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FINANCIAL STATEMENTS OF NOT FOR PROFIT ORGANISATIONS

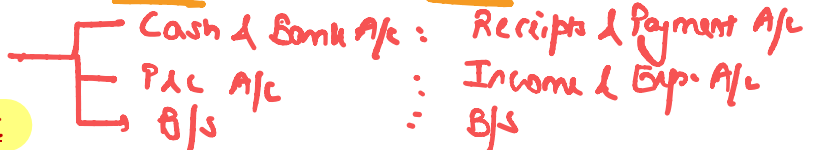
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Every great dream begins with a dreamer, Always remember you have within you a Strength, the Patience, & the Passion to reach for the stars to change the world."

MEANING

NPO is a legal & accounting entity i.e. operated for the benefit of society as a whole rather than for the benefit of a sole proprietor or group of partners or group of shareholders.

FINANCIAL STATEMENTS OF NPO



I. Receipts & Payments Account

Combined & Summary

- It is a summary of cash book i.e. all the receipts (capital or revenue) are debited & similarly all the payments (capital or revenue) are credited.
- It starts with Opening Cash & Bank balance and also ends with their closing balances
- Items in this account may relate to any year.

Receipts & Payments A/c

Receipts		Payments	
To Bal b/d: Cash	✓	By Bal b/d: Bank	✓ 00
Bank	✓	All Payments whether Revenue or capital (Any Year)	
All Receipts whether Revenue or capital (Any Year)		By Bal c/d: Cash	✓
To Bal c/d: Bank	✓ 00	Bank	✓

II. Income & Expenditure Account:

- It is equivalent to Profit & Loss Account of a business enterprise.
- It is prepared by following accrual principle.
- It may include non-cash items like depreciation, etc. and it related to current year only.
- Only items of revenue nature are included.

Income & Expenditure A/c

Expenditure		Income	
Revenue Nature	}	Revenue Nature	}
Accrual Basis		Accrual Basis	
Current Year only		Current Year only	
To Surplus (B/S)		By Deficit (B/S)	

Profit/Loss

III. Balance Sheet:

B/S

Liabilities	Assets
Capital Fund	

Note:

- 1) NPO registered under section 8 of Companies Act, 2013 are required to prepare their Income & Expenditure A/c and Balance Sheet as per Schedule III to Companies Act.
- 2) Until & unless question specifies, always assume that NPO referred in the question is not registered u/s 8 of Companies Act, 2013 and therefore financial statements are prepared in the normal manner.

GENERAL EXPENSE ITEMS

(Salary)

S.No	Particulars	Journal Entry
1.	Payment during the year (Rec. & Paid)	Expens A/c - Dr To Cash & Bank A/c
2.	At the end of the year a) Outstanding (Due but not paid) b) Prepaid (Paid but not received)	a) Expens A/c - Dr To O/s Expens A/c → Liab. side b) Prepaid Expens A/c - Dr → Assets side To Expens A/c
3.	At the beginning of the year a) Outstanding b) Prepaid	a) O/s Expens A/c - Dr To Expens A/c b) Expens A/c - Dr To Prepaid Expens
4.	Transfer to Income & Expenditure A/c	Income & Exp. A/c - Dr To Expens A/c

Reverse of Above.

Computation of Amount to be transferred to Income & Expenditure A/c

Particulars	Amount
Payment during the year	xxx
Add: Outstanding expense at the end of the year	xxx
Less: Outstanding expense at the beginning of the year	(xxx)
Add: Prepaid expense at the beginning of the year	xxx
Less: Prepaid expense at the end of the year	(xxx)
Amount to be transferred to Income & Expenditure A/c	xxx

EXAMPLE

Compute the salaries for the year 2022-2023 from the following information:

Particulars	1.4.2022 Op.	31.3.2023 Cls.
Outstanding salaries	7,500	10,000
Prepaid salaries	2,000	6,500
Salaries paid during 2022-2023 ₹1,50,000		

Rec. & Paid A/c

Inc. & Exp. A/c

By salary

150000

To salaries 148000

By

Liab.	1/4/22	31/3/23	Assets	1/4/22	31/3/23
O/s salary	7500	10000	Prepaid salary	2000	6500

SUBSCRIPTION (INCOME)

S.No	Particulars	Journal Entry
1.	Received during the year <i>(Rec. & Paym. A/c)</i>	Cash & Bank A/c - Dr To subscription A/c
2.	At the end of the year a) Outstanding/Accrued b) Pre-received/Received in Advance	a) Of: subsc. A/c - Dr → Asset To subscription A/c b) subscription A/c - Dr To PreRec./Advansu sub. → <i>Liab.</i>
3.	At the beginning of the year a) Outstanding/Accrued b) Pre-received/Received in Advance	a) subscription A/c - Dr To Of: subsc. b) PreRec./Adv. subsc To subscription A/c
4.	Transfer to Income & Expenditure A/c	subscription A/c - Dr To Inco. & Exp. A/c

Reverse of Above

Computation of Amount to be transferred to Income & Expenditure A/c

Particulars	Amount
Subscription received during the year	xxx
Add: Outstanding subscription at the end of the year	xxx
Less: Outstanding subscription at the beginning of the year	(xxx)
Add: Pre received subscription at the beginning of the year	xxx
Less: Pre received subscription at the end of the year	(xxx)
Amount to be transferred to Income & Expenditure A/c	xxx

EXAMPLE

Particulars	1.4.2022 <i>Op.</i>	31.3.2023 <i>Cl.</i>
Outstanding subscription	9,500	7,000
Advance subscription	2,800	5,200

Subscription received during 2022-2023, ₹ 1,48,900. Show relevant extracts in financial statements for the year ending 31st March, 2023.

Rec. & Payment A/c

Inco. & Exp. A/c

To subscription 148900	By subscription 144000
------------------------	------------------------

B/s

<i>Liab.</i>	1/4/22	31/3/23	<i>Asset</i>	1/4/22	31/3/23
Pre Rec. subsc.	2800	5200	Of: subscription	9500	7000

If No. of members & Annual subs. given. Then Inc. & Exp. Income = No. x Annual subs.

EXAMPLE

A club has 75 members, each paying annual subscription of	1,000
Subscription received during 2022-2023	80,000
Subscription received in advance as at 31.3.2022	15,000
Subscription received in advance as at 31.3.2023	10,000
Subscription outstanding as at 31.3.2022	26,000
Subscription of 12,000 are still in arrears for the year 2021-2022	

Show relevant extracts in financial statements for the year ending 31st March, 2023.

Rec. & Paym. A/c

To subscription 80000

B/d

Inc. & Exp. A/c

By subscription 75000
(1000 x 75)

	As on date			As on date	
Liab.	31/3/22	31/3/23	ASSETS	31/3/22	31/3/23
Advance subs.	15000	10000	Op. subs.	26000	16000 (WN)

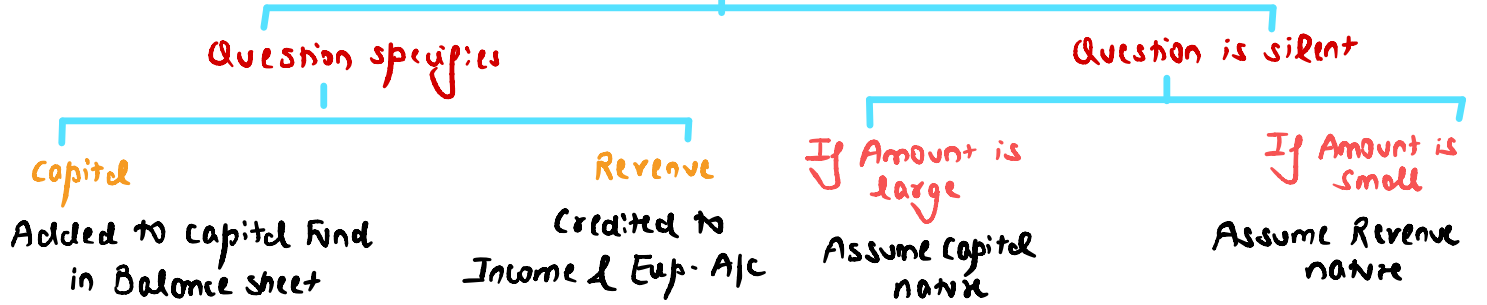
FY 21-22 = 12000
 FY 22-23 = 4000
 (16000 - 12000)

} Not compulsory

ENTRANCE FEES / ADMISSION FEES

It's an initial amount payable at the time of seeking admission by a person who intends to become member of a club, association, etc. Since it is payable by a member only once, it is argued that it should be treated as a capital receipt & transferred to capital fund. However when the amount is small it should be treated as income (or revenue receipt) & credited to Income & Expenditure Account. In case question is silent any treatment can be adopted by giving a suitable note.

TREATMENT



EXAMPLE

How will you deal the entrance fees while preparing the final accounts for the year ending on 31st March 2023 in each of the following alternative cases

Case (a)	During the year 2022-2023, Entrance fees received ₹ 1,00,000
Case (b)	During the year 2022-2023 entrance fees received ₹ 1,00,000. The accounting policy of club is to treat entrance fees as of revenue nature.
Case (c)	During the year 2022-2023 entrance fees received ₹ 1,00,000. The accounting policy the club is to treat entrance fees as of capital nature.
Case (d)	During the year 2022-2023 entrance fees received ₹ 1,00,000. According to accounting policy of the club, 40% of the entrance fees is to be capitalized. There was no pending membership as on 31st March, 2023.

→ Inc. & Exp. A/c

→ Capital fund in B/S

40% = 40000 Cap Fund

60% = 60000 Inc. & Exp.

Case (a): If capital nature: Added to capital fund in B/S (or)
 If Revenue nature: Credited to Income & Exp. A/c.

DONATIONS

Chanda

Bank
To Donation

Donations are the amounts which are given to the NPO as gift by the member of the society. It is shown on the receipt side of Receipts & Payments account.

Types	Accounting Treatment
<p>General</p> <p><i>Without purpose Same Like Entire J.W.</i></p>	<p>When the donor does not lay down any specific condition for using the amount of donation, it is called as general donation.</p> <p>a) If Amount is Small: Treated as Revenue receipts (credited to Income & Expenditure Account)</p> <p>b) If Amount is Large: Treated as Capital receipts (To be capitalized & added to Capital Fund in Balance Sheet)</p> <p>If nothing is clear any treatment can be adopted by giving a suitable note.</p>
<p>Specific</p> <p><i>Nim Purpose.</i></p>	<p>a) These donations are treated as capital receipts and thus, are transferred to a 'Special Fund Account' (e.g., building Fund) maintained for the purposes.</p> <p>b) Any Income relating to such 'Special Fund Account' is added to the respective fund.</p> <p>c) Any revenue expenditure relating to 'Special Fund Account' is deducted from the respective fund.</p> <p>d) However, any expenditure of capital nature on account of this special fund (e.g., expenditure on the construction of building out of building fund) should be shown on the assets side of the balance sheet and an equal amount should be transferred from that special fund to the capital/general fund.</p>

EXAMPLE

How will you deal with the following items while preparing the final accounts of a club for the year ending on March, 31, 2023

Case a)

Prizes awarded ₹ 3,000, Prize Fund as at 31.3.2022 ₹ 15,000.

Payment

B/s

Prize Fund	
Opening	15000
- Prizes Awarded	(3000)
	<u>12000</u>

R&P

3000

Case b)

Prizes awarded ₹ 3,000, Prize fund as at 31.3.2022, ₹ 15,000, Donations for prizes received during the year 2022-2023 ₹ 4,900.

