

# Non-Trading Organisation

## MEANING OF KEY TERMS USED IN THE CHAPTER

1. **Non-Trading Organisations** Non-Trading Organisations are those organisations whose main objective is not to earn profit but to render services to its members and to the society.
2. **Receipts and Payments Account** Receipts and Payments Account is a summary of Cash and Bank transactions prepared at the end of the accounting period. It records all receipts and payments, whether of revenue or capital nature, and irrespective of the period to which they relate.
3. **Income and Expenditure Account** Income and Expenditure Account is the summary of income and expenditures of the year. *It is like a Profit and Loss Account.* It shows *surplus or deficit.* It is prepared on accrual basis of accounting.
4. **Surplus** Excess of income over expenditure of a Non-Trading Organisation is termed as **surplus**.
5. **Deficit** Excess of expenditure over income of a Non-Trading Organisation is termed as **deficit**.
6. **Subscription** Amount received on an annual basis at the time of renewal of the membership by a non-trading organisation.
7. **Entrance Fees/Admission Fees** It is the amount which the members pay to a club or association at the time of becoming a member.
8. **Legacy** Amount received by an organisation from a deceased person under his will.
9. **Donation** It is the amount donated to the organisation in cash or kind.
  - (a) **General Donation** When the donor does not specify any condition for using the amount of donation, it is known as **general donation**.
  - (b) **Specific Donation** When donation is for a specific purpose, say for the construction of a room or pavilion, it is known as **specific donation**.
10. **Life Membership Fee** It is the amount received from a member in lump sum for which he is given the membership of the organisation for the whole life.
11. **Fund Based Accounting** It is a system of accounting whereby donations, incomes, etc., relating to a particular fund are credited to it and expenses are debited.

## CHAPTER SUMMARY

- **Non-Trading Organisations** are voluntary organisations, which are set up not for earning profits but for rendering services to its members and to the society. Examples are: schools, hospitals, literary societies, etc. Their main sources of income may be donations, legacies, subscriptions, life membership fees, entrance fees, grants, etc.
- Their main objective may be social, educational, religious or charitable and they take the form of clubs, societies or charitable bodies and so on. They do not earn profit. They provide service to their members and to the society.

- These organisations prepare the Receipts and Payments Account, Income and Expenditure Account and the Balance Sheet.
- **Receipts and Payments Account** is a summary of transactions appearing in the Cash Book showing receipts and payments under appropriate heads along with cash and bank balances in the beginning and at the end of the accounting period.
- **Income and Expenditure Account** is an account drawn at the end of an accounting period to show the results of the activities of such organisations. It shows either surplus, *i.e.*, excess of income over expenditure, or deficit, *i.e.*, excess of expenditure over income. Being a nominal account, it is drawn on the same lines as the Profit and Loss Account.
- **Balance Sheet** of a non-trading organisation is prepared in the same manner as we do in the case of a trading concern. It is prepared to show the financial position of a non-trading organisation on the last day of the accounting year.

### Treatment of Special Items

- **Entrance Fee/Admission Fee.** It is capitalised and added to Capital Fund.
- **Life Membership Fee.** These receipts are of non-recurring nature and should be added to Capital Fund in the Balance Sheet. In other words, it is capitalised.
- **Special Receipt.** It is not credited to Income and Expenditure Account but is shown on the liabilities side of the Balance Sheet. *Example:* Contributions towards Annual Dinner.
- **Donation.** General donations, not meant for specific purpose, are credited to Income and Expenditure Account. Specific donations are shown in the Balance Sheet.
- **Sale of Assets.** Gain (Profit) on sale of asset is credited to Income and Expenditure Account and loss on sale of asset is debited to Income and Expenditure Account.
- **Sale of Old Newspapers, Magazines and Periodicals.** It is credited to Income and Expenditure Account.
- **Subscriptions.** It is treated as income. Current year's subscriptions are calculated as follows:
 

		₹
Subscriptions Received during the year	...	...
<i>Add:</i> Subscriptions outstanding for the year	...	...
Subscriptions received in advance in the beginning of the year	...	...
	...	...
<i>Less:</i> Subscriptions outstanding in the beginning of the year	...	...
Subscriptions received in advance at the end of the year	...	...
Subscriptions to be shown in the Income and Expenditure Account	...	...
	...	...
- **Cost of Consumable items (Stationery used/Medicine Consumed):**

Opening Stock of Stationery/Medicines	...	...
<i>Add:</i> Purchases of stationery/medicines during the year	...	...
	...	...
<i>Less:</i> Closing stock of stationery/medicines	...	...
Cost of stationery used/medicines consumed during the year	...	...
	...	...
- **Calculation of Expenses for the Current Year:**

Cash paid during the year	...	...
<i>Add:</i> Outstanding expenses for the current year	...	...
Prepaid expenses in the beginning of the year	...	...
	...	...
<i>Less:</i> Expenses outstanding for the last year	...	...
Prepaid at the end of the year	...	...
Expenses for the current year	...	...
	...	...
- **Treatment of Items of Expenses and Income Relating to a Specific Fund:** If an organisation has established a fund for a specific purpose, the expenses relating to it and also incomes from it are debited and credited respectively to that particular Fund. Balance of the fund is shown on the liabilities side of the Balance Sheet.
- **Endowment Fund.** It is a fund that arises from a gift and its income is devoted for a specific purpose. It is considered as a capital receipt and is shown on the liabilities side of the Balance Sheet.

## Solved Questions

**Illustration 1** (*Preparation of Subscription Account*).

- (a) The final accounts of a sports club are prepared annually on financial year basis. On 31st March, 2019, subscriptions in arrear amounted to ₹ 8,700 and subscriptions received in advance for the year 2019–20 amounted to ₹ 7,100. During the year, ₹ 1,21,400 were received in respect of subscriptions including ₹ 7,500 arrears for the year ended 31st March, 2019 and ₹ 10,800 in advance for the year ended 31st March, 2021. On 31st March, 2020, subscriptions in arrears amounted to ₹ 5,300. Calculate the amount of subscriptions to be credited to Income and Expenditure Account by preparing Subscription Account for the year ended 31st March, 2020.
- (b) Prepare the Subscription Account if the Outstanding Subscription for 2019–20 amounted to ₹ 5,300, other things remaining the same. Also prepare Subscription Outstanding Account and Subscription Received in Advance Account in this case.

**Solution:**

(a) Dr.		SUBSCRIPTIONS ACCOUNT				Cr.
Date	Particulars	₹	Date	Particulars	₹	
2019 April 1	To Subscriptions Outstanding A/c (in the beginning)	8,700	2019 April 1	By Subscriptions Received in Advance A/c (in the beginning)	7,100	
2020 March 31	To Income and Expenditure A/c (Balancing Figure)	<b>1,14,300</b>	2020 March 31	By Bank A/c	1,21,400	
March 31	To Subscription Received in Advance A/c (at the end)	10,800	March 31	By Subscriptions Outstanding A/c: (at the end) for 2018–19 (₹ 8,700 – ₹ 7,500)      1,200 for 2019–20 (₹ 5,300 – ₹ 1,200)      4,100	5,300	
		<u>1,33,800</u>			<u>1,33,800</u>	

(b) Dr.		SUBSCRIPTIONS ACCOUNT				Cr.
Date	Particulars	₹	Date	Particulars	₹	
2019 April 1	To Subscriptions Outstanding A/c (in the beginning)	8,700	2019 April 1	By Subscriptions Received in Advance A/c (in the beginning)	7,100	
2020 March 31	To Income and Expenditure A/c (Balancing Figure)	<b>1,15,500</b>	2020 March 31	By Bank A/c	1,21,400	
March 31	To Subscription Received in Advance A/c (at the end)	10,800	March 31	By Subscriptions Outstanding A/c: (at the end) for 2018–19      1,200 for 2019–20      5,300	6,500	
		<u>1,35,000</u>			<u>1,35,000</u>	

