

ACC1113 Financial Accounting  
Department of Finance and Accountancy  
Faculty of Business Studies  
University of Vavuniya

**TUTORIAL QUESTIONS- NOT FOR PROFIT MAKING ORGANIZATION**

**Question -01**

Rose Club is a members' club formed to promote the theatre industry while running a restaurant for the use of its members.

The following Receipts and Payments Account shows the transactions of the Rose Club for the year ended 31st December 2022: (Rs.'000)

**Receipts and Payments Account**

B/B/F 01st January 2022	3,500	Purchase of restaurant supplies	18,000
Donations	6,000	Other expenses of restaurant	3,400
Drama ticket sales	25,000	Fees of guest artists for the dramas	5,000
Membership subscriptions	4,000	Advertising on dramas	1,500
Restaurant sales	30,000	Theatre equipment	
		(purchased on 31st December 2022)	10,000
		Dramas production expenses	15,000
		Electricity	1,500
		B/C/F 31st December 2022	14,100
	68,500		68,500

Assets and liabilities were as follows: (Rs.'000)

	As at 01 st January 2022	As at 31st December 2022
Land and buildings at carrying value	70,000	68,000
Theatre equipment at carrying value	12,000	17,000
Membership subscriptions in arrears	700	500
Membership subscriptions in advance	300	200
Inventory at Restaurant at cost	7,000	5,000

- Donations should be recognized as an income for the year and 1/3 rd of electricity expenses are to be charged to the restaurant.
- There were no additions and disposals of the Property, Plant and Equipment except the theatre equipment purchased during the year.

**You are required to:** Prepare the following for the Rose Club:

- Restaurant Trading Account for the year ended 31st December 2012
- Income and Expenditure Account for the year ended 31st December 2022

**Question No-02**

Kandy Sports Club (KSC) was founded in the year 2000 to promote sports in Kandy. The following receipts and payments account has been prepared by the accounts executive of the club, for the year ended 31 December 2021.

Kandy Sports Club

Receipts & Payments account for the year ended 31 December 2021 (Rs. '000)

Receipts	Payments
Cash at bank as 3,630	Gym equipment 2,500
Entrance fees 1,500	Salaries 1,800
Subscriptions 4,500	Printing & stationery 230
Dinner dance 620	Bar purchases 2,800
Donations 1,250	Dinner dance expenses 350
Bar collection 3,700	Gym maintenance 160
Gym collection 300	Building maintenance 220
	Electricity 568
	Telephone expenses 92
	Ground 150
	Bar expenses 470
	SLC annual membership fees 250
	cash at bank 5,910
15,500	15,500

The following additional information is also available for you.

1. There were 2,500 members paying annual subscriptions at the beginning of the year. Further 150 new members were also admitted during the year 2021. Annual subscription of a member is Rs. 2,000 and all new members admitted during the year were also required to pay annual subscription for 2021. The club recognizes subscription income on an accrual basis. Entrance fees received is recognized as an income during the year in which it was received.

2. On 1 January 2021 the club opened a new gym for its members. Gym equipment required for this purpose were purchased on 1 January 2021 and the club expects to depreciate gym equipment over four years. Members of the club are required to pay Rs. 750 per annum for using the gym. Rs. 15,000 was receivable from members using the gym as at 31 December 2021 where as Rs. 40,000 was payable for gym maintenance work as at 31 December 2021.

3. An amount of Rs. 180,000 in respect of annual dinner dance was yet to be received.

4. The values of the building and furniture & fittings owned by the club stood at Rs. 5 million and Rs. 2 million respectively, as at 1 January 2021. The club depreciates buildings at 5% per annum and furniture & fittings at 20% per annum on straight line basis.

5. The following expenses relevant for 2021 financial year are yet to be paid.

- Bar purchases Rs. 800,000

- Electricity Rs. 52,000

- Telephone Rs. 8,000

- Bar expenses Rs. 130,000

6. Bar Stocks as at 31 December 2020 and 2021 was Rs. 1.0 million and Rs. 2.6 million respectively.

7. During the year under review the club received a cash donation of Rs. 1.25 million from a well-known Sri Lankan cricketer born in Kandy.

You are required to prepare income & expenditure account of the Kandy sports club for the year ended 31 December 2021.