B/s

Prize Fund	
Opening	15000
+ Received	4900
- Awarded	(3000)
	<u>16900</u>

R&P

4900	3000
------	------

Case c)

Prizes awarded ₹ 3,000. Prizes Fund as at 31.3.2022 ₹ 15,000, Donations for prizes received during the year 2022-2023 ₹ 4,900, 10% Prize fund investments as at 31.3.2022 ₹ 15,000.

B/s

Prize Fund		10% Prize Fund Investment	
Opening	15000		15000
+ Received	4900		
- Awarded	(3000)		
(15000 x 10%) + Int. on Inv.	1500		
	<u>18400</u>		

R&P

4900	3000
1500	

LIFE MEMBERSHIP SUBSCRIPTION & LEGACIES

Life Membership Subscription	Fees received for life membership is usually treated as capital receipt as it is of non-recurring nature & added to Capital Fund in Balance Sheet
Legacies	It is the amount which a NPO will receive as per will of a deceased person. It is shown on debit side of Receipts & Payment account. It should be capitalized being an item of non recurring nature & should be shown on the liabilities side of the Balance sheet. <i>Added to capital Fund.</i>

SALE OF OLD NEWSPAPERS, etc.

The sale proceeds of old newspapers and periodicals are **treated as Revenue Receipts** and thus, are credited to the **income & expenditure account**.

SALE OF OLD FIXED ASSETS

Book value = 10000
Sale = 12000

*Net Profit: 12000
Inc. & Exp. 2000 Profit
Asset reduced by 10000*

The sale proceeds of old fixed assets are treated as **capital receipts** and thus, are credited to the respective **fixed asset account**. However, the **profit or loss** on sale of fixed assets is shown in the **income & expenditure account**.

CONSUMABLES

- Sometimes NPO consume some **consumable item** e.g. **stationery, sports material, medicines, etc.**
- A separate **stock account** is prepared for each **consumable item** to ascertain the amount of **consumable item consumed** during the year.
- In such a case, sometimes **Trade Creditors account** is to be prepared to ascertain the credit purchases (if missing).
- Such amount consumed is to be debited to **Income & Expenditure account**.

Creditors for Consumable Item A/c

(For finding credit purchase)

Particulars	Amount	Particulars	Amount
To Cash & Bank A/c	xxx	By Bal b/d	xxx
To Bal c/d	xxx	By purchases (B.p.)	xxx

CONSUMPTION

Opening stock	xxx	
+ Purchases (Cash + Credit)	xxx	
- Closing stock	(xxx)	
	<u>xxx</u>	Inc. & Exp. A/c

EXAMPLE

How will you deal with the following items while preparing the income and expenditure account for the year ending on March 31, 2023 and a balance sheet as on that date?

Particulars	As at 1.4.2022 <i>Op.</i>	As at 31.3.2023 <i>Cl.</i>
Creditors for Sports Materials	2,000	1,200
Stock of Sports Materials	2,100	500

During 2022-2023, the payment made to these creditors was ₹ 10,800. → Rec. & Paym. A/c

Creditor A/c

To Bank A/c 10800	By Bal b/d 2000
To Bal c/d 1200	By Purchases (B.f.) 10000

Opening Stock = 2100
 + Purchases = 10000
 - closing stock = (500)
 Consumption = 11600 (Inc. & Exp. A/c)

TREATMENT OF PROFIT / LOSS FROM TRADING ACTIVITIES

1. Sometimes NPO carry on trading activities e.g. restaurant/bar run by a club, chemist shop by a hospital, book shop by a library, etc.
2. In such case, separate Trading account for each of the trading activities is prepared to ascertain the Profit/Loss from each of such trading activities.
3. Such Profit/Loss is transferred to Income & Expenditure Account.

Trading Account

Particulars	Amount	Particulars	Amount
To opening stock	xx	By sales	xx
To purchases	xx	By closing stock	xx
To Profit (B.f.)	Inc. & Exp. (xx)		

EXAMPLE

How will you deal with the following items while preparing the income and expenditure account for the year ending on March 31, 2023 and a balance sheet as on that date?

Particulars	As at 1.4.2022 <i>Op.</i>	As at 31.3.2023 <i>Cl.</i>
Creditors for Bar Purchases	5,000	8,000
Bar Stock	10,000	18,000

During 2022-2023, payment for bar purchases were 35,000 and total bar receipts / collections were 42,000

Creditor A/c

To Bank A/c 35000	By Bal b/d 5000
To Bal c/d 8000	By Purchases (B.f.) 38000

Trading A/c

To op. sta 10000	By Sales (coll.) 42000
To Purchases 38000	By Clos. stock 18000
To Profit (B.f.) 12000	

② Op. stock = 10000
 + Purchases = 38000
 - Clos. stock = (18000)
 Cost of goods sold 30000

Sale = 42000
 Profit = 12000

↓
Statement form

EDUCATIONAL INSTITUTIONS

Educational institutions are quite different from other not-for-profit organisations in terms of sources of finance and items of expenditure.

There are 3 main sources through which amounts are collected by the educational institutions. These are:

- (1) Donation from Public;
- (2) Fees in the form of annual tuition fees, term fees, admission fees, laboratory fee etc., and
- (3) Grants received from the Government. The Government grants are of four kinds namely Maintenance Grant, Equipment grant, Building Grant and such other grants as may be sanctioned by the Government from time to time.

Receipts & Payments Account for the period ending on ...

Receipts	₹	Payments	₹
To Balance b/d:		By Balance b/d (Bank overdraft)	xxx
Cash	xxx	By Annual Sports Expenses	xxx
Bank	xxx	By Salaries & Wages	xxx
To Subscription:		By Rent, Rates & Taxes	xxx
For previous year	xxx	By Insurance	xxx
For current year	xxx	By Furniture	xxx
For next year	xxx	By Sports Equipments	xxx
To Entrance fees	xxx	By Books & Periodicals	xxx
To Donation for Building	xxx	By Audit Fees	xxx
To General Donations	xxx	By Printing & Stationary	xxx
To Life Membership Fees	xxx	By Honorarium	xxx
To Legacy	xxx	By Bank Charges	xxx
To Gran from Govt.	xxx	By Postage & Telegrams	xxx
To Contribution for Annual Dinner	xxx	By Water & Electricity	xxx
To Dividend	xxx	By Conveyance & Travelling	xxx
To Interest	xxx	By Repairs & Maintenance	xxx
To Rent	xxx	By Sundry Expenses	xxx
To Receipt on Annual Sports	xxx	By Annual Dinner Expenses	xxx
To Sale of Old Sports Materials	xxx	By __% Investments	xxx
To Sale of Old Magazines	xxx	By Balance c/d:	xxx
To Sundry Receipts	xxx	Cash	xxx
To Balance c/d (Bank overdraft)	xxx	Bank	xxx
	XXX		XXX

Income and Expenditure Account for the year ending on

Expenditure	₹	Income	₹
To Salaries and Wages paid	xxx	By Subscription Received	xxx
Add: Outstanding at the end	xxx	Add: Outstanding at the end	xxx
Less: Prepaid at the end	xxx	Less: Advance at the end	xxx
Add: Prepaid in the beginning	xxx	Add: Advance in the beginning	xxx
Less: Outstanding in the beg	xxx	Less: Outstanding in beginning	xxx
To Rent, Rates and Taxes	xxx	By Entrance Fees (revenue portion)	xxx
To Insurance Premium	xxx	By General Donations/Legacies	xxx
To Depreciation on Furniture and Sports equipment	xxx	By Life membership Fees (revenue portion)	xxx

To Books and Periodicals	xxx	By Annual Dinner Cont.	xxx
To Audit fees	xxx	Less Expenses	xxx
To Printing & Stationary	xxx	By Profit on Annual sports	xxx
To Honorarium	xxx	(Receipt-expenses)	
To Bank Charges	xxx	By Profit on sale of provisions (Sale	xxx
To Postage & Telegram	xxx	+ closing stock - Purchases-Opening	
To Electricity & Water	xxx	stock)	xxx
To Conveyance & Travelling	xxx	By Dividend & Interest	xxx
To Surplus i.e., excess of income over	xxx	By Deficit i.e. excess of exp. over	xxx
exp.		income	
	XXX		XXX

Balance Sheet of .. as at...

Liabilities	₹	₹	Assets	₹
Capital Fund:			Fixed Assets:	
Opening Balance	xxx		<u>Building</u>	
Add: Surplus (or Less: Deficit)	xxx		Opening Balance	xxx
Add: Entrance Fees	xxx		Add: Additions	xxx
(to the extent capitalized)			Less: Depreciation	xxx
Add: Life Membership subsc.	xxx		<u>Furniture</u>	
(to the extent capitalized)			Opening Balance	xxx
Add: Amt. of Capital exp. tfd from			Add: Additions	xxx
special fund (e.g. Building			Less: Assets sold	xxx
fund)	xxx	xxx	Less Depreciation	xxx
Prize Fund:			<u>Sports Equipment</u>	xxx
Opening Balance	xxx		Less Depreciation	xxx
Add: Donation for prizes	xxx			
Add: Income from Prize Fund			Investments:	xxx
Investments	xxx		Prize Fund Investments	xxx
Less: Expenses	xxx	xxx	Building Fund Investments	xxx
Building Fund:			10% Govt. Securities	xxx
Add: Donation for Building	xxx		Fixed Deposits	
Add: Income from Building				
Fund Investments	xxx		Current Assets:	xxx
Less: Transfer to Capital Fund	xxx		Sports Materials	xxx
Current Liabilities:			Outstanding Subscriptions	xxx
Subscription received in advance		xxx	Accrued Interest	xxx
Outstanding expenses		xxx	Accrued Rent	xxx
Bank overdraft		xxx	Cash in hand	xxx
Creditors		xxx	Cash at bank	
	XXX			XXX

ASSIGNMENT QUESTIONS

Question 1

Pg no. _____

A)

Elite Club (not registered under the Companies Act, 2013) has 200 members with an annual subscription of ₹ 3,600 payable by every member. An analysis of subscriptions received by the club during the accounting year ended on 31st March, 2023 revealed the following

For the year 2021-22	25,200
For the year 2022-23	6,98,400
For the year 2023-24	7,200
	7,30,800

NOT REC.

On 31st March, 2023 it was noted that a sum of ₹ 3,600 was still in arrears for the year ended 31st March, 2022. Calculate the amount of subscriptions that will appear on the credit side of the Club's Income and Expenditure Account for the year ended 31st March, 2023. Also show how items relating to subscriptions will appear in the Balance Sheet dated 31st March, 2023

B)

From the following information of M/s. Officers Sports Club (A non-profit organization) calculate (i) the total cost of sports material consumed and (ii) Sale value of sports material during the year 2022-23

	₹
Opening balance of sports material as on 1-4-2022	56,800
Closing balance of sports material as on 31-3-2023	32,900
Sports material purchased in cash	23,500
Payment made to creditors of sports material	64,300
Creditors for sports materials	
Opening	23,200
Closing	29,400

→ Credit Purchase

Out of the total sports material used during the year 40% was consumed by the club and the remaining was sold at a profit of 20% of cost.

Question 2 (RTP Nov 2018) / (RTP Nov 2020)

Pg no. _____

The following information of M/s. TT Club are related for the year ended 31st March, 2023:

Balances	As on 01-04-2022	As on 31-3-2023
Stock of Sports Material	75,000	1,12,500
Amount due for Sports Material <i>creditors</i>	67,500	97,500
Subscription due	11,250	16,500
Subscription received in advance	9,000	5,250

Subscription received during year ₹ 3,75,000. Payments for Sports Material during year ₹ 2,25,000

You are required to:

- (A) Ascertain the amount of Subscription and Sports Material that will appear in Income & Expenditure Account for the year ended 31.03.2023 and
- (B) Also show how these items would appear in the Balance Sheet as on 31.03.2023.