Dr.		SUBSCRIPTIONS OUTSTANDING ACCOUNT				Cr.
Date	Particulars	₹	Date	Particulars	₹	
2019			2019			
April 1	To Balance <i>b/d</i>	8,700	April 1	By Subscriptions A/c (Transfer)	8,700	
2020			2020			
March 31	To Subscriptions A/c	6,500	March 31	By Balance <i>c/d</i>	6,500	
		15,200			15,200	

Dr.		SUBSCRIPTIONS RECEIVED IN ADVANCE ACCOUNT				Cr.
Date	Particulars	₹	Date	Particulars	₹	
2019			2019			
April 1	To Subscriptions A/c (Transfer)	7,100	April 1	By Balance <i>b/d</i>	7,100	
2020			2020			
March 31	To Balance <i>c/d</i>	10,800	March 31	By Subscriptions A/c	10,800	
		17,900			17,900	

**Illustration 2.**

Prepare the "Subscription Account" from the following items for the year ending on 31st March, 2020:

	₹
(i) Subscriptions in arrear as on 31st March, 2019	500
(ii) Subscriptions received in advance as on 31st March, 2019 for 2019–20	1,100
(iii) Total Subscriptions received during 2019–20 (including ₹ 400 for 2018–19, ₹ 1,200 for 2020–21 and ₹ 300 for 2021–22).	35,400
(iv) Subscriptions outstanding for 2019–20.	400

**Solution:**

Dr.		SUBSCRIPTIONS ACCOUNT				Cr.
Date	Particulars	₹	Date	Particulars	₹	
2019			2019			
April 1	To Subscriptions in Arrear A/c (Beginning)	500	April 1	By Subscriptions Received in Advance A/c (Beginning)	1,100	
2020			2020			
March 31	To Income and Expenditure A/c (Balancing Figure)	35,000	March 31	By Cash A/c	35,400	
March 31	To Subscription Received in Advance A/c:		March 31	By Subscriptions in Arrear A/c:		
	(End) for 2020–21	1,200		(End) 2018–19	100	
	for 2021–22	300		2019–20	400	
		1,500			500	
		37,000			37,000	

**Illustration 3** (Subscription written off).

From the following information, prepare Subscriptions Account for the year ending 31st March, 2020:

	31st March, 2019	31st March, 2020
	₹	₹
Subscriptions in Arrears	20,000	18,000
Subscriptions in Advance	13,000	11,000

During the year ending 31st March, 2020, subscriptions received were ₹ 2,10,000 (including ₹ 6,000 of arrears from previous year) and subscription arrears of previous years were written off ₹ 4,000.

**Solution:**

SUBSCRIPTIONS ACCOUNT			
Dr.			Cr.
Particulars	₹	Particulars	₹
To Subscriptions in Arrears A/c	20,000	By Subscriptions Received in Advance A/c	13,000
To Income and Expenditure A/c (Balancing Figure)	<b>2,14,000</b>	By Bank A/c	2,10,000
To Subscriptions Received in Advance A/c	11,000	By Subscriptions written off A/c	4,000
	2,45,000	By Subscriptions Outstanding A/c	18,000
			2,45,000

**Illustration 4** (Calculation of Sundry Expenses).

How are the following items dealt while preparing the Income and Expenditure Account for the year ended 31st March, 2019 and the Balancing Sheet as on that date:

Sundry Expenses paid during 2019–20 ₹ 40,000.

	As on 1st April, 2019	As on 31st March, 2020
	₹	₹
Sundry Expenses Outstanding	5,000	9,000
Sundry Expenses Paid in Advance	8,000	7,000

**Solution:**

INCOME AND EXPENDITURE ACCOUNT (AN EXTRACT)			
for the year ended 31st March, 2020			
Dr.			Cr.
Expenditure	₹	Income	₹
To Sundry Expenses A/c (WN)	45,000		

BALANCE SHEET (AN EXTRACT)  
as at 31st March, 2020

Liabilities	₹	Assets	₹
Outstanding Sundry Expenses	9,000	Prepaid Sundry Expenses	7,000

**Working Note:** Current Sundry Expenses = Sundry Expenses paid during the year + Outstanding Expenses (Current Year) and Advance paid (Last Year) – Outstanding Expenses (Last Year) and Advance Paid (Current Year)

Or

Dr.	SUNDRY EXPENSES ACCOUNT		Cr.
Particulars	₹	Particulars	₹
To Prepaid Sundry Expenses A/c (in the beginning)	8,000	By Outstanding Sundry Expenses A/c (in the beginning)	5,000
To Cash A/c	40,000	By Income and Expenditure A/c (Balancing Figure)	<b>45,000</b>
To Outstanding Sundry Expenses A/c (at the end)	9,000	By Prepaid Sundry Expenses A/c (at the end)	7,000
	57,000		57,000

**Illustration 5.**

Show what amount will appear in Income and Expenditure Account for the year ending 31st March, 2020 and Balance Sheet as at that date in each of the following cases:

**Case (a):** Prize fund as at 31st March, 2019—₹ 12,000. Donations for prizes received during the year 2019-20—₹ 2,800; Prizes awarded ₹ 2,000; 10% Prize Fund Investments as at 31st March, 2019—₹ 12,000. Interest received on Prize Fund Investments ₹ 600.

**Case (b):** Stock of stationery on 31st March, 2019—₹ 3,000. Creditors of stationery on 31st March, 2019—₹ 2,000; advance paid for stationery carried forward from 2018-19—₹ 200; Amount paid for stationery during the year 2019-20—₹ 10,800, Stock of stationery on 31st March, 2020—₹ 500, creditors for stationery on 31st March, 2020—₹ 1,300 and advance paid for stationery on 31st March, 2020—₹ 300.

**Case (c):** Subscription outstanding as on 31st March, 2019—₹ 2,000, subscription received in advance on 31st March, 2019—₹ 3,000. Amount of subscription received during 2019-20—₹ 35,000 out of which ₹ 1,500 related to 2018-19 and ₹ 800 related to 2020-21. On 31st March, 2020, subscription outstanding for 2019-20 amounted to ₹ 1,300.

**Solution:**

**Case (a)** BALANCE SHEET (ONLY RELEVANT ITEMS)  
as at 31st March, 2020

Liabilities	₹	Assets	₹
Prize Fund	12,000	Prize Fund Investments	12,000
Add: Donations for Prizes	2,800	Accrued Interest on Prize Fund Investments*	600
Interest Received on Prize Fund Investments*	600		
Accrued Interest	600		
	16,000		
Less: Prizes Awarded	2,000		
	14,000		

\*Yearly interest on prize fund investment (10% of ₹ 12,000)

Less: Interest received during the year

Accrued interest

₹  
1,200  
600  
**600**

## Case (b)

CREDITORS FOR STATIONERY ACCOUNT			
Dr.		Cr.	
Particulars	₹	Particulars	₹
To Balance <i>b/d</i> (Advance in the Beginning)	200	By Balance <i>b/d</i> (Creditors in the Beginning)	2,000
To Bank A/c	10,800	By Stationery A/c (Credit Purchases)*	<b>10,000</b>
To Balance <i>c/d</i> (Creditors at the end)	1,300	(Balancing Figure)	
		By Balance <i>c/d</i> (Advance at the end)	300
	12,300		12,300

STOCK OF STATIONERY ACCOUNT			
Dr.		Cr.	
Particulars	₹	Particulars	₹
To Balance <i>b/d</i>	3,000	By Income and Expenditure A/c	
To Creditors for Stock of Stationery (Transfer)*	10,000	(Stationery Consumed) (Balancing Figure)	<b>12,500</b>
		By Balance <i>c/d</i>	500
	13,000		13,000

