April, 2015 (₹)	As at 31st March, 2016 (₹)
Subscriptions Due	240	280
Subscriptions Received in Advance	64	100
Stock of Medicines	8,810	9,740
Estimated value of Equipments	21,200	31,600
Building (cost less depreciation)	40,000	38,000

**Solution:**

**Books of Rama Krishna Mission Charitable Hospital**  
**Income and Expenditure Account**  
for the year ended March 31, 2016

Dr.			Cr.	
Expenditure		₹	Income	₹
To Medicine	30,590		By Subscription	47,996
Add: Opening Stock	8,810		Add: Due for 2015-16	280
Less: Closing Stock	(9,740)	29,660	Less: Due for 2014-15	(240)
To Doctor's Honorarium		9,000	Less: Advance for 2016-17	(100)
To Salaries		27,500	Add: Advance for 2015-16	64
To Petty Expenses		461	By Donations	14,500
To Expenses on Charity Show		750	By Interest on Investments	7,000
To Depreciation on Equipments		4,600	By Proceeds from Charity Show	10,450
To Depreciation on Building		2,000		
To Surplus (Balancing Figure)		5,979		
		79,950		79,950

**Balance Sheet**  
as on April 01, 2015

Liabilities	₹	Assets	₹
Advance Subscription	64	Subscription Due	240
Capital Fund (Balancing Figure)	1,77,316	Stock of Medicines	8,810
		Equipments	21,200
		Building	40,000
		Cash in Hand	7,310
		Investments	1,00,000
	<b>1,77,380</b>		<b>1,77,380</b>

**Balance Sheet**  
as on March 31, 2016

Liabilities	₹	Assets	₹
Advance Subscription	100	Subscription Due	280
Capital Fund	1,77,316	Stock of Medicines	9,740
Add: Surplus	5,979	Equipments	21,200
	1,83,295	Add: Purchase	15,000
			36,200
		Less: Depreciation	(4,600)
		Building	40,000
		Less: Depreciation	(2,000)
		Cash in Hand	3,775
		7% Investments	1,00,000
	1,83,395		1,83,395

**Working Notes:**

Calculation of Value of Investments

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

$$= 7,000 \times \frac{100}{7} = 1,00,000$$