Question 3 (Building Fund)

Pg no. _____

Noida School maintains separate building fund. As on 31.3.2022 balance of building fund was ₹ 10,00,000 and it was represented by fixed deposit (15% per annum) of ₹ 6,00,000 and current

account balance of ₹ 4,00,000. During the year 2022-23, the school collected as donations towards the building fund ₹ 5,60,000 and transferred 40% of developmental fees collected ₹ 22,56,500 to building fund. Capital work progress as on 31st March, 2022 was ₹ 8,25,000 for which contractors' bill upto 75% was paid on 14.4.2022. The extension of building was finished on 31.12.2022 costing ₹ 7,25,000 for which contractors' bill was fully met. It was decided to transfer the cost of completed building (₹ 15,50,000) to the corresponding asset account. You are required to pass journal entries to incorporate the above transactions in the books of Noida School for the year 2022-23 and show the trial balance of building fund ledger.

Question 4

Pg no. _____

The relevant accounts of a Club for the year ended 31st December, 2023 were as follows:

Receipts and Payments Account

To Balance b/d		2,500	By Books purchased	1,000
To Subscriptions:			By Printing and Stationery	200
2022	600		By Salary	1,500
2023	4,300	4,900	By Advertisement	200
To Interest		500	By Electric Charge	400
To Donation for special fund		300	By Balance c/d	7,350
To Rent:				
2022	150			
2023	300	450		
To Govt. Grants		2,000		
		10,650		10,650

100 LY
1400 LY
50 LY
150 LY

Income and Expenditure Account

Expenditure	₹	Income	₹
To Salary	2,800	By Interest	400
To Tent Hire	200	By Subscription	4,800
To Electric charges	400	By Rent	2,300
To Depreciation on Building	750	By Govt. Grant	2,000
To Printing and Stationery	200		
To Advertisement	150		
To Surplus	5,000		
	9,500		9,500

The club's assets as on 1st January 2023 were:

Building ₹ 15,000; Books ₹ 10,000 Furniture ₹ 4,000; Investments ₹ 10,000

Liabilities as on that date were: ₹ 50 for advertisement and ₹ 100 for salary.

You are required to prepare balance sheet of the club on 31st December, 2022 & 31st December, 2023.

Question 5

Pg no. _____

Mahaveer Sports club gives following receipts & payments account for the year ended March 31, 2023:

Receipts and Payments Account

Receipts	₹	Payments	₹
To Opening cash & bank balances	5,200	By Salaries	15,000
To Subscription	34,800	By Rent and taxes	5,400
To Donations	10,000	By Electricity charges	600
To Interest on investments	1,200	By Sports goods	2,000
To Sundry receipts	300	By Library books	10,000

		By Newspapers and periodicals	1,080
		By Miscellaneous expenses	5,400
		By Closing cash & bank balances	12,020
	51,500		51,500

Liabilities	Op. As on 31.03.2022	Cl. As on 31.03.2023
Outstanding expenses:		
Salaries	1,000	2,000
Newspapers and periodicals	400	500
Rent and taxes	600	600
Electricity charges	800	1,000
Library books	10,000	-
Sports goods	8,000	-
Furniture and fixtures	10,000	-
Subscription receivable	5,000	12,000
Investment-government securities	50,000	-
Accrued interest	600	600

Provide depreciation: Furniture & fixtures @ 10% p.a; Sports goods @ 20% p.a; Library books @ 10% p.a.

You are required to prepare Club's opening balance sheet as on 1.4.2022, income and expenditure account for the year ended on 31.3.2023 and balance sheet as on that date.

Question 6

Pg no. _____

Following is Receipts & Payments Account of Mayur Club for year ended 31st Mar, 2023

Receipts	₹	Payments	₹
Opening Balance		Sports materials	3,04,500
Cash in Hand	39,100	Salaries	3,15,000
Cash at Bank	50,000	Equipment purchased on 1.10.22	60,000
Subscriptions		Bank fixed deposits on 31.3.23	1,50,000
For the year 2021-22	18,000	Rent	1,48,500
For the year 2022-23	9,63,000	Ground maintenance	22,120
For the year 2023-24	4,500	Insurance	38,400
Interest on Bank F.D. @10%	45,000	Stationery	3,450
		Sundry expenses	5,880
		Closing balance as on 31.3.2023	
		Cash in Hand	31,750
		Cash at Bank	40,000
	11,19,600		11,19,600

Following additional information is provided to you:

- The club has 220 members. The annual subscription is ₹4,500 per member
- Depreciation to be provided on furniture at 10% p.a. and on sports equipment at 15% p.a.
- On 31st March, 2023, stock of sports material in hand (after members use during the year) is valued at ₹78,000 and stock of stationery at ₹3,150. Rent for 1 month is outstanding. Unexpired insurance amounts to ₹9,600.
- On 31st March, 2022 the club had the following assets: Unexpired: ₹9,600

Furniture	2,70,000
Sports equipment	1,80,000
Bank fixed deposit	4,50,000

Stock of stationery	1,500
Stock of sports material	73,500
Unexpired insurance	8,400
Subscription in arrear	22,500

Note: There was no liability on 31.3.2022

You are required to prepare:

- Income and Expenditure Account; and
- Balance Sheet as at 31st March, 2023.

Question 7 (RTP Nov 2019) (Similar) / (RTP Nov 2023)

Pg no. _____

From the following data, prepare an Income and Expenditure Account for the year ended 31st December, 2023, and a statement of affairs as at that date of the Amar Leela Hospital:

Receipts and Payments Account for the year ended 31 December, 2023

To Balances		By Salaries: (₹ 21,600 for 2022)	93,600
Cash	2,400	By Hospital Equipment	51,000
Bank	15,600	By Furniture purchased	18,000
To Subscriptions :		By Additions to Building	1,50,000
For 2022	15,300	By Printing & Stationery	7,200
For 2023	73,500	By Diet expenses	46,800
For 2024	7,200	By Rent & rates (₹ 900 for 2024)	6,000
To Government Grant :		By Electricity and water charges	7,200
For building	2,40,000	By Office expenses	6,000
For maintenance	60,000	By Investments	60,000
Fees from sundry patients	14,400	By Balances :	
To Donations (not to be capitalized)	24,000	Cash	4,200
To Net collections from benefit shows	18,000	Bank	20,400
	4,70,400		4,70,400

Additional Information:-

Value of building under construction as on 31.12.2023	₹ 4,20,000
Value of hospital equipment on 31.12.2023	₹ 1,53,000
Building Fund as on 1.1.2023	₹ 2,40,000
Subscriptions in arrears as on 31.12.2022	₹ 19,500
Investments in 8% Govt. securities were made on 1st July, 2023	

Question 8 - (ICAI Study Material)

Pg no. _____

Summary of receipts & payments of Bombay Medical Aid society for year ended 2023 are:

Opening cash balance in hand ₹ 8,000, subscription ₹ 50,000, donation ₹ 15,000 (raised for meeting revenue expenditure), interest on investments @ 9% p.a. ₹ 9000, payments for medicine supply ₹ 30,000 Honorarium to doctor ₹10,000, salaries ₹ 28,000, sundry expenses ₹ 1,000, equipment purchase ₹ 15,000, charity show expenses ₹ 1,500, charity show collections ₹ 12,500. Additional information:

	31.12.2022	31.12.2023
Subscription due	1,500	2,200
Subscription received in advance	1,200	700

Stock of medicine	10,000	15,000
Amount due for medicine supply (creditors)	9,000	13,000
Value of equipment	21,000	30,000
Value of building	50,000	48,000

You are required to prepare receipts and payments account and income and expenditure account for the year ended 31.12.2023 and balance sheet as on 31.12.2023.

Question 9

Pg no. _____

From the following Income and Expenditure Account and the Balance Sheet of a club, prepare its Receipts and Payments Account for the year ended 31st March, 2023:

Income & Expenditure Account for the year 2022-23

To Upkeep of Ground	21,000	By Subscriptions	56,640
To Printing	2,800	By Sale of Newspapers (Old)	530
To Salaries	28,000	By Lectures	8,000
To Depreciation on Ground & Building	9,000	By Entrance Fee $\frac{1}{2}$	2,900
To Depreciation on Furniture	1,000	By Misc. Income	1,200
To Repairs	3,500		
To Surplus	3,970		
	69,270		69,270

Balance Sheet as at 31st March, 2023

Liabilities	₹	Assets	₹
Subscription in Advance (23-24)	700	Furniture	9,000
Outstanding Salary	4,200	Ground and Building	1,43,200
Sports Prize Fund :		Prize Fund Investment	43,000
Opening Balance	51,000	Cash & Bank	19,400
Add : Interest	4,500	Subscription (2022-23)	2,600
	55,500		
Less : Prizes	(6,500)		
Capital Fund :			
Opening Balance	1,56,430		
Add: Surplus	3,970		
Add : Entrance Fee $\frac{1}{2}$	2,900		
	1,63,300		
	2,17,200		

From Op. B/s 10000
By 1000
Cl. 9000

The following adjustments have been made in the above accounts:

- (1) Upkeep of ground ₹ 1,500 & Printing & Stationery ₹ 510 relating to 2021-22 was paid in 2022-23.
- $\frac{1}{2}$ (2) One-half of entrance fees have been capitalized.
- (3) Subscription outstanding in 2021-22 was ₹ 3,100 and for 2022-23 ₹ 2,600.
- (4) Subscription received in advance in 2021-22 was ₹ 1,100 and in 2022-23 for 2023-24 ₹ 700.
- (5) Outstanding Salary on 31.03.2022 was ₹ 3,600. opening

Question 10

Pg no. _____

Following is Income and Expenditure Account of Gama Club for year ended 31st March, 2023:

Income and Expenditure Account for the year ended 31st March, 2023

	₹		₹
To Salaries	19,500	By Subscription	68,000
To Rent	4,500	By Donation	5,000
To Printing	750		

To Insurance	500		
To Audit Fees	750		
To Games & Sports	3,500		
To Subscriptions written off	350		
To Miscellaneous Expenses	14,500		
To Loss on sale of furniture	2,500		
To Depreciation:			
Sports Equipment	6,000		
Furniture	3,100		
To Excess of income over expenditure	17,050	Surplus	
	73,000		73,000

Additional information

	Op. 31-03-2022	Cl. 31-03-2023
Subscriptions in arrears	2,600	3,700
Advance Subscriptions	1,000	1,500
Outstanding expenses		
Rent	500	800
Salaries	1,200	350
Audit Fee	500	750
Sports Equipment less depreciation	25,000	24,000
Furniture less depreciation	30,000	27,900
Prepaid Insurance	-	150

Book value of furniture sold is ₹ 7,000. Entrance fees capitalized ₹ 4,000. On 1st April, 2022 there was no cash in hand but Bank Overdraft was for ₹ 15,000.

On 31st March, 2023 Cash in hand amounted to ₹ 850 and the rest was Bank balance.

Prepare the Receipts and Payments Account of the Club for the year ended 31st March, 2023.