INCOME AND EXPENDITURE ACCOUNT (AN EXTRACT)			
for the year ended 31st March, 2020			
Dr.		Cr.	
Expenditure	₹	Income	₹
To Stationery Consumed	12,500		

BALANCE SHEET (AN EXTRACT)			
as at 31st March, 2020			
Liabilities	₹	Assets	₹
Creditors for Stationery	1,300	Advance for Stationery	300
		Stock of Stationery	500

## Case (c)

SUBSCRIPTIONS ACCOUNT			
Dr.		Cr.	
Particulars	₹	Particulars	₹
To Outstanding Subscription A/c	2,000	By Advance Subscription A/c	3,000
To Income and Expenditure A/c	<b>37,000</b>	By Bank A/c	35,000
(Balancing Figure)		By Outstanding Subscription A/c:	
To Advance Subscription (2020-21)	800	2018-19 (₹ 2,000 – ₹ 1,500)	500
		2019-20	1,300
	39,800		1,800
			39,800

INCOME AND EXPENDITURE ACCOUNT (AN EXTRACT)			
for the year ended 31st March, 2020			
Dr.		Cr.	
Expenditure	₹	Income	₹
		By Subscription A/c	37,000

## BALANCE SHEET (AN EXTRACT) as at 31st March, 2020

Liabilities	₹	Assets	₹
Subscription Received in Advance	800	Subscription Outstanding:	
		2018-19	500
		2019-20	1,300
			1,800

**Illustration 6.**

A summary of Receipts and Payments of Medical Aid Society for the year ended 31st March, 2020 is given below:

RECEIPTS AND PAYMENTS ACCOUNT			
Dr.			Cr.
Receipts	₹	Payments	₹
To Cash in Hand	7,000	By Payment for Medicines	30,000
To Subscriptions	50,000	By Honorarium to Doctors	10,000
To Donations	14,500	By Salaries	27,500
To Interest on Investments @ 7% p.a.	7,000	By Sundry Expenses	500
To Charity Show Proceeds	10,000	By Equipment Purchased	15,000
		By Charity Show Expenses	1,000
		By Cash in Hand	4,500
	88,500		88,500

Donations are to be capitalised.

Additional Information:

	1st April, 2019 (₹)	31st March, 2020 (₹)
Subscriptions Due	500	1,000
Subscriptions Received in Advance	1,000	500
Stock of Medicines	10,000	15,000
Amount Due to Medicine Suppliers	8,000	12,000
Value of Equipment	21,000	30,000
Value of Building	40,000	38,000

You are required to prepare the Income and Expenditure Account for the year ended 31st March, 2020 and the Balance Sheet as at that date.

**Solution:**

**Medical Aid Society**  
INCOME AND EXPENDITURE ACCOUNT

for the year ended 31st March, 2020			
Dr.			Cr.
Expenditure	₹	Income	₹
To Medicines Consumed (WN 4)	29,000	By Subscriptions (WN 2)	51,000
To Honorarium to Doctors	10,000	By Interest on Investments	7,000
To Salaries	27,500	By Charity Show Proceeds	10,000
To Sundry Expenses	500	By <b>Deficit</b> —Excess of Expenditure over Income	<b>8,000</b>
To Charity Show Expenses	1,000		
To Depreciation:			
On Equipment (WN 6)	6,000		
On Building	2,000		
	76,000		76,000



## BALANCE SHEET as at 31st March, 2020

Liabilities		₹	Assets		₹
Capital Fund (WN 1)	1,69,500		Building	40,000	
Add: Donations	14,500		Less: Depreciation	2,000	38,000
	<u>1,84,000</u>		Equipment	21,000	
Less: Deficit—Excess of Expenditure over Income	8,000	1,76,000	Add: Purchases	15,000	
Subscriptions Received in Advance		500		<u>36,000</u>	
Creditors for Medicines		12,000	Less: Depreciation (WN 6)	6,000	30,000
			Stock of Medicines		15,000
			Investments (WN 5)		1,00,000
			Subscriptions Outstanding		1,000
			Cash in Hand		4,500
		<u>1,88,500</u>			<u>1,88,500</u>

**Working Notes:**

1. BALANCE SHEET as at 1st April, 2019

Liabilities		₹	Assets		₹
Subscriptions Received in Advance		1,000	Building		40,000
Creditors for Medicines		8,000	Equipment		21,000
Capital Fund (Balancing Figure)		<b>1,69,500</b>	Stock of Medicines		10,000
			Subscriptions Due		500
			Investments (WN 5)		1,00,000
			Cash in Hand		7,000
		<u>1,78,500</u>			<u>1,78,500</u>

2. Subscriptions Income for the year ended 31st March, 2020:

		₹
Subscriptions Received during the year		50,000
Add: Subscriptions Due (31st March, 2020)	1,000	
Subscriptions Received in Advance (31st March, 2019)	<u>1,000</u>	<u>2,000</u>
		52,000
Less: Subscriptions Received in Advance (31st March, 2020)	500	
Subscriptions Due (31st March, 2019)	<u>500</u>	<u>1,000</u>
Subscriptions Income for the year ended 31st March, 2020		<u>51,000</u>

3. Dr. CREDITORS FOR MEDICINES ACCOUNT Cr.

Date	Particulars	₹	Date	Particulars	₹
? 2020 March 31	To Cash A/c (Payment)	30,000	2019 April 1	By Balance b/d	8,000
	To Balance c/d	12,000	April 1	By Medicines A/c (Purchases) (Balancing Figure)	<b>34,000</b>
		<u>42,000</u>			<u>42,000</u>

4. Medicines Consumed = Opening Stock + Purchases – Closing Stock

$$= ₹ 10,000 + ₹ 34,000 \text{ (WN 3)} - ₹ 15,000 = ₹ 29,000.$$

5. Interest on investments received ₹ 7,000 in 2019–20 indicates that there were investments in the beginning of 2019–20. The rate of interest is 7%. So, the value of investments =  $100/7 \times ₹ 7,000 = ₹ 1,00,000$ .

6. Dr.		EQUIPMENT ACCOUNT		Cr.	
Date	Particulars	₹	Date	Particulars	₹
2019			2020		
April 1	To Balance <i>b/d</i>	21,000	March 31	By Income and Expenditure A/c (Bal. Fig.) (Depreciation)	<b>6,000</b>
?	To Cash A/c (Purchases)	15,000	March 31	By Balance <i>c/d</i>	30,000
		36,000			36,000

**Illustration 7.**

Following is the summary of the cash transactions of a literary society for the year ended 31st March, 2020:

Dr.		EQUIPMENT ACCOUNT		Cr.	
Receipts	₹	Payments	₹		
Cash Balance on 1st April, 2019	31,900	Rent and Rates	16,800		
Entrance Fees	25,500	Wages	24,500		
Subscriptions	1,60,000	Lighting	7,200		
Donations	16,500	Lecture Fees	43,500		
Life Membership Subscriptions	25,000	Books	21,300		
Interest on Fixed Deposit	1,200	Office Expenses	45,000		
Profit from Entertainment	4,400	Fixed Deposit @ 6% p.a. on 1st October, 2019	80,000		
		Cash at Bank on 31st March, 2020	24,200		
		Cash in Hand on 31st March, 2020	2,000		
	2,64,500		2,64,500		

In the beginning of the year, the society possessed books worth ₹ 2,00,000 and furniture valued at ₹ 85,000. Ordinary subscriptions in arrear in the beginning of the year amounted to ₹ 3,500 and at the end of the year ₹ 4,500. Six months rent, ₹ 6,000 was due both in the beginning and at the end of the year. Provide ₹ 5,000 as depreciation on furniture and ₹ 11,300 as depreciation on books.

Prepare the society's Income and Expenditure Account for the year ended 31st March, 2020 and its Balance Sheet as at that date. [CS (F), June 2010, Modified]

**Solution:**

Dr.		INCOME AND EXPENDITURE ACCOUNT		Cr.	
		for the year ended 31st March, 2020			
Expenditure	₹	Income	₹		
To Rent and Rates	16,800	By Subscriptions	1,60,000		
<i>Add:</i> Outstanding (End)	6,000	<i>Add:</i> Arrears at the end	4,500		
	22,800		1,64,500		
<i>Less:</i> Outstanding (Beginning)	6,000	<i>Less:</i> Arrears in the beginning	3,500	1,61,000	
To Wages	24,500	By Donations		16,500	
To Lighting	7,200	By Interest on Fixed Deposit	1,200		
To Lecture Fees	43,500	<i>Add:</i> Interest Outstanding	1,200	2,400	
To Office Expenses	45,000	(WN 1)			
To Depreciation On:		By Profit from Entertainment		4,400	
Furniture	5,000				
Books	11,300				
To <b>Surplus</b> <i>i.e.</i> , Excess of Income over Expenditure	<b>31,000</b>				
	1,84,300				1,84,300

## BALANCE SHEET as at 31st March, 2020

Liabilities	₹	Assets	₹
Capital Fund (WN 2)	3,14,400	Furniture	85,000
Add: Surplus	31,000	Less: Depreciation	5,000
Entrance Fees	25,500	Books	2,00,000
Life Membership		Add: Purchases	21,300
Subscriptions	25,000		2,21,300
Outstanding Rent	6,000	Less: Depreciation	11,300
		Fixed Deposit	80,000
		Accrued Interest on FD (WN 1)	1,200
		Subscription Receivable	4,500
		Cash at Bank	24,200
		Cash in Hand	2,000
	4,01,900		4,01,900

**Working Notes:**

- Calculation of Interest Outstanding on Fixed Deposit:
 

Interest on ₹ 80,000 for 6 months @ 6% p.a.	₹ 2,400
Less: Interest on FD received	1,200
Interest Outstanding on Fixed Deposit	1,200
- Calculation of Capital Fund as on 1st April, 2019:

## BALANCE SHEET as at 1st April, 2019

Liabilities	₹	Assets	₹
Rent Outstanding	6,000	Cash in Hand	31,900
Capital Fund (Balancing Figure)	3,14,400	Subscriptions in Arrear	3,500
		Books	2,00,000
		Furniture	85,000
	3,20,400		3,20,400

**Illustration 8.**

Given below is the Receipts and Payments Account of the Marigold Cricket Club for the year ended 31st March, 2020:

RECEIPTS AND PAYMENTS ACCOUNT  
for the year ended 31st March, 2020

Dr.	₹	Cr.	₹
Receipts		Payments	
To Members' Subscriptions	30,000	By Equipment Purchased	2,000
To Members' Admission Fees	1,000	By Expenses for Tournament	1,000
To Sale of Old Balls and Bats	50	By Telephone	300
To Donations	10,000	By Grass Seeds	200
To Tournament Receipts	4,000	By Municipal Tax	400
To Loan from Bank	10,000	By Salaries	5,000
To Catering Receipts	12,000	By Catering Expenses	8,000
To Sale of Lawn mower (Book value ₹ 600)	800	By Purchase of Tinned Provision	3,000
		By Balance c/d	47,950
	67,850		67,850

Other Information:

	1.4.2019	31.3.2020
	₹	₹
(i) Subscriptions Due	400	900
(ii) Salaries Due	1,000	2,000
(iii) Value of Equipment	10,000	11,000
(iv) Value of Building	20,000	18,000
(v) Municipal Tax Paid in Advance	...	120
(vi) Stock of Tinned Provision	1,000	1,400
(vii) Telephone Bill Outstanding	50	100
(viii) Donations and Surplus Amount from Tournament should be kept in a Reserve Account.		
(ix) Loan from Bank was taken on 1st September, 2019 at 18% p.a.		

You are required to prepare the Income and Expenditure Account for the year ended 31st March, 2020 and the Balance Sheet as at that date. (ISC 1996, Modified)

**Solution:**

**Marigold Cricket Club**

INCOME AND EXPENDITURE ACCOUNT

Dr.		for the year ended 31st March, 2020		Cr.	
Expenditure	₹	Income	₹		
To Telephone	300	By Subscriptions	30,000		
Add: Telephone Bill		Add: Due (31.3.2020)	900		
Outstanding (31.3.2020)	100		30,900		
	400	Less: Due (1.4.2019)	400		30,500
Less: Telephone Bill		By Profit from Catering (WN 2)			1,400
Outstanding (1.4.2019)	50	By Profit on Sale of Lawn mower			200
	350	By Sale of Old Balls and Bats			50
To Grass Seeds	200				
To Municipal Tax (₹ 400 – ₹ 120)	280				
To Salaries	5,000				
Add: Due (31.3.2020)	2,000				
	7,000				
Less: Due (1.4.2019)	1,000				6,000
To Interest on Bank Loan					1,050
(₹ 10,000 × 18/100 × 7/12)					
To Depreciation:					
On Building	2,000				
On Equipment	400				2,400
To Surplus, i.e., Excess of Income over Expenditure transferred to Capital Fund	21,870				
	32,150				32,150

BALANCE SHEET  
as at 31st March, 2020

Liabilities		₹	Assets		₹
Capital Fund:			Building	20,000	
As on 1.4.2019 (WN 1)	30,350		Less: Depreciation	2,000	18,000
Add: Admission Fees	1,000		Equipment	10,000	
Surplus for the year	21,870	53,220	Less: Book value of Lawn mower Sold	600	
Reserve:				9,400	
Donations	10,000		Add: Purchases	2,000	
Surplus from Tournament (₹ 4,000 – ₹ 1,000)	3,000	13,000		11,400	
Loan from Bank	10,000		Less: Depreciation	400	11,000
Add: Interest Accrued for 7 Months	1,050	11,050	Stock of Tinned Provision		1,400
Creditors for Expenses:			Cash		47,950
Salaries	2,000		Subscriptions in Arrear		900
Telephone	100	2,100	Municipal Tax Paid in Advance		120
		79,370			79,370

**Working Notes:**

1. BALANCE SHEET  
as at 1st April, 2019

Liabilities		₹	Assets		₹
Creditors for Expenses:			Building		20,000
Salaries	1,000		Equipment		10,000
Telephone	50	1,050	Stock of Tinned Provision		1,000
Capital Fund (Balancing Figure)		<b>30,350</b>	Subscriptions in Arrear		400
		31,400			31,400

2. *Dr.* CATERING ACCOUNT *Cr.*

Particulars	₹	Particulars	₹
To Opening Stock of Tinned Provision	1,000	By Receipts	12,000
To Purchase of Tinned Provision	3,000	By Closing Stock of Tinned Provision	1,400
To Expenses	8,000		
To Profit transferred to Income and Expenditure A/c	<b>1,400</b>		
	13,400		13,400

**Illustration 9.**

Following is the Receipts and Payments Account of a Sports Club for the year ended 31st December, 2019:

RECEIPTS AND PAYMENTS ACCOUNT			
for the year ended 31st December, 2019			
Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d	7,500	By Salaries	14,000
To Subscriptions (Including ₹ 2,000 for the year 2018)	40,000	By Match Expenses	28,000
To Donations	15,000	By 12% Investment (Purchased on 1st January, 2019)	40,000
To Life Membership Fees	35,000	By Sports Materials	15,000
To Sale of Furniture at Book Value	5,000	By Printing and Stationery	12,000
To Entrance Fees	10,000	By Honorarium	5,000
To Interest on 10% Investment for full year	20,000	By Furniture	15,000
To Match Fund	40,000	By Newspapers, Magazines and Journals	10,000
To Donation for Building Fund	45,000	By Books	35,000
To Sale of Newspapers (Old)	2,500	By Municipal Taxes	6,000
		By Balance c/d	40,000
	2,20,000		2,20,000

*Additional Information:*

- (i) The position of the Club on 1st January, 2019 was as follows:

	₹
Subscriptions due	3,000
Furniture	10,000
Books	20,000
Building	1,25,000
Stock of Sports Materials	4,500
Creditors for Printing	2,500

- (ii) The Club has 1,000 members each paying an annual subscription of ₹ 50. 20 members paid their subscription in advance in 2018. In the year 2019, subscription was received in advance from 15 members.
- (iii) Municipal Taxes are paid every year on 1st April.
- (iv) One member donated a Billiards Table worth ₹ 50,000.
- (v) Books were worth ₹ 46,000 on 31st December, 2019 and stock of sports materials on that date amounted to ₹ 4,000.
- (vi) 12% investments include ₹ 30,000 invested from donations received for building fund.