Question 11

Pg no. _____

Income and Expenditure Account of City Sports Club for year ended 31st March, 2023 was as follows:

Expenditure	₹	Income	₹
To Salaries	1,20,000	By Subscriptions	1,60,000
To Printing and Stationery	6,000	By Entrance Fees	10,000
To Depreciation on Sports equipment	6,000	By Contribution for Annual dinner	20,000
To Repairs	10,000	By Profit on Annual Sports meet	20,000
To Sundry Expenses	8,000		
To Annual Dinner Expenses	30,000		
To Interest to Bank	6,000		
To Rent	12,000		
To Excess of Income over Expenditure	12,000		
	2,10,000		2,10,000

Rec. 50000 60000 30000
 Pay. (30000) 40000 10000

The above account had been prepared after the following adjustments:

Subscriptions outstanding on 31.03.2022	12,000
Subscriptions received in advance on 31.03.2022	9,000
Subscriptions received in advance on 31.03.2023	5,400
Subscriptions outstanding on 31.03.2023	15,000

Salaries outstanding at the beginning and at the end of the financial year were ₹ 8,000 and ₹ 10,000 respectively. Sundry expenses included prepaid insurance expenses of ₹ 1,200. The Club owned a freehold ground valued ₹ 2,00,000. The Club has sports equipment on 01.04.2022 valued at ₹ 52,000. At the end of the year, after depreciation, the sports equipment amounted to ₹ 54,000. The Club raised a loan of ₹ 40,000 from a bank on 01.01.2022, which was unpaid till 31.03.2023. On 31.03.2023, cash in hand was ₹ 32,000. Prepare Receipts and Payments account of the Club for the year ended 31st March, 2023 and Balance Sheet as on that date.

Question 12 (RTP May 2019) / (RTP Nov 2021) (Similar) Pg no. _____

The Receipts & Payments account of Trustwell Club prepared on 31st March, 23 is as follows.

Receipts and Payments Account

Receipts	₹	Payments	₹
To Balance b/d	450	By Expenses (including payment for sports material ₹ 2,700)	6,300
To Annual income from subscription	4,590	By Loss on sale of furniture (cost price ₹ 450)	180
Add: Outstanding of last year received this year	180		
Less: Prepaid of last year	(90)		
To Other fees	1,800	By Balance c/d	90,450
To Donation for building	90,000		
	96,930		96,930

C.Y. x PR x

Sell ✓
W/O ✓

Additional information:

Trustwell club had balances as on 1.4.2022: Furniture ₹ 1,800; investment at 5% ₹ 27,000; Sports material ₹ 6,660;

Balance as on 31.3.2023; Subscription receivable ₹ 270; Subscription received in advance ₹ 90; Stock of sports material ₹ 1,800.

Do you agree with above receipts and payments account? If not, prepare correct receipts and payments account and income and expenditure account for the year ended 31st March, 2023 and balance sheet as on that date.

General

Question 13 (CA Foundation Jan 2021)(10 Marks)/(RTP May 2020)/(May 2023) (Sim.) Pg no. _____

Dr. Deku started private practice on 1st April, 2022 with ₹ 2,00,000 of his own fund and ₹ 3,00,000 borrowed at an interest of 12% per annum on the security of his life policies. His accounts for the year were kept on a cash basis & following is his summarized cash account:

Rec. & Paym

Dr	₹	Cr	₹
Own capital	2,00,000	Medicines purchased	2,45,000
Loan	3,00,000	Surgical equipments	2,50,000
Prescription fees	6,60,000	Motor car	3,20,000
Visiting fees	2,50,000	Motor car expenses	1,20,000
Fees from lectures	24,000	Wages and salaries	1,05,000
Pension received	3,00,000	Rent of clinic	60,000
		General charges	49,000
		Household expenses	1,80,000
		Household Furniture	25,000

	Expenses on daughter's marriage	2,15,000
	Interest on loan	36,000
	Balance at bank	1,10,000
	Cash in hand	19,000
17,34,000		17,34,000

One-third of the motorcar expense may be treated as applicable to the private use of car and ₹ 30,000 of the salaries are in respect of domestic servants. The stock of medicines in hand on 31st March, 2023 was valued at ₹ 95,000. You are required to prepare his private practice income and expenditure account and capital account for the year ended 31st March, 2023. Ignore depreciation on fixed assets.

Question 14

Pg no. _____

Beer Bar club was registered in a city and the accountant prepared the following Receipts and Payments Account for the year ended 31st March, 2023 and showed a deficit of ₹ 14,520

Receipts	₹	Payments	₹
Subscriptions	62,130	Premises	30,000
Fair receipts	7,200	Honorarium to Secretary	12,000
Variety show receipt (net)	12,810	Rent	2,400
Interest	690	Rates & taxes	3,780
Bar collection	22,350	Printing & stationary	1,410
Excess cash spent	1,000	Sundry expenses	5,350
Deficit	14,520	Wages	2,520
		Fair expenses	7,170
		Bar purchases payments	17,310
		Repair	960
		New car (less proceeds of old car ₹ 9,000)	37,800
	1,20,700		1,20,700

New car 46800
Old car sold (9000)
37800

The following additional information are:

	Op. 01.04.2022	Clor. 31.03.2023
Cash in hand	450	-
Bank balances as per pass book	24,690	10,440
Cheque issued but not presented - for sundry expenses	(-) 270	90
Subscriptions due	3,600	2,940
Premises at cost	87,000 + 30000	1,17,000
Accumulated depreciation on premises	56,400	-
Car at cost	36,570	46,800 Cost
Accumulated depreciation on car	30,870	-
Bar stock	2,130	2,610
Creditors for the bar purchases	1,770	1,290

Cash excess spent represent honorarium to secretary not withdrawn due to cash deficit. His annual honorarium is ₹ 12,000. Depreciation on premises & car is to be provided at 5% & 20% on WDV method.

Prepare correct Receipts & Payments Account and Income & Expenditure Account.

Question 15 (ICAI Study Material)

Pg no. _____

The following was the Receipts and Payments Account of Exe Club for the year ended March 31, 2023

↓ (Pass Book) (All the figures in thousands)

Receipts	₹	Payments	₹
Cash in hand	100	Groundsman's Fee	750
Balance at Bank as per Pass Book		Moving Machine	1,500
Deposit Account	2,230	Rent of Ground	250
Current Account	600	Cost of Teas	250
Bank Interest	30	Fares	400
Donations and Subscriptions	2,600	Printing & Office Expenses	280
Receipts from teas	300	Repairs to Equipment (PB)	500 (incl. 300)
Contribution to fares	100	Honoraria to Secretary/Treasurer of 2021-22	400
Sale of Equipment →	80	Balance at Bank as per Pass Book	
Net proceeds of Variety Entertainment	780	Deposit Account	3,090
Donation for forth coming Tournament	1,000	Current Account	150
		Cash in hand	250
	7,820		7,820

You are given the following additional information:

	Op. April 1, 2022	Clos. March 31, 2023
Subscription due	150	100
Amount due for printing etc. <i>Op. Printy</i>	100	80
Cheques unrepresented being payment for repairs	300	260
Estimated value of machinery and equipment	800	1,750
Interest not yet entered in the Pass book (Acc. Int.)		20
Bonus to Groundsman outstanding		300

For the year ended March 31, 2023, the honoraria to the Secretary and Treasurer are to be increased by a total of ₹ 200. Prepare the Income and Expenditure Account and Balance Sheet for period ending 31st March, 2023.

Question 16 (ICAI Study Material)

Pg no. _____

From the following balances and particulars of Republic College prepare Income & Expenditure Account for the year ended March, 2023 and a Balance Sheet as on the date:

	Dr.	Cr.
Seminars & Conference Receipts		4,80,000
Consultancy Receipts		1,28,000
Security Deposit-Students		1,50,000
Capital fund		16,06,000
Research Fund		8,00,000
Building Fund		25,00,000
Provident Fund		5,10,000
Tuition Fee received		8,00,000
Government Grants		5,00,000
Donations		50,000
Interest & Dividends on Investments		1,85,000
Hostel Room Rent		1,75,000

Mess Receipts (Net)		2,00,000
College Stores-Sales		7,50,000
Outstanding expenses		2,25,000
Stock of-stores and Supplies	3,00,000	
Purchases-Stores & Supplies	8,00,000	
Salaries-Teaching	8,50,000	
-Research	1,20,000	
Scholarships	80,000	
Students Welfare expenses	38,000	
Repairs & Maintenance	1,12,000	
Games & Sports Expenses	50,000	
Misc. Expenses	65,000	
Research Fund Investments	8,00,000	
Other Investments	18,50,000	
Provident Fund Investment	5,10,000	
Seminar & Conference Expenses	4,50,000	
Consultancy Expenses	28,000	
Land	1,00,000	
Building (Cost)	16,00,000	
Plant and Machinery	8,50,000	
Furniture and Fittings	6,00,000	
Motor Vehicle	1,80,000	
Provision for Depreciation (Acc. Dep.)		
Building		4,80,000
Plant & Equipment		5,10,000
Furniture & Fittings		3,36,000
Cash at Bank	6,42,000	
Library	3,60,000	
	1,03,85,000	1,03,85,000

Adjustments:

(i)	Materials & Supplies consumed (From College Stores)	
	Teaching	50,000
	Research	1,50,000
	Students Welfare	75,000
	Games or Sports	25,000
(ii)	Tuition fee receivable from Government for backward class Scholars	80,000
(iii)	Stores selling prices are fixed to give a net profit of 10% on selling price	
(iv)	Depreciation is provided on straight line basis at the following rates:	
	a. Building	5%
	b. Plant & Equipment	10%
	c. Furniture & Fixtures	10%
	d. Motor Vehicle	20%

Question 17 (ICAI Study Material)

Pg no. _____

The following is the Receipts and Payments Account of Lion Club for the year ended 31st March, 2023.

Receipts and Payments Account

20000

Receipts	₹	Payments	₹
Opening balance		Salaries	1,20,000
Cash	10,000	Creditors	15,20,000
Bank	3,850	Printing and stationary	70,000
Subscription received	2,02,750	Postage	40,000
Entrance donation	1,00,000	Telephones and telex	52,000
Interest received	58,000	Repairs and maintenance	48,000
Sale of assets	8,000	Glass and table linen	12,000
Miscellaneous income	9,000	Crockery and cutlery	14,000
Receipts at		Garden upkeep	8,000
Coffee room	10,70,000	Membership fees	4,000
Wines and spirits	5,10,000	Insurance	5,000
Swimming pool	80,000	Electricity	28,000
Tennis court	1,02,000	Closing balance	
		Cash	8,000
		Bank	2,24,600
	21,53,600		21,53,600

Point (T)
Exp.

The assets and liabilities as on 1.4.2022 were as follows:

Fixed assets (net)	5,00,000
Stock	3,80,000
Investment in 12% Government securities	5,00,000
Outstanding subscription	12,000
Prepaid insurance	1,000
Sundry creditors	1,12,000
Subscription received in advance	15,000
Entrance donation received pending membership	1,00,000
Gratuity fund	1,50,000

The following adjustments are to be made while drawing up the accounts:

- Subscription received in advance as on 31st March, 2023 was ₹ 18,000.
 - Outstanding subscription as on 31st March, 2023 was ₹ 7,000.
 - Outstanding expenses are salaries ₹ 8,000 and electricity ₹ 15,000.
 - 50% of the entrance donation was to be capitalized. There was no pending membership as on 31st March, 2023.
 - The cost of assets sold net as on 1.4.2022 was ₹ 10,000.
 - Depreciation is to be provided at the rate of 10% on assets.
 - A sum of ₹ 20,000 received in October 2022 as entrance donation from an applicant was to be refunded as he has not fulfilled the requisite membership qualifications. The refund was made on 3.6.2023 Next year
 - Purchases made during the year amounted ₹ 15,00,000.
 - The value of closing stock was ₹ 2,10,000.
 - The club as a matter of policy, charges off to income and expenditure account all purchases made on account of crockery, cutlery, glass and linen in the year of purchase
- You are required to prepare an Income and Expenditure Account for the year ended 31st March, 2023 and the Balance Sheet as on 31st March, 2023 along with necessary workings.

PRACTICE QUESTIONS

MULTIPLE CHOICE QUESTIONS

1. Scholarship granted to students out of specific funds provided by Government will be debited to
 - a) Income and Expenditure Account.
 - b) Receipts and payments Account.
 - c) Funds granted for Scholarship Account.