Prepare Income and Expenditure Account for the year ended 31st December, 2019 and a Balance Sheet as on that date.



**Working Notes:**

1. Calculation of Subscription Due at the end of the year:

SUBSCRIPTION ACCOUNT			
Dr.		Cr.	
Particulars	₹	Particulars	₹
To Subscriptions Due A/c	3,000	By Subscriptions Received in Advance A/c	
To Income and Expenditure A/c (1,000 × ₹ 50)	50,000	2018 (20 × ₹ 50)	1,000
To Subscriptions received in Advance		By Bank A/c	40,000
2019 (₹ 50 × 15)	750	By Subscription Due:	
		2018 (₹ 3,000 – ₹ 2,000)	1,000
		2019 (Balancing Figure)	<b>11,750</b>
	<u>53,750</u>		<u>53,750</u>

2. 12% Investment on 1st January, 2019—₹ 40,000

[Includes ₹ 30,000 invested from donations received for building, so interest of this (30,000 × 12/100 = ₹ 3,600) should be credited to Building Fund]

[Remaining investment (₹ 40,000 – 30,000 = ₹ 10,000) is general investment, so interest on 12% investment (10,000 × 12/100 = ₹ 1,200) is treated as income and credited to Income and Expenditure A/c]

3. BALANCE SHEET as at 31st December, 2018

Liabilities	₹	Assets	₹
Creditors for Printing	2,500	Cash in Hand	7,500
Subscriptions Received in Advance (20 × ₹ 50)	1,000	Prepaid Municipal Taxes	1,500
Capital Fund (Balancing Figure)	<b>3,68,000</b>	Subscriptions Outstanding	3,000
		Furniture	10,000
		Books	20,000
		Building	1,25,000
		10% Investments (₹ 20,000 × 100/10)	2,00,000
		Stock of Sports Materials	4,500
	<u>3,71,500</u>		<u>3,71,500</u>

**Illustration 10.**

Prepare the Income and Expenditure Account of Lions Club for the year ended 31st March, 2020 and the Balance Sheet as at that date from the following:

RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2020			
Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance b/d:		By Salary:	
Cash	20,000	Secretary	60,000
Bank	1,20,000	Staff	50,000
	1,40,000		1,10,000
To Subscriptions:		By Canteen Expenses	1,20,000
2018–19	5,000	By Newspapers, Magazines and Journals	9,000
2019–20	55,000	By Miscellaneous Expenses	16,000
2020–21	4,000	By Construction of Building	1,50,000
	64,000	By Balance c/d:	
To Interest from Bank	10,000	Cash	13,000
To Sale of Old Furniture	20,000	Bank	40,000
To Sale of Old Newspapers	4,000		53,000
To Canteen Collections	1,20,000		
To Donation for Building	1,00,000		
	<u>4,58,000</u>		<u>4,58,000</u>



Additional Information:	31st March, 2019	31st March, 2020
	₹	₹
(i) Subscriptions outstanding as on	10,000	6,000
(ii) Subscriptions in advance as on	2,000	4,000
(iii) Outstanding salary of staff	10,000	20,000
(iv) Prepaid canteen expenses	10,000	15,000
(v) Furniture at book value	1,40,000	...
(vi) Building (under construction)	1,50,000	4,00,000
(vii) Fixed Deposits with Bank	1,00,000	1,00,000
(viii) Building fund	2,00,000	...

Book value of furniture sold during the year was ₹ 15,000 and depreciation on furniture is charged @ 10% p.a. on closing balance.

**Solution:**

<b>Lions Club</b>			
INCOME AND EXPENDITURE ACCOUNT			
for the year ended 31st March, 2020			
Dr.			Cr.
Expenditure	₹	Income	₹
To Salary:		By Subscriptions (WN 2)	58,000
Secretary	60,000	By Interest from Bank	10,000
Staff	50,000	By Profit on Sale of Furniture (WN 1)	5,000
	1,10,000	By Sale of Old Newspapers	4,000
Add: Outstanding Salary of Staff		By Canteen Collections	1,20,000
(31st March, 2020)	20,000	By Excess of Expenditure over Income	
	1,30,000	transferred to Capital Fund ( <b>Deficit</b> )	<b>75,500</b>
Less: Outstanding Salary of Staff		(Balancing Figure)	
(31st March, 2019)	10,000		
	1,20,000		
To Canteen Expenses	1,20,000		
Add: Prepaid			
(31st March, 2019)	10,000		
	1,30,000		
Less: Prepaid			
(31st March, 2020)	15,000		
	1,15,000		
To Newspapers, Magazines and Journals	9,000		
To Miscellaneous Expenses	16,000		
To Depreciation on Furniture (WN 1)	12,500		
	2,72,500		
			2,72,500

BALANCE SHEET  
as at 31st March, 2020

Liabilities	₹	Assets	₹
Outstanding Amount for Building (under construction):		Cash in Hand	13,000
Building as on 31st March, 2020	4,00,000	Cash at Bank	40,000
Building as on 31st March, 2019	1,50,000	Canteen Expenses Prepaid	15,000
Addition during 2019–20	2,50,000	Subscriptions Due (WN 2)	
Less: Amount paid in 2019–20 for construction of building	1,50,000	For 2018–19	5,000
Subscriptions Received in Advance	4,000	For 2019–20	1,000
Outstanding Salary of Staff	20,000	Fixed Deposits with Bank	1,00,000
Building Fund	2,00,000	Building (under Construction)	4,00,000
Add: Donation for Building	1,00,000	Furniture (WN 1)	1,12,500
Capital Fund:			
Opening Balance (WN 3)	3,38,000		
Less: Deficit	75,500		
	6,86,500		6,86,500

**Working Notes:**

1. Dr. Cr.

FURNITURE ACCOUNT			
Particulars	₹	Particulars	₹
To Balance b/d	1,40,000	By Bank A/c (Sale)	20,000
To Income and Expenditure A/c (Profit on Sale of Furniture) (₹ 20,000 – ₹ 15,000)	5,000	By Depreciation A/c*	12,500
		By Balance c/d	1,12,500
	1,45,000		1,45,000

\*Balance in Furniture Account before providing depreciation is = ₹ 1,40,000 – ₹ 15,000 = ₹ 1,25,000;  
Depreciation on furniture = ₹ 1,25,000 × 10/100 = ₹ 12,500.

2. Dr. Cr.

SUBSCRIPTIONS ACCOUNT			
Particulars	₹	Particulars	₹
To Outstanding Subscriptions A/c (In the beginning)	10,000	By Advance Subscriptions A/c (In the Beginning)	2,000
To Income and Expenditure A/c (Balancing Figure)	58,000	By Bank A/c (Subscriptions Received during the year)	64,000
To Advance Subscriptions A/c (At the end)	4,000	By Outstanding Subscriptions A/c: For 2018–19 (₹ 10,000 – ₹ 5,000)	5,000
		For 2019–20 (₹ 6,000 – ₹ 5,000)	1,000
	72,000		72,000

\*Subscriptions due on 31st March, 2020 given ₹ 6,000 are inclusive of ₹ 5,000 still due for 2018–19.

## 3. Calculation of Capital Fund as at 31st March, 2019:

BALANCE SHEET			
as at 31st March, 2019 (Last Year)			
Liabilities	₹	Assets	₹
Subscriptions Received in Advance	2,000	Cash	20,000
Outstanding Salary of Staff	10,000	Bank	1,20,000
Building Fund*	2,00,000	Subscriptions Due	10,000
Capital Fund (Balancing Figure)	<b>3,38,000</b>	Prepaid Canteen Expenses	10,000
		Furniture	1,40,000
		Building	1,50,000
		Fixed Deposit with Bank	1,00,000
	5,50,000		5,50,000

\*It should be noted that after the completion of the purpose of a special fund, the balance lying in that fund is transferred to Capital Fund.

**Illustration 11.**

On the basis of the following information, prepare Income and Expenditure Account for the year ended 31st March, 2010:

RECEIPTS AND PAYMENTS ACCOUNT			
for the year ended 31st March, 2010			
Dr.			Cr.
Receipts	₹	Payments	₹
To Cash in Hand (Opening)	1,300	By Salaries	2,58,000
To Cash at Bank (Opening)	3,850	By Rent	71,500
To Subscriptions	4,94,700	By Printing and Stationery	3,870
To Interest on 8% Government Bonds	4,000	By Conveyance	10,600
To Bank Interest	160	By Scooter Purchased	50,000
		By 8% Government Bonds	1,00,000
		By Cash in Hand (Closing)	840
		By Cash at Bank (Closing)	9,200
	5,04,010		5,04,010

- Salaries paid includes ₹ 6,000 paid in advance for April, 2010. Monthly salaries paid were ₹ 21,000.
- Outstanding rent on 31st March, 2009 and 31st March, 2010 amounted to ₹ 5,500 and ₹ 6,000 respectively.
- Stock of printing and stationery material on 31st March, 2009 was ₹ 340; it was ₹ 365 on 31st March, 2010.
- Scooter was purchased on 1st October, 2009. Depreciation @ 20% per annum is to be provided on it.
- Investments were made on 1st April, 2009.
- Subscriptions due but not received on 31st March, 2009 and 31st March, 2010 totalled ₹ 14,000 and ₹ 12,800 respectively. On 31st March, 2010, subscriptions amounting to ₹ 700 had been received in advance for April, 2010.

(IPCC—May, 2010)

**Solution:**

## INCOME AND EXPENDITURE ACCOUNT

Dr.	for the year ended 31st March, 2010		Cr.
Expenditure	₹	Income	₹
To Salaries (WN 1)	2,52,000	By Subscription (WN 4)	4,92,800
To Rent (WN 2)	72,000	By Interest on 8% Government Bonds (WN 4)	8,000
To Printing and Stationery (WN 3)	3,845	By Bank Interest	160
To Conveyance	10,600		
To Depreciation on Scooter (₹ 50,000 × 20/100 × 6/12)	5,000		
To Surplus, i.e., Excess of Income over Expenditure	<b>1,57,515</b>		
	<u>5,00,960</u>		<u>5,00,960</u>

**Working Notes:**

	₹
1. Salary Paid	2,58,000
Less: Salary paid in Advance	6,000
	<u>2,52,000</u>
2. Rent Paid	71,500
Add: Outstanding Rent (31st March, 2010)	6,000
	<u>77,500</u>
Less: Outstanding Rent (31st March, 2009)	5,500
Rent for 2009–10	<u>72,000</u>
3. Printing and Stationery	3,870
Add: Opening Stock	340
	<u>4,210</u>
Less: Closing Stock	365
Printing and Stationery used during the Year 2009–10	<u>3,845</u>
4. Interest on Government Bonds Received	4,000
Add: Interest due but not Received	4,000
Interest for the year 2009–10	<u>8,000</u>
5. Subscription Received	4,94,700
Add: Accrued Subscription as on 31st March, 2010	12,800
	<u>5,07,500</u>
Less: Accrued Subscription as on 31st March, 2009	14,000
Advance for April, 2010	700
Subscription Income for 2009–10	<u>4,92,800</u>

**Illustration 12.**

Following is the information given in respect of certain items of a sports club. You are required to show them in Income and Expenditure Account and Balance Sheet of the club as at 31st March, 2018.

	₹
Sports Fund as at 1st April, 2017 .....	1,00,000
Sports Fund Investments .....	1,00,000
Donation for Sports Fund .....	40,000
Sports Prizes Awarded.....	30,000
Expenses on Sports Events.....	10,000
General Fund .....	2,00,000
General Fund Investments.....	2,00,000
Interest on General Fund Investments.....	20,000
Interest on Sports Fund Investments.....	10,000

**Solution:****INCOME AND EXPENDITURE ACCOUNT**

*Dr.* for the year ended 31st March, 2018 *Cr.*

Expenditure	₹	Income	₹
		By Interest on General Fund Investments	20,000

**BALANCE SHEET (Only Relevant Items) as at 31st March, 2018**

Liabilities	₹	Assets	₹
Sports Fund	1,00,000	Sports Fund Investments	1,00,000
Add: Interest on Sports Fund Investments	10,000	General Fund Investments	2,00,000
Donation	40,000		
	1,50,000		
Less: Sports Prize Awarded	30,000		
	1,20,000		
Less: Expenses on Sports Events	10,000		
General Fund	2,00,000		
	1,10,000		

**Illustration 13.**

From the following particulars and the notes given relating to the Country Club, prepare the Final Accounts of the Club for the year ended 31st March, 2020:

**Dr.** RECEIPTS AND PAYMENTS ACCOUNT **Cr.**

Receipts	₹	Payments	₹
To Balance <i>b/d</i> (Cash)	7,500	By General Expenses	3,600
To Subscriptions	23,550	By Purchase of New Equipment	6,000
To Locker Rent	1,260	By Expenses on Dances and Socials	9,600
To Receipts from Dances and Socials	13,140	By Repairs and Decoration of Club House	4,500
To Sale of Old Lawn mower	600	By Rent of Ground	12,000
To Sale of Equipment	1,500	By Secretarial Expenses	2,400
		By Balance <i>c/d</i> (Cash)	9,450
	47,550		47,550

On 1st April, 2019, the Club owned a Club House costing ₹ 90,000; equipment valued at ₹ 7,500; a Lawn mower valued at ₹ 900. The Club owed dance expenses ₹ 1,170 and secretarial expenses ₹ 750. Subscriptions in arrear were ₹ 1,050 and received in advance ₹ 600.

At 31st March, 2020, in addition to the Club House, equipment was valued at ₹ 10,500. The Club owed dance expenses ₹ 660 and secretarial expenses ₹ 1,350. Subscriptions outstanding were ₹ 750 and received in advance were ₹ 1,500. (ISC 1999, Adapted)

**Solution:****Country Club****INCOME AND EXPENDITURE ACCOUNT**

Dr.		for the year ended 31st March, 2020		Cr.	
Expenditure	₹	Income			₹
To General Expenses	3,600	By Subscriptions	23,550		
To Repairs and Decoration of Club House	4,500	Add: Subscriptions Received			
To Rent of Ground	12,000	in Advance (1.4.19)	600		
To Secretarial Expenses	3,000	Subscriptions in			
[₹ 2,400 + ₹ 1,350 (Outstanding on 31.3.20)		Arrear (31.3.20)	750	1,350	
– ₹ 750 (Outstanding on 1.4.19)]				24,900	
To Loss on Sale of Old Lawn mower		Less: Subscriptions Received			
(₹ 900 – ₹ 600)	300	in Advance (31.3.20)	1,500		
To Depreciation on Equipment (WN 1)	1,500	Subscriptions in			
To Surplus, i.e., Excess of Income over		Arrear (1.4.19)	1,050	2,550	22,350
Expenditure, transferred to Capital Fund	2,760	By Locker Rent			1,260
		By Surplus from Dances and Socials:			
		Receipts	13,140		
		Less: Expenses	9,090*		4,050
	27,660				27,660

\*Expenses (2019–20) = ₹ 9,600 (paid) + ₹ 660 (outstanding 2019–20) – ₹ 1,170 (outstanding 2018–19) = ₹ 9,090.