2. In case of NPO, excess of total assets over liabilities is known as
 - a) Profits.
 - b) Surplus.
 - c) Capital Fund.

3. General donations and legacies are credited to
 - a) Receipts and Payments Account.
 - b) Income and Expenditure Account.
 - c) Capital Fund.

4. Interest on prize funds is
 - a) Credited to Income and Expenditure Account.
 - b) Credited to Receipts and Payments Account.
 - c) Added to prize fund.

5. Special aids are
 - a) Treated as capital receipts.
 - b) Treated as revenue receipts.
 - c) Both (a) and (b).

6. If there exist a specific sports fund, the expenses incurred in relation to sports activities will be taken to
 - a) Income and Expenditure Account
 - b) Receipt and Payment Account
 - c) Sports fund

6 x 2 = (12)
 ↓
 T/F

ANSWERS MCQs

1. (c) 2. (c) 3. (b) 4. (c) 5. (c) 6. (c)

TRUE / FALSE

State with reasons, whether the following statements are true or false:

- 1) The Receipts and payment account for a non-profit organization follows the accrual concept of accounting.
- 2) Both the revenue and capital nature transactions are recorded in the Income and expenditure account.
- 3) Sale of grass by a sports club is to be treated as sale of an asset.
- 4) Subscriptions outstanding for the current year are disclosed under the Fixed assets side of the Balance sheet.

↓
CA

- 5) Receipts & payments account gives the details about the expenses outstanding for year.
- 6) Adjustments in the form of additional information shall be adjusted in the final accounts of an Nonprofit organisation only in one place.
- 7) Tournament expenses incurred are more than the Tournament fund, then the excess to be shown as an asset in the closing Balance sheet.
- 8) For Non-profit organisation, Excess of income over expenditure in the Income and Expenditure account is termed as profit.
- 9) Surplus of non-profit organizations is distributed among its members.
- 10) Tournament fund, building fund, library fund is based on the fund based accounting.
- 11) Subscription fees refers to the one-time fees paid by the memberships to get admission to the benefits of the club.
- 12) Token payment made to a person, who voluntarily undertakes a service which would normally be paid in case of profitable organization is termed as Honorarium.
- 13) An Insurance company is an example of non-profit organization.
- 14) Part amount of entrance fees which is to be capitalized shall be disclosed in the income and expenditure account.
- 15) Both the income and expenditure of the current and the previous year are recorded in the Income and Expenditure account.
- 16) Amount received as donation by Non-profit organisation under the will of a deceased person is termed as legacy.
- 17) Where a Non-profit organisation has a separate trading activity, the profit/loss from the trading account shall be transferred to Income and Expenditure Account at the time of consolidation.
- 18) Not for profit concerns concentrate their efforts to maximize the profit earning avenues.
- 19) All the receipts are of revenue nature in case of Non-profit organisation.
- 20) There is opening balance of Income and expenditure account.
- 21) Receipts & Payments Account is a summary of all capital receipts & payments
- 22) If there appears a sports fund, the expenses incurred on sports activities will be taken to income & expenditure account
- 23) Receipts & Payments Account highlights total income and expenditure
- 24) Only revenue items are disclosed in Income & Expenditure Account
- 25) Net income in case of persons practicing vocation is determined by preparing profit and loss account.
- 26) In case a Sports Fund is kept, expenses on account of sports events should be charged to Sports Fund.
- 27) Laboratory & library Deposits taken from the students in case of an Educational Institution are shown on the liabilities side of the Balance Sheet.
- 28) Fees received for Life Membership is a revenue receipt as it is of recurring nature. (Nov 2018)
- 29) Subscriptions received for the current year shall be shown in the balance sheet as a current asset.
- 30) In Not for Profit (NPO) organizations, the excess of total assets over total outside liabilities is known as Capital Fund.
- 31) Both revenue and capital nature transactions are recorded in the Receipts and Payments Account. (Dec 2022)

Solution

- 1) **False**: It depicts the cash system of accounting rather than the accrual system, as the cash receipts and payments pertaining to any year are entered in the Receipts and

- payments account. The principle of accrual is not followed with regard to the receipts and payments account of a non-profit organization.
- 2) **False:** The income and expenditure account records only the revenue income and expenditure. The capital transactions are being recorded in the Balance sheet.
 - 3) **False:** The grass for a sports club is not a capital item, hence the sale of such grass shall be treated as a revenue receipt.
 - 4) **False:** They are disclosed under the current assets of the Balance sheet as they will be received within the next year and not to be treated as non-current assets.
 - 5) **False:** Receipts and payments account gives information about the expenses paid in cash for the current year, previous or the next year. It is only from the additional information we identify the outstanding expenses.
 - 6) **False:** Additional information means that information which has been identified just before the preparation of the final accounts. As NPO follows the double entry system of book keeping, there shall be 2 effects for each of the additional information.
 - 7) **False:** The excess of expenditure over the tournament fund shall be debited to the income and expenditure account and not taken to the closing balance sheet.
 - 8) **False:** The excess of the income over the expenditure is called as Surplus and not profit for an Nonprofit organisation.
 - 9) **False:** The Non-profit organisation credits the surplus earned in a year to the general/capital fund maintained by it.
 - 10) **True:** It is Fund based accounting that records the fund balances in the balance sheet.
 - 11) **False:** Subscription is regular fees paid by the members to keep the membership alive.
 - 12) **True:** Honorarium refers to the nominal amount paid for the services with a non-commercial intent.
 - 13) **False:** Insurance Company has a profit motive, hence it is not a non-profit organization.
 - 14) **False:** It shall be shown in the Balance sheet- where it is to be capitalized.
 - 15) **False:** It is only the current year income and expenditure which is recorded in the Income and Expenditure account as per the accrual concept.
 - 16) **True:** While on the death bed, if there is any will written that the assets of a person shall be donated to any NPO- then such a donation to the NPO, is termed as LEGACY.
 - 17) **True:** Where in case of the trading activities, the profit /loss from such activity to be transferred to the Income and expenditure account in case of consolidated accounts.
 - 18) **False:** The Non-profit organisation has its very existence to the main base line of serving the members and the society. Profit earning shall never be its motive.
 - 19) **False:** Receipts can be both of revenue as well as capital nature. Receipts of both the nature are recorded in the receipts and payments account.
 - 20) **False:** It represents a nominal account and is prepared in accordance with the accrual concept, hence there can be no opening balances.
 - 21) **False-** Receipts & Payments Account is a summary of all the cash or bank receipts & payments of both whether of capital or revenue nature.
 - 22) **False-** Such expenses should be deducted from the sports fund and will not be taken to income & expenditure account
 - 23) **False-** Receipts and payments account is a classified summary of cash receipts and payments over a certain period together with cash and bank balances at the beginning and close of the period.
 - 24) **True-** Only revenue items are disclosed in Income & Expenditure Account
 - 25) **False:** Net income is determined by preparing income and expenditure in case of persons practicing vocation.

- 26) True: Institutions sometimes keep special funds for some special purposes. In such a case the income related to such funds should be added to these funds and expenses should be deducted from such funds.
- 27) True: Because the laboratory and library deposits are of the nature of security deposits to be refunded to the students on their leaving the College or University.
- 28) False: Fees received for life membership is a capital receipt as it is of non-recurring nature. It is directly added to capital fund or general fund.
- 29) False: Current year subscription shall be shown in the credit side of the income & expenditure account and not in the balance sheet as it is not a capital item.
- 30) True: The capital fund represents the amount contributed by members through legacies, special donations entrance fee and accumulated surplus over the years
- 31) True: All the receipts and payments whether of revenue or capital nature are included in Receipt and Payment account.

DISTINCTION BETWEEN RECEIPTS & PAYMENT ACCOUNT AND INCOME & EXPENDITURE ACCOUNT

Not for profit organizations such as public hospitals, public educational institutions, clubs, Temples, churches etc., conventionally prepare Receipt and Payment Account and Income and Expenditure Account to show periodic performance for a particular accounting period.

The distinguishing features of both the accounts can be summarized as:

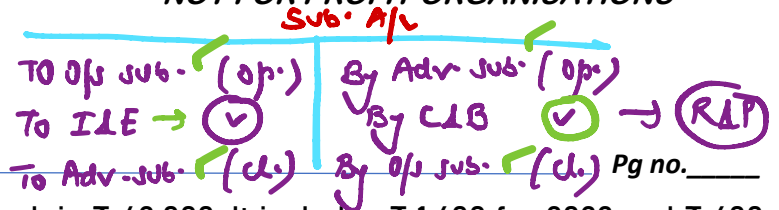
Receipt and Payment Account

- It is an elementary form of account consisting of a classified summary of cash receipts and payments over a certain period together with cash balances at the beginning and close of the period.
- The receipts are entered on the left hand side and payments on the right hand side i.e. same sides as those on which they appear in cash book.
- All the receipts and payments whether of revenue or capital nature are included in this account.
- The balance of the account at the end of a period represents the difference between the amount of cash received and paid up.
- It is always in debit since it is made up of cash in hand and at bank.

Income and Expenditure Account

- It resembles a Profit and Loss Account and serves the same function in respect of a non-profit making concern as the last mentioned account does for a firm, carrying on business or trade.
- Income and Expenditure Account is drawn up in the same form as the Profit and Loss Account.
- Expenditure of revenue nature is shown on the debit side, income and gains of revenue nature are shown on the credit side.
- Income and Expenditure Account contains all the items of income and expenditure relevant to the period of account, whether received or paid out as well as that which have fallen due for recovery or payment. Capital Receipts, prepayments of income and capital expenditures, prepaid expenses are excluded.
- It does not start with any opening balance. The closing balance represents the amount by which the income exceeds the expenditure only or vice versa.

HOMEWORK QUESTIONS



Question 1 (ICAI Study Material)

During 2023, subscription received in cash is ₹ 42,000. It includes ₹ 1,600 for 2022 and ₹ 600 for 2024. Also ₹ 3,000 has still to be received for 2023. Calculate the amount to be credited to Income and Expenditure Account in respect of subscription.

Question 2 (ICAI Study Material)

During the year ended 31st March, 2023, the subscriptions received by the Jaipur Literary Society were ₹ 4,50,000. These subscriptions include ₹ 20,000 received for the year ended 31st March, 2022. On 31st March, 2023, subscriptions due but not received were ₹ 15,000. Advance subscription received for the year ending 31st March 2023 but pertaining to year 2024 amounted to ₹ 26,000. The Subscriptions received in advance for the year ending 31st March, 2022 includes ₹ 18,000 pertaining to year 2022-23. Show the subscription account in book of the society?

Question 3 (ICAI Study Material)

From the following information, calculate amount of subscriptions outstanding for the year ended 31st March, 2023
 A club has 350 members each paying an annual subscription of ₹ 1,050. The Receipts and Payments Account for the year showed a sum of ₹ 4,10,000 received as subscriptions. The following additional information is provided:
 Subscriptions Outstanding on 31st March, 2022 – ₹ 45,000
 Subscriptions Received in Advance on 31st March, 2023 – ₹ 62,000
 Subscriptions Received in Advance on 31st March, 2022 – ₹ 30,000

Question 4

Omsanti Club has 500 members with annual fee of ₹ 1,000 per member. At the end of the accounting year, accountant noticed that 40 members have not paid annual fee and 70 members had paid fee in advance. Help the accountant to compute cash receipts of annual fee for the year.