**BALANCE SHEET as at 31st March, 2020**

Liabilities	₹	Assets	₹
Capital Fund:		Club House	90,000
As on 1.4.2019 (WN 2)	1,04,430	Equipment	10,500
Add: Surplus for the year	2,760	Cash	9,450
	1,07,190	Subscriptions in Arrears	750
Creditors for:			
Dance Expenses	660		
Secretarial Expenses	1,350		
Subscriptions Received in Advance	1,500		
	1,10,700		1,10,700

**Working Notes:**

1. Dr.		EQUIPMENT ACCOUNT		Cr.	
Particulars	₹	Particulars			₹
To Balance b/d	7,500	By Cash A/c (Sales)			1,500
To Cash A/c (Purchases)	6,000	By Depreciation A/c (Balancing Figure)			1,500
		By Balance c/d			10,500
	13,500				13,500

2. BALANCE SHEET  
as at 1st April, 2019

Liabilities	₹	Assets	₹
Creditors for Expenses:		Club House	90,000
Dance Expenses	1,170	Equipment	7,500
Secretarial Expenses	750	Lawn Mower	900
Subscriptions Received in Advance	600	Cash	7,500
Capital Fund (Balancing Figure)	1,04,430	Subscriptions in Arrears	1,050
	<u>1,06,950</u>		<u>1,06,950</u>

**Illustration 14.**

Following is the Receipts and Payments Account of Super Time Club for the year ended 31st March, 2020:

RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2020			
Dr.			Cr.
Receipts	₹	Payments	₹
To Balance <i>b/d</i> (Cash in Hand)	10,000	By Bank Overdraft (1st April, 2019)	14,000
To Subscriptions:		By Investments	13,600
2018-19	1,200	By Furniture	5,960
2019-20	64,800	By Salaries	20,400
2020-21	600	By Stationery	3,560
To Entrance Fees	2,680	By Postage and Courier	4,400
To Proceeds from Drama	8,160	By Cost of Drama	7,000
To Interest from Securities	2,000	By Sundry Expenses	5,600
To Sale Proceeds from Old Furniture (Book Value ₹ 320)	400	By Balance <i>c/d</i> :	
		Cash in Hand	3,320
		Cash at Bank	12,000
	<u>89,840</u>		<u>89,840</u>

You are required to compile the Income and Expenditure Account for the year ended 31st March, 2020 and Balance Sheet as at that date after taking into account the following information:

- On 1st April, 2019, the club premises stood at ₹ 1,00,000; investments at ₹ 24,000; and furniture at ₹ 12,000.
- The club had 720 members each paying an annual subscription of ₹ 100.
- Salaries for the month of March, 2020 amounted to ₹ 1,600 are outstanding.
- Stock of stationery on 31st March, 2019 was ₹ 360 and on 31st March, 2020 was ₹ 400.

(ISC 1993, Modified)

**Solution:**

**Super Time Club**  
INCOME AND EXPENDITURE ACCOUNT

Dr.	for the year ended 31st March, 2020		Cr.
Expenditure	₹	Income	₹
To Salaries	20,400	By Subscriptions	64,800
Add: Outstanding	1,600	Add: Outstanding (WN 2)	7,200
	22,000		72,000
To Printing and Stationery	3,560	By Proceeds from Drama	8,160
Add: Stock of Stationery on 31st March, 2019	360	Less: Cost of Drama	7,000
	3,920		1,160
Less: Stock of Stationery on 31st March, 2020	400	By Interest from Securities	2,000
	3,520	By Profit on Sale of Furniture (₹ 400 – ₹ 320)	80
To Postage and Courier	4,400		
To Sundry Expenses	5,600		
To Surplus, Excess of Income over Expenditure, transferred to Capital Fund	39,720		
	75,240		75,240

BALANCE SHEET as at 31st March, 2020

Liabilities	₹	Assets	₹
Capital Fund:		Premises	1,00,000
As on 1st April, 2019 (WN 1)	1,33,560	Furniture	12,000
Add: Entrance Fees	2,680	Less: Book Value of Furniture Sold	320
Surplus for the year	39,720		11,680
	1,75,960	Add: Purchases	5,960
Subscriptions Received in Advance	600	Investments	24,000
Outstanding Salaries	1,600	Add: Purchases	13,600
		Stock of Stationery	400
		Cash at Bank	12,000
		Cash in Hand	3,320
		Subscriptions in Arrears	7,200
	1,78,160		1,78,160

**Working Notes:**

1.

BALANCE SHEET as at 1st April, 2019

Liabilities	₹	Assets	₹
Bank Overdraft	14,000	Premises	1,00,000
Capital Fund (Balancing Figure)	1,33,560	Furniture	12,000
		Investments	24,000
		Stock of Stationery	360
		Cash in Hand	10,000
		Subscriptions in Arrears	1,200
	1,47,560		1,47,560



**Non-Trading Organisation**

23.25

2. Calculation of Subscriptions in Arrears for the year ended 31st March, 2020:	₹
Subscriptions for the year (720 × ₹ 100)	72,000
Less: Subscriptions received for the year	64,800
<b>Subscriptions in Arrear for the year ended 31st March, 2020</b>	<b>7,200</b>

**Illustration 15.**

Prepare Income and Expenditure Account from the following details of a tennis club for the year ended 31st March, 2020 and the Balance Sheet as at that date:

RECEIPTS AND PAYMENTS ACCOUNT (AN EXTRACT)			
Dr.	for the year ended 31st March, 2020		Cr.
Receipts	₹	Payments	₹
Subscriptions—Arrears	700	Caterers—Old Dues	3,500
Subscriptions—Current	11,000	Caterers—Current	9,200
Locker Rent	2,500	Band Fees	1,600
Dance Receipts	14,500	New Equipment	900
Sale of Old Balls	1,200	Repairs to Nets	600
Donations	1,000	New Balls	5,000
		Match Expenses	800
		Rates on Club House	2,400

**Notes:**

1. The club has 60 members and the subscription rate is ₹ 200 per year.
2. On 31st March, 2020, ₹ 500 was owing for tennis balls and the rate paid includes ₹ 600 relating to the following year.
3. Equipment is depreciated at 10% p.a. on cost including new equipment purchased.
4. On 1st April, 2019, the club had the following assets:

	₹
Freehold Club House	25,000
Cash at Bank	9,000
Equipment	13,500
Cash in Hand	260

(ISC 1992, Modified)

**Solution:**

INCOME AND EXPENDITURE ACCOUNT			
Dr.	for the year ended 31st March, 2020		Cr.
Expenditure	₹	Income	₹
To Catering Charges	9,200	By Subscriptions	12,000
To Band Fees	1,600	By Locker Rent	2,500
To Repairs to Nets	600	By Dance Receipts	14,500
To Purchase of New Balls:		By Sale of Old Balls	1,200
Payment	5,000	By Donations*	1,000
Add: Owing	500		
	5,500		
To Match Expenses	800		
To Rates	2,400		
Less: Prepaid	600		
	1,800		
To Depreciation on Equipment	1,440		
To Surplus—Excess of Income over Expenditure (Transferred to Capital Fund)	10,260		
	31,200		31,200

\*Donations have been treated as General Donations.