Question 5 (ICAI Study Material)

During the year ended 31st March, 2023, Sachin Cricket Club received subscriptions as follows

For year ending 31st March, 2022	12,000
For year ending 31st March, 2023	6,15,000
For year ending 31st March, 2024	18,000
Total	6,45,000

There are 500 members and annual subscription is ₹ 1,500 per member. On 31st March, 2023, a sum of ₹ 15,000 was still in arrears for subscriptions for the year ended 31st March, 2022. Ascertain the amount of subscriptions that will appear on the credit side of Income and Expenditure Account for the year ended 31st March, 2023. Also show how the items would appear in the Balance Sheet as on 31st March, 2022 and the Balance Sheet as on 31st March, 2023

Question 6

From the following extract of Receipts and Payments Account and the additional information, you are required to calculate the Income from Subscription for the year ending March 31, 2023 and show them in the Income & Expenditure Account, and the Balance Sheet of a Club
 An extract of Receipts and Payments Account for the year ended 31st March, 2023

Receipts		₹	Payments	₹
To Subscription				
2021-22	4,000			
2022-23	20,000			
2023-24	5,000	29,000		

Rec. 29000
 + cl-op 4000
 - op-op (5000)
 - cl-Adv. (5000)
 + op Adv. 5000
 Income 28000

Information:

Subscription outstanding on 31.03.2022	Op → 5,000
Subscription outstanding on 31.03.2023	→ 4,000
Subscription received in advance on 31.03.2022 for 2022-23	→ 5,000

FY 21-22 1000
 22-23 3000

Question 7 (ICAI Study Material)

Pg no. _____

Suppose salaries paid during 2022-23 were ₹ 23,000. The following further information is available:

Salaries unpaid on 31st March 2022	1,400
Salaries prepaid on 31st March 2022	400
Salaries unpaid on 31st March 2023	1,800
Salaries prepaid on 31st March 2023	600

CY Inc-
 Rec = 20000
 Op 3000
 Got 5000
 20000

Calculate the amount to be debited to Income and expenditure account in respect of salaries and also show necessary ledger accounts. (In other words, how will you disclose in financial statements of NPO?)

Question 8 (ICAI Study Material)

Pg no. _____

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, 2023:

Details	Amount
Match expenses paid during the year ended 31st March 2023	1,10,000
Match fund as on 01.04.2022	30,000
Donations for Match fund (received during the year)	55,000
Proceeds from the sale of the match tickets (during the year)	20,000

105000

Question 9 (ICAI Study Material)

Pg no. _____

Following is the Receipts and Payments Account of New bird Forty Club for the year ended 31st March, 2023:

Receipts & Payments Account for the year ending on 31st March, 2023

Receipts	₹	Payments	₹
To Balance b/d	2,50,000	By Salaries & Wages	1,65,000
To Subscription		By Office Expenses	35,000
2021-2022 (LY) Op → 65,000		By Sports Equipment	3,42,000
2022-2023 (CY) → 3,55,000		By Telephone charges	28,000
To Donations	55,000	By Electricity charges	32,000
To Entrance Fees	85,000	By Travelling & conveyance	65,000
		By Balance c/d	1,43,000
	8,10,000		8,10,000

Additional information:

CY ILE = 40000

- (a) Outstanding Subscriptions for the year ended 31st March, 2023 - 55,000.
- (b) Outstanding Salaries & Wages for the year ended on 31st March 2023 - 40,000
- (c) Depreciate Sports Equipments by 25% for the year ended on 31st March 2023.

(d) Capitalize 50% of the entrance fees

Prepare Income and Expenditure Account of the club from the above particulars for the year ended on 31st March 2023.

Question 10 (ICAI Study Material)

Pg no. _____

The Sportwriters Club gives the following Receipts & Payments Account for year ended March 31, 2023:

Receipts	₹	Payments	₹
To Balance b/d	4,820	By Salaries	12,000
To Subscriptions	28,600	By Rent and electricity	7,220
To Miscellaneous income	700	By Library books	1,000
To Interest on Fixed deposit	2,000	By Magazines & newspapers	2,172
		By Sundry expenses	10,278
		By Sports equipments	1,000
		By Balance c/d	2,450
	36,120		36,120

Figures of other assets and liabilities are furnished as follows:

	31st March, 2022	31st March, 2023
Salaries outstanding	710	170
Outstanding rent & electricity	864	973
Outstanding for magazines and newspapers	226	340
Fixed Deposit (10%) with bank	20,000	20,000
Interest accrued thereon	500	500
Subscription receivable	1,263	1,575
Prepaid expenses	417	620
Furniture	9,600	
Sports equipments	7,200	
Library books	5,000	

The closing values of furniture and sports equipments are to be determined after charging depreciation at 10% and 20% p.a. respectively inclusive of the additions, if any, during the year. The Club's library books are revalued at the end of every year and the value at the end of March 31, 2023 was ₹ 5,250. From the above information you are required to prepare:

- The Club's Balance Sheet as at March 31, 2022;
- The Club's Income and Expenditure Account for the year ended March 31, 2023.
- The Club's Closing Balance Sheet as at March 31, 2023.

Question 11

Pg no. _____

The following is the Receipt and Payment Account of Park View Club in respect of the year ended 31st March, 2023.

Receipts	₹	Payments	₹
To Balance b/d	1,02,500	By Salaries	2,08,000
To Subscriptions		By Stationery →	40,000
2021-22	4,500	By Rent	60,000
2022-23	2,11,000	By Telephone expenses	10,000
2023-24	7,500	By Investment	1,25,000
To Profit on sports meet	1,55,000	By Sundry expenses	92,500
To Income from investments	1,00,000	By Balance c/d	45,000
	5,80,500		5,80,500

Additional information:

$Inc. = 450 \times 500 = 225000$

- 1) There are 450 members each paying an annual subscription of ₹ 500. On 1st April, 2022 outstanding subscription was ₹ 5,000.
- 2) There was an outstanding telephone bill for ₹ 3,500 on 31st March, 2023.
- 3) Outstanding sundry expenses as on 31st March, 2022 totalled ₹ 7,000.
- 4) Stock of stationery: On 31st March, 2022 ₹ 5,000 On 31st March, 2023 ₹ 9,000
- 5) On 31st Mar, 2022 building stood in the books at ₹ 10,00,000 & was subject to depreciation@5% p.a
- 6) Investment on 31st March, 2022 stood at ₹ 20,00,000.
- 7) On 31st March, 2023, income accrued on investments purchased during year amounted to ₹ 3,750.

5000
+40000
(9000)
36000

Prepare Income & Expenditure A/c for the year ended 31st March, 2023 & Balance Sheet as at that date.

Question 12 (CA Foundation July 2021) (10 Marks)

Pg no. _____

Summary of receipts & payments of AMA Society for year ended 31st March 2023 are as follows:

Receipts	₹	Payments	₹
Subscription Received	5,00,000	Payment for Medicine Supply	3,00,000
Donation Raised for meeting revenue expenditure	1,50,000	Honorarium to Doctors	1,00,000
Interest on Investments @ 9% p.a.	90,000	Salaries	2,80,000
Charity Show Collection	1,25,000	Sundry Expenses	10,000
		Equipment Purchase	1,50,000
		Charity Show Expenses	15,000

Additional information:

Particulars	01.04.2022	31.03.2023
Subscription due	15,000	22,000
Subscription received in advance	12,000	7,000
Stock of medicine	1,00,000	1,50,000
Amount due for medicine supply <i>cred.</i>	90,000	1,30,000
Value of equipment	2,10,000	3,00,000
Value of building	5,00,000	4,80,000
Cash balance	80,000	90,000
Opening balance of Capital Fund	18,03,000	

300000 | 90000
130000 | 340000
210000 | 60000
150000 | 300000

You are required to prepare

- a) Income and Expenditure Account for the year ended 31.03.2023
- b) Balance sheet as on 31.03.2023.

Question 13 (CA Foundation June 2023) (15 Marks)

Pg no. _____

Following is the Receipts and Payments account of Pune Medical Aid Society for the year ended 31-12-2022.

Receipts and Payments Account for the year ended 31-12-2022

Receipts	Amount ₹	Payments	Amount ₹
To Opening cash in hand	12,000	By Medicine supply	35,000
To Subscription	65,000	By Honorarium to Doctors	15,000
To Donations	25,000	By Salaries	36,000

To Interest on Investment (10%)	10,000	By Sundry expenses.	950
To Charity show collection	16,500	By Purchase of Medical equipment	25,000
		By Charity show expenses	2,750
		By Closing Cash in hand	13,800
	1,28,500		1,28,500

The following is the additional information provided.

	01-01-2022	31-12-2022
	Amount ₹	Amount ₹
Subscription due	2,500	3,100
Subscription received in advance	1,800	1,400
Stock of medicine	12,500	17,250
Amount due for medicine supply <i>credit</i>	12,000	16,500
Value of equipment	21,500	37,200
Value of building	65,000	61,750

You are required to prepare Income and Expenditure account, and Balance sheet as on 31-12-2022.

Question 14 (RTP May 2018) / (ICAI Study Material)

Pg no. _____

Smith Library Society showed the following position on 31st March, 2022:

Balance Sheet as on 31st March, 2022

Liabilities	₹	Assets	₹
Capital fund	7,93,000	Electrical fittings	1,50,000
Expenses payable	7,000	Furniture	50,000
		Books	4,00,000
		Investment in securities	1,50,000
		Cash at bank	25,000
		Cash in hand	25,000
	8,00,000		8,00,000

The receipts and payment account for the year ended on 31st March, 2023 is given below:

Receipts	₹	Payments	₹
To Balance b/d		By Electric charges	7,200
Cash at bank 25,000		By Postage and stationary	5,000
Cash in hand 25,000	50,000	By Telephone charges	5,000
To Entrance fee	30,000	By Books purchased	60,000
To Membership subscription	2,00,000	By Outstanding expenses paid →	7,000
To Sale proceeds of old papers	1,500	By Rent	88,000
To Hire of lecture hall	20,000	By Investment in securities	40,000
To Interest on securities.	8,000	By Salaries	66,000
		By Balance c/d	
		Cash at bank 20,000	
		Cash in hand 11,300	31,300
	3,09,500		3,09,500

You are required to prepare income and expenditure account for the year ended 31st March, 2023 and a balance sheet as at 31st, March, 2023 after making the following adjustments:

Membership subscription included ₹ 10,000 received in advance.

Provide for outstanding rent ₹ 4,000 and salaries ₹ 3,000.

Books to be depreciated @ 10% including additions. Electrical fittings and furniture are also to be depreciated at the same rate. 75% of the entrance fees is to be capitalized.

Interest on securities is to be calculated @ 5% p.a. including purchases made on 1.10.2022 for ₹ 40,000

Question 15 (RTP May 2022) (Similar)

Pg no. _____

Jodhpur Club furnishes you the Receipts and Payments Account for the year ended 31.03.2023.

Receipts	₹	Payments	₹
Cash in hand (01.04.2022)	40,000	Salary	20,000
Cash at Bank (01.04.2022)	1,00,000	Repair Expenses	5,000
Donations	50,000	Furniture →	60,000
Subscriptions	1,20,000	Investments	60,000
Entrance fee	10,000	Misc. Expenses	5,000
Interest on investments Rec.	1,000	Insurance premium	2,000
Interest from banks	4,000	Billiard table & other sports items	80,000
Sale of old newspaper	1,500	Stationary expenses	1,500
Sale of drama tickets	10,500	Drama expenses	5,000
		Cash in hand (31.03.2023)	26,500
		Cash at Bank (31.03.2023)	72,000
	3,37,000		3,37,000

Additional information:

- ✓ a. Subscriptions in arrear for 2022-23 ₹ 9,000 & subscription in advance for year 2023-24 ₹ 3,500.
- b. ₹ 400 was the insurance premium outstanding as on 31.03.2023.
- c. Miscellaneous expenses prepaid ₹ 900.
- d. 50% of donation is to be capitalized.
- e. Entrance fees to be treated as revenue income.
- ✓ f. 8% interest has accrued on investments for five months.
- ✓ g. Billiards table & other sports equipments costing ₹ 3,00,000 were purchased in financial year 2021-22 & of which ₹ 80,000 was not paid 31.03.2022. There is no charge for Depreciation to be considered.

$IT E = 1000 + 2000$
 $B/S = 2000$ Acc.
 $Acc. Int. = 60000 \times 8\% \times 5/12 = 2000$

You are required to prepare Income and Expenditure Account for the year ended 31.03.2023 and Balance Sheet of the Club as at 31.03.2023.

Question 16 (CA Foundation Nov 2018) (10 Marks)

Wd. from

300000

Pg no. _____

You are provided with the followings:

Balance Sheet as on 31st March, 2022

Liabilities	₹	Assets	₹
Capital Fund	1,06,200	Building	1,50,000
Subscription received in Advance	6,000	Outstanding Subscription	3,800
Outstanding Expenses →	14,000	Outstanding Locker Rent	2,400
Loan	40,000	Cash in Hand	20,000
Sundry Creditors	10,000		
	1,76,200		1,76,200

$Rec. + U.O/S - Op. Op - U. Adv + Op. Adv. = Income$

$24000 + 1800 - 3800 - 1000 + 6000 = 27000$

Receipts & Payments Account for the year ended on 31st March, 2023

Receipts	₹	Payments	₹
To Balance b/d		By Expenses	
Cash in Hand	20,000	For 2022 → 12,000	
To Subscriptions		For 2023 (20,000) → 4	32,000
For 2022 2,000		By Land	40,000
For 2023 (21,000)		By Interest	4,000
For 2024 1,000 Adv.	24,000	By Miscellaneous Expenses	4,700
To Entrance fees	38,000	By Balance c/d	
To Locker Rent	7,000	Cash in Hand	18,300
To Sale Proceeds of old newspapers	1,000		
To Miscellaneous Income	9,000		
	99,000		99,000

You are required to prepare Income & Expenditure A/c for the year ended 31st March, 2023 & Balance Sheet as at 31st March 2023 (Workings should form part of your answer).

Question 17 (RTP May 2021)

$U.O/S = 1800$
 $Inc. - Exp. = 27000$

Pg no. _____

The following is the Receipts and payments account of Rotary Club for the year ended on 31st March, 2023.

Receipts	₹	Payments	₹
To balance b/d	8,450	By Salaries and wages	12,250
To Subscription (23,000)		By Supply of refreshment	18,250 ✓
To Sale of refreshments 22,000		By Sports equipment (27,500)	
To Entrance fees 26,000		By Telephone Charges 2,800	
To interest on investments @ 7% (4,550)		By Electricity charges 15,600	
		By Honorarium charges 6,500	
		By balance c/d 1,100	
$\times \times \text{Total} = 4550$			
$\times = 4550 : 6500$	84,000		84,000

Additional information: 7+

- Following are the assets and liabilities on 31st March, 2022:
Assets- Sports equipment- ₹ 32,000; Subscription in arrears- ₹ 7,600; Furniture- ₹ 12,480
Liabilities- Outstanding Electricity charges- ₹ 5,400; Subscription in advance- ₹ 6,250
- Following are the assets and liabilities on 31st March, 2023-
Assets- Sports equipment- ₹ 50,500; Subscription in arrears- ₹ 5,200; Furniture- ₹ 11,180
Liabilities- Outstanding Electricity charges- ₹ 3,800; Subscription in advance- ₹ 4,850
- 50% of the entrance fees to be capitalized.
- Interest on the investments is being received in full, and the investments have been made on 1.4.2021

You are required to prepare Income and Expenditure account and the Closing balance sheet as of 31st March 2023 in the books of Rotary Club.

Question 18 (ICAI Study Material)

Pg no. _____

The Receipts & Payments for the Swaraj Club for the year ended 31st March, 2023 were: Entrance Fees ₹ 300, Membership Fees ₹ 3,000, Donation for Club Pavilion ₹ 10,000, Foodstuff Sales ₹ 1,200, Salaries & wages ₹ 1,200, Purchase of Foodstuff ₹ 800, Construction of Club Pavilion ₹ 11,000, General Expenses ₹ 600, Rent & Taxes ₹ 400, Bank Charges ₹ 160. Cash in hand-April 1st ₹ 200, March 31st ₹ 350

Cash in Bank–April 1st ₹ 400; March 31st ₹ 590
You are required to prepare Receipts & Payments A/c.

Question 19 (CA Foundation Nov 2019) (10 Marks)

Pg no. _____

From the following Income and Expenditure account and the Balance sheet of a club, prepare its Receipts and Payments Account and subscription account, for the year ended 31st March 2023:

Income & Expenditure Account for the year 2022-23

Particulars	₹	Particulars	₹
To Upkeep of ground	11,000	By Subscriptions	19,052
To Printing	1,100	By Sale of Newspapers (Old)	286
To Salaries	11,100	By Lectures (Fee)	1,650
To Depreciation on furniture	1,100	By Entrance Fee	2,145
To Rent	1,660	By Misc. Income	440
		By Deficit	2,387
	25,960		25,960

Balance sheet as at 31st March 2023

Liabilities		₹	Assets	₹
Subscription in advance (2023-24)		110	Subscription(outstanding) (2022-2023)	770
Prize fund:			Furniture	9,900
Opening balance	27,500		Ground and Building	51,700
Add: Interest	1,100		Prize Fund Investment	22,000
	28,600		Cash in Hand	2,530
Less: Prizes given	(2,200)	26,400		
General Fund:				
Opening balance	62,062			
Less: Deficit	(2,387)			
	59,675			
Add: Entrance Fee	715	60,390		
		86,900		
				86,900

Firm.

Old Nil | Dep 1100
Bank 11000 | bal of 9900

The following adjustments have been made in the above accounts:

- Upkeep of ground ₹ 660 and printing ₹ 264 relating to 2021-22 were paid in 2022-23
- One fourth of entrance fee has been capitalized by transfer to General Fund
- Subscription outstanding in 2021-22 was ₹ 880 and for 2022-23 ₹ 770.
- Subscription received in advance in 2021-22 was ₹ 220 & in 2022-23 for 2023-24 was 110
- Furniture was purchased during the year.

Question 20

Pg no. _____

Income & Expenditure Account for year ended 31st March, 2023 of Asia Club is given below:

Expenditure	₹	Income	₹
To Salaries & wages	47,500	By Subscription	75,000
To Miscellaneous expenses	5,000	By Entrance fee	2,500
To Audit fee	2,500	By Contribution for annual day (After deducting expenses ₹ 7,500)	7,500
To Executive's honorarium	10,000		
To Sports day expenses	5,000		
To Printing & stationary	4,500		
To Interest on bank loan	1,500		

RDP

15000 | 7500

Not paid

To Depreciation on sports equipment	3,000		
To Excess of income over expenditure (Surplus)	6,000		
	85,000		85,000

*Op: B/P = Crd. 3000
U. B/P Crd. 3000
Op: B/P 1500*

Following additional information are also available:

	31.03.2022	22-23	31.03.2023
Subscription received in advance	4,500		2,700
Subscription outstanding	6,000		7,500
Salaries outstanding	4,000		4,500
Sports equipment (After deducting depreciation)	26,000		27,000

Cash in hand on 31-3-23 was ₹ 16,000.

The club took a 5% loan of ₹ 30,000 from a bank during 2021-22 for which interest was not paid in the financial year 2022-23.

Prepare Receipts and Payments account of Asia Club for the year ending 31st March 2023.

Question 21 (CA Foundation Dec 2021) (10 Marks) / (ICAI Study Material) Pg no. _____

The Income and Expenditure Account of the Women Club for the year ended on December 31, 2023 is as follows:

To Salaries	47,500	By Subscription	75,000
To General Expenses	5,000	By Entrance Fees	2,500
To Audit Fee	2,500	By Contribution for annual dinner	10,000
To Secretary's Honorarium	10,000	By Annual Sports Meet Receipts	7,500
To Stationery & Printing	4,500		
To Annual Dinner Expenses	15,000		
To Interest & Bank Charges	1,500		
To Depreciation	3,000		
To Surplus	6,000		
	95,000		95,000

*U. B/P
Op: B/P
B/P = opening Crd. Op Audit fee 2000
A & P
2000*

This account had been prepared after the following adjustments:

Subscription outstanding at the end of 2022	6,000
Subscription received in Advance on 31st December, 2022	4,500
Subscription received in advance on 31st December, 2023	2,700
Subscription outstanding on 31st Dec., 2023	7,500

Salaries Outstanding at the beginning and the end of 2023 were respectively ₹ 4,000 and ₹ 4,500. General Expenses include insurance prepaid to the extent of ₹ 600. Audit fee for the year 2023 is as yet unpaid. During 2023 audit fee for 2022 was paid amounting to ₹ 2,000.

The Club owned a freehold lease of ground valued at ₹ 1,00,000. The club had sports equipment on 1st January, 2023 valued at ₹ 26,000. At the end of the year, after depreciation, this equipment amounted to ₹ 27,000. In 2022, the Club has raised a bank loan of ₹ 20,000. This was outstanding throughout 2023. On 31st December, 2023 cash in hand amounting to ₹ 16,000.

You are required to:

Prepare the Receipts and Payments Account for the year ended on December 31, 2023 and Balance Sheet as on that date.

Question 22 (CA Foundation Dec 2022) (10 Marks)

Pg no. _____

The Income and Expenditure Account of the Young Boys Club for the year 2022 is as follows:

Expenditure	Amount (₹)	Income	Amount (₹)
To Salaries	3,750	By Subscription	8,500
To General Expenses	1,500	By Entrance Fees	250
To Audit fee	250	By Contribution for Annual Dinner	1,000
To Secretary's Honorarium	1,000		
To Stationery and Printing	450	By Annual Sports meet receipts	750
To Annual Dinner expenses	1,500		
To Interest and Bank Charges	150		
To Depreciation	400		
To Surplus	1,500		
	10,500		10,500

This Account has been prepared after the following adjustments:

	Amount (₹)
Subscription outstanding on 31st December, 2021	700
Subscription received in advance on 31st December, 2021	550
Subscription received in advance on 31st December, 2022	370
Subscription outstanding on 31st December, 2022	750

Salaries outstanding at the beginning and at the end of 2022 were respectively ₹ 600 and ₹ 450. General Expense include insurance prepaid to the extent of ₹ 150. Audit fee for 2022 is still unpaid. During 2022 audit fee for 2021 was paid amounting to ₹ 200. The club owned a freehold lease of ground valued at ₹ 20,000. The club had sports equipment on 1st January, 2022 valued at ₹ 2600. At the end of the year, after depreciation, the balance of equipment amounted to, 3,600. In 2021, the club raised a bank loan of ₹ 5,000, This was outstanding throughout 2022. On 31st December, 2022 cash in hand amounted to ₹ 1600.

You are required to prepare:

- Receipts and Payments Account for 2022
- Balance Sheet as on 31st December, 2022
- Balance Sheet as on 31st December, 2021.

Question 23

Pg no. _____

From the following Income & Expenditure A/c of Premium Sports Club for the year ended 31st March, 2023, prepare Receipts & Payment A/c for the year ended 31st March, 2023 and Balance Sheet as on that date:

Expenditure	₹	Income	₹
To Salaries	1,18,800	By Subscriptions	4,20,000
To Rent	2,16,000	By Entrance Fee	1,20,000
To Printing & Stationery	28,000	By Profit on sale of Sports Material	5,500
To Postage & Telephone	41,600	By Interest on 8% Government bonds	12,000
To Membership Fee	3,200	By Sale of Old Newspaper	11,600
To Electricity Charges	38,500		
To Garden Upkeep	19,300		
To Sports Material Utilized	62,800		
To Repairs & Maintenance	18,700		

To Depreciation	13,000	$x \times 5\% \times 6 = 1200$ $x = 40000$	
To Miscellaneous Expenses	5,700		
To Surplus carried to Capital Fund	3,500		
	5,69,100		5,69,100

The following additional information is provided to you:

	Balances as on 01.04.2022	Balances as on 31.03.2023
Fixed Assets	2,40,000	-
Bank Balance	8,300	-
Stock of Sports Material	43,450	35,670
Outstanding Subscription	10,200	5,700
Subscription received in advance	2,400	4,900
8% Government Bonds	1,50,000	1,50,000
Outstanding Salaries	16,000	14,300
Outstanding Rent	21,000	15,000
Advance for Stationery	1,350	1,550
Outstanding Repairs & Maintenance	1,200	Nil
Creditors for purchase of Sports Material	3,400	4,200

- ✓ Some of Fixed Assets were purchased on 01.10.2022 and depreciation is to be charged @ 5% p.a.
- ✓ Sports Material worth ₹ 72,000 was purchased on credit during the year.
- ✓ The Club became member of State Table Tennis Association on 01.01.2023 when it paid fee up to 31.12.2023.
- ✓ 50% of Entrance Fee is to be capitalized.
- e. Interest on 8% Government Bonds was received for two quarters only. (6M)
- f. A Fixed Deposit of ₹ 80,000 was made on 31st March, 2023.

Question 24 (CA Foundation Jan 2021) (10 Marks)

Pg no. _____

From the following Income and Expenditure Account and additional information of ATK Club, prepare Receipts and Payments Accounts and Balance Sheet of the club as on 31st March, 2023. Income and Expenditure Account for the year ending 31st March, 2023

Expenditure	₹	Income	₹
To Salaries	4,80,000	By Subscription	6,80,000
To Printing and Stationery	24,000	By Entrance Fees	16,000
To Postage	2,000	By Misc. Income	1,44,000
To Telephone	6,000		
To Office expenses	48,000		
To Bank Interest	22,000		
To Audit Fees	10,000		
To Annual General Meeting Exp.	1,00,000		
To Depreciation (Sports Equipment)	28,000		
To Surplus	1,20,000		
	8,40,000		8,40,000

Additional Information:

	As on 31.03.2022	As on 31.03.2023
Outstanding subscription	64,000	72,000
Subscription received in advance	52,000	33,600
Salaries Outstanding	24,000	32,000
Audit Fees Payable	8,000	10,000
Bank Loan	1,20,000	1,20,000
Value of Sports Equipment	2,08,000	2,52,000
Value of Club Premises	7,60,000	7,60,000
Cash in Hand	?	1,14,000

Question 25

Pg no. _____

Highend Club appointed a new accountant for maintaining books of account. He prepared following Receipts and Payments A/c for the year ended as on 31st March, 2023.

Receipts and Payments Account

Receipts	₹	Payments	₹
To Balance b/d	9,000	By Loss on sale of furniture (cost price ₹ 90,000)	36,000
To Annual income from subscription ILE	9,18,000 Inc.	By Repair & Maintenance Expenses (including payment for sports material ₹ 54,000)	1,26,000
Add: Outstanding of last year received this year	36,000 → Op. Adv.		
Less: Prepaid of last year	9,54,000 (18,000) → Op. Adv.		
To Sale of Old Newspaper	36,000	By Printing & Stationery	21,000
To 5% Interest on Investments	27,000	By Telephone Expenses	45,000
To Entrance Fees	68,000	By Garden Upkeep	55,000
To Donation for building	18,00,000	By Electricity Charged	36,000
		By Balance c/d	25,57,000
	28,76,000		28,76,000

Additional information: Highend Club had following balances:

$11 + 54000 - 36000 - 18000 + 18000 = 91800$

	01-04-2022	01-04-2023
Furniture	3,60,000	
Stock of Sports material	1,33,200	36,000
Subscription receivable U. of J		54,000
Subscription received in advance d. Adv.		18,000
Outstanding Printing & Stationery Exp.	1,500	2,500
Outstanding Electricity Charges		3,200

50% Entrance Fees is to be capitalized.

Do you agree with above Receipts and Payments Account? If not, prepare correct Receipts and Payments Account and Income and Expenditure Account for the year ended 31st March, 2023 and Balance Sheet as on that date.

Question 26

Pg no. _____

The Accountant of Diana Club furnishes you the following receipts and payments account for the year ending 30th September, 2023:

Receipts	₹	Payments	₹
Opening balance:		Honoraria to secretary	9,600

Cash & Bank	16,760	Misc. expenses	3,060
Subscription	21,420	Rates and taxes	2,520
Sale of old newspapers	4,800	Ground man's wages	1,680
Entertainment fees	8,540	Printing and stationary	940
Bank interest	460	Telephone expenses	4,780
Bar receipts	14,900	Payment for bar purchases	11,540
		Repairs	640
Sale old car = 6000 B.r (Nov) = 3800 Profit = 2200	New car = 31200 Dep. 15% = 4680 U. value = 26520	New car (Less sale proceeds of old car ₹ 6,000)	25,200
		Closing balance:	
	66,880	Cash and bank	6,920
			66,880

Additional information:

	01.10.2022	30.09.2023
Subscription due (not received)	2,400 (-)	1,960 +
Cheques issued, but not presented for payment of printing X	180	60
Club premises at cost	58,000	-
Depreciation on club premises provided so far	37,600	-
Car at cost	24,380	-
Depreciation on car	20,580	-
Value of Bar stock	1,420	1,740
Amount unpaid for bar purchases	1,180	860

Depreciation is to be provided @ 5% p.a. on the written down value of the club premises and @ 15% p.a. on car for the whole year.

You are required to prepare an income and expenditure account of Diana Club for the year ending 30th September, 2023 and balance sheet as on that date

Question 27 - (CA Foundation June 2022) (10 Marks) Pg no. _____

The following is the Receipts and Payments Account of Mumbai Club for the year ended March 31, 2023:

Receipt and Payment Account of Mumbai Club PB

Receipts	Amount (₹)	Payments	Amount (₹)
Cash in hand	20,000	Ground man's Fee	75,000
Balance at Bank as per PassBook		Purchase of Equipment's	1,55,000
Saving Account	1,93,000	Rent of Ground	25,000
Current Account	60,000	Club night expenses	38,000
Bank Interest	5,000	Printing and Office Expenses	30,000
Donations and Subscriptions	2,50,000	Repairs to Equipment PB	50,000
Entrance fees	18,000	Honorarium to Secretary(2021-22)	40,000
Contribution to Club night	10,000	Balance at Bank as per PassBook	
Sale of Equipment	8,000	Saving Account	2,04,000
Bar Room receipts →	20,000	Current Account	20,000
Proceeds from club night	78,000	Cash in hand	25,000
	6,62,000		6,62,000

You are given the following additional information (All figures are in ₹)

	01.04.22	31.03.23
Subscription due	15,000	10,000
Amount due for printing etc.	10,000	8,000
Cheques unpresented being payment for repairs	30,000	25,000
Interest not yet entered in the Passbook	-	2,000
Estimated value of machinery and equipment	80,000	1,75,000

For the year ended March 31, 2023, the honorarium to the Secretary is to be increased by a total of ₹ 20,000 and Ground man is to receive a bonus of ₹ 20,000. Prepare the Income and Expenditure Account for period ended 31st March, 2023 and the Balance Sheet as at that date.

Question 28 (CA Foundation Nov 2020) (10 Marks)

Pg no. _____

From the following balances and particulars of AS College prepare Income & Expenditure Account for the year ended March, 2023 and a Balance Sheet as on the date:

	Dr.	Cr.
Security Deposit-Students		1,55,000
Capital fund		13,08,000
Building Fund		19,10,000
Tuition Fee received		8,10,000
Government Grants		5,01,000
Interest & Dividends on Investments		1,75,000
Hostel Room Rent		1,65,000
Mess Receipts (Net)		2,05,000
College Stores-Sales		7,60,000
Outstanding expenses		2,35,000
Stock of-stores and Supplies (opening)	3,10,000	
Purchases-Stores & Supplies	8,20,000	
Salaries-Teaching	8,75,000	
Salaries-Research	1,25,000	
Scholarships	85,000	
Students Welfare expenses	37,000	
Games & Sports Expenses	52,000	
Other Investments	12,75,000	
Land	1,50,000	
Building	15,50,000	
Plant and Machinery	8,50,000	
Furniture and Fittings	5,40,000	
Motor Vehicle	2,40,000	
Provision for Depreciation		
Building		4,90,000
Plant & Equipment		5,05,000
Furniture & Fittings		3,26,000
Cash at Bank	3,16,000	
Library	3,20,000	
	75,45,000	75,45,000

Handwritten notes:
 - Salaries-Research: 310000
 - Scholarships: + 820000
 - Students Welfare expenses: - 299000
 - Games & Sports Expenses: - 299000
 - Other Investments: - (cash) (646000)
 - Land: (cash)
 - Building: (cash)
 - Plant and Machinery: (cash)
 - Furniture and Fittings: 310000
 - Motor Vehicle: 760000
 - Provision for Depreciation: (cash) 299000
 - Building: 820000
 - Plant & Equipment: P = 114000
 - Furniture & Fittings: 151
 - Li. (B.f.)
 - 760000
 - 114000
 - 299000

Adjustments:

(i)	Materials & Supplies consumed (From college stores) Teaching	52,000
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	Research	1,45,000
	Students Welfare	78,000
	Games or Sports	24,000
(ii)	Tuition fee receivable from Government for backward class Scholars	82,000
(iii)	Stores selling prices are fixed to give a net profit of 15% on selling price	
(iv)	Depreciation is provided on straight line basis at the following rates:	
	a) Building	5%
	b) Plant & Equipment	10%
	c) Furniture & Fixtures	10%
	d) Motor Vehicle	20%

Question 29 (CA Foundation May 2019) (10 Marks) / (RTP Nov 2022) (Similar) Pg no. _____

From the following information supplied by M.B.S. Club, prepare Receipts and Payments account and Income and Expenditure Account for the year ended 31st March 2023.

	01.04.2022	31.03.2023
Outstanding subscription	1,40,000	2,00,000
Advance subscription	25,000	30,000
Outstanding salaries	15,000	18,000
Cash in Hand and at Bank	1,10,000	?
10% Investment	1,40,000	70,000
Furniture	28,000	14,000
Machinery	10,000	20,000
Sports goods	15,000	25,000

$B-v = 14000$
 $Sale = 8000$
 $Cost = 6000$
 $Sel = 14000$
 $Dep = 1400$
 $Cl. = 12600$

Subscription for the year amount to ₹ 3,00,000. Salaries paid ₹ 60,000. Face value of the Investment was ₹ 1,75,000, 50% of the Investment was sold at 80% of Face Value. Interest on investments was received ₹ 14,000. Furniture was sold for ₹ 8000 at the beginning of the year. Machinery and Sports Goods purchased and put to use at the last date of the year.

Charge depreciation @ 15% p.a. on Machinery and Sports goods and @10% p.a. on Furniture.

Following Expenses were made during the year:

- Sports Expenses: ₹ 50,000
- Rent: ₹ 24,000 out of which ₹ 2,000 outstanding
- Misc. Expenses: ₹ 5,000

$Op: 10000$ $Purch: 10000$
 $Dep: 10000 \times 15\% = 1500$
 $Cl. = 18500$

Total FV = 1,75,000

Sold FV = 1,75,000 x 50% = 87,500

S-v = 87,500 x 80% = 70,000

Cost = 1,40,000 x 50% = 70,000

No Profit no loss