BALANCE SHEET  
as at 31st March, 2020

Liabilities	₹	Assets	₹
Capital Fund		Freehold Club House	25,000
as on 1.4.2019 (WN 1)	44,960	Equipment	13,500
Add: Surplus for the year	10,260	Add: Purchases	900
Creditors for Tennis Balls	500		14,400
		Less: Depreciation	1,440
		Cash in Hand and at Bank (WN 3)	16,160
		Subscriptions in Arrears (WN 2)	1,000
		Prepaid Rates	600
	55,720		55,720

**Working Notes:**

1. BALANCE SHEET  
as at 1st April, 2019

Liabilities	₹	Assets	₹
Owing to Caterers	3,500	Freehold Club House	25,000
Capital Fund (Balancing Figure)	44,960	Equipment	13,500
		Cash at Bank	9,000
		Cash in Hand	260
		Subscriptions in Arrears	700
	48,460		48,460

2. *Subscriptions in Arrears for year ended 31st March, 2020:* ₹
- |   |              |
|---|--------------|
| Subscriptions due for the year (60 × ₹ 200)                     | 12,000       |
| Less: Total Received during the year                            | 11,000       |
| <b>Subscriptions in Arrears for year ended 31st March, 2020</b> | <b>1,000</b> |
3. *Cash in Hand and at Bank on 31st March, 2020:* ₹
- |  |               |
|--|---------------|
| Balance on 1st April, 2019 (₹ 260 + ₹ 9,000) | 9,260         |
| Add: Total Receipts during the year          | 30,900        |
|  | 40,160        |
| Less: Total Payments during the year         | 24,000        |
| <b>Balance on 31st March, 2020</b>           | <b>16,160</b> |

**Illustration 16.**

From the following Receipts and Payments Account, prepare Income and Expenditure Account for the year ended 31st March, 2020:

## RECEIPTS AND PAYMENTS ACCOUNT

Dr. for the year ended 31st March, 2020 Cr.

Receipts	₹	Payments	₹
To Balance b/d	20,000	By Rent (including ₹ 1,500 for 2018–19)	6,000
To Entrance Fees:		By Insurance Premium (including ₹ 1,500 for 2020–21)	6,000
2018–19	1,000		
2019–20	5,000		
To Subscriptions:		By Sports Materials	5,000
2018–19	1,000	By Furniture (Purchased on 31st March, 2020)	6,000
2019–20 (90%)	9,000		
2020–21	500	By 8% Fixed Deposit (made on 1st October, 2019)	12,000
To Life Membership Fees	2,000	By Tournament Expenses	1,000
To Donations	12,000	By Purchase of Books	2,000
To Donations for Tournament	5,000	By Newspapers	100
To Subscriptions for Governor's Party	1,500	By Printing and Stationery	1,900
To Interest on 8% Fixed Deposit	240	By Balance c/d	18,000
To Sale of Old Newspapers	30		
To Sale of Old Equipment (Book Value ₹ 120)	50		
To Locker Rent (including ₹ 60 for 2018–19)	680		
	58,000		58,000

Additional Information: Sports Material is shown as consumed.

## Solution:

## INCOME AND EXPENDITURE ACCOUNT

Dr. for the year ended 31st March, 2020 Cr.

Expenditure	₹	Income	₹
To Rent	6,000	By Subscriptions	9,000
Less: For 2018–19	1,500	Add: Subscription Due	1,000
To Insurance Premium	6,000	By Interest on Fixed Deposit	240
Less: Premium for (2020–21)	1,500	Add: Accrued Interest	240
To Sports Material	5,000	By Donations	12,000
To Newspapers	100	By Locker Rent (₹ 680 – ₹ 60)	620
To Printing and Stationery	1,900	By Sale of Old Newspapers	30
To Loss on Sale of Old Equipment (₹ 120 – ₹ 50)	70		
To Surplus, i.e., Excess of Income over Expenditure	7,060		
	23,130		23,130

## Note:

Subscription Due for the year (₹ 9,000 × 100/90)	₹ 10,000
Less: Subscription Received for 2019–20	9,000
<b>Subscription Due but not received during the year</b>	<b>1,000</b>

**Illustration 17.**

Following is the Receipts and Payments Account of Sydney Club for the year ended 31st March, 2020:

Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance b/d:		By Salaries	1,20,000
Cash	3,850	By Creditors	15,20,000
Bank	10,000	By Printing and Stationery	70,000
To Subscriptions	2,02,750	By Postage	40,000
To Entrance Fee	1,00,000	By Telephone and Internet Charges	52,000
To Interest Received	58,000	By Repairs and Maintenance	48,000
To Sale of Assets	8,000	By Glass and Table Linen	12,000
To Miscellaneous Income	9,000	By Crockery and Cutlery	14,000
To Receipts from:		By Garden Upkeep	8,000
Coffee Room	10,70,000	By Membership Fees	4,000
Wines and Soda	5,10,000	By Insurance	5,000
Swimming Pool	80,000	By Electricity	28,000
Tennis Court	1,02,000	By Balance c/d:	
		Cash	8,000
		Bank	2,24,600
	<b>21,53,600</b>		<b>21,53,600</b>

**The Assets and Liabilities as on 1st April, 2019 were as follows:**

	₹
Fixed Assets (Net)	5,00,000
Stock	3,80,000
Investments in 12% Government Securities	5,00,000
Outstanding Subscriptions	12,000
Prepaid Insurance	1,000
Sundry Creditors	1,12,000
Subscription Received in Advance	15,000
Entrance Fee Received Pending Membership	1,00,000
Gratuity Fund	1,50,000

**Following adjustments are to be made while drawing up accounts:**

- (i) Subscription received-in-advance as on 31st March, 2020 was ₹ 18,000.
- (ii) Outstanding subscriptions as on 31st March, 2020 was ₹ 7,000.
- (iii) Outstanding expenses are:
 

	₹
Salaries	8,000
Electricity	15,000
- (iv) There is no pending membership as on 31st March, 2020.
- (v) The cost of asset sold net as on 1st April, 2019 was ₹ 10,000.
- (vi) Depreciation is to be provided at the rate of 10% on assets.
- (vii) A sum of ₹ 20,000 received in October, 2019 as Entrance Fee from an applicant was to be refunded, as he had not fulfilled the requisite membership qualification. The refund was made on 3rd June, 2020.
- (viii) Purchase made during the year amounted to ₹ 15,00,000.
- (ix) The value of closing stock was ₹ 2,10,000.
- (x) 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, 2020 and the Balance Sheet as on that date.**

**Solution:**

## INCOME AND EXPENDITURE ACCOUNT OF SYDNEY CLUB

Dr.

for the year ended 31st March, 2020

Cr.

Expenditure	₹	Income	₹
To Stock Consumed (WN 5)	16,70,000	By Subscriptions (WN 2)	1,94,750
To Salaries	1,20,000	By Interest	58,000
Add: Outstanding	8,000	Add: Accrued	2,000
To Printing and Stationery	70,000	By Miscellaneous Income	9,000
To Postage	40,000	By Receipts from Coffee Room	10,70,000
To Telephone and Internet Charges	52,000	By Receipts from Wines and Soda	5,10,000
To Repairs and Maintenance	48,000	By Receipts from Swimming Pool	80,000
To Glass and Table Linen	12,000	By Receipts from Tennis Court	1,02,000
To Crockery and Cutlery	14,000	By <b>Deficit</b> (Balancing Figure)	<b>1,20,250</b>
To Garden Upkeep	8,000		
To Membership Fees	4,000		
To Insurance	5,000		
Add: Prepaid	1,000		
To Electricity	28,000		
Add: Outstanding	15,000		
To Loss on Sale of Fixed Assets (WN 4)	2,000		
To Depreciation (WN 4)	49,000		
	<b>21,46,000</b>		<b>21,46,000</b>

BALANCE SHEET  
as at 31st March, 2020

Liabilities	₹	Assets	₹
Capital Fund:		Fixed Assets (WN 4)	4,41,000
Opening Balance (WN 1)	10,29,850	Stock	2,10,000
Add: Entrance Fee	1,80,000	Investments	5,00,000
	12,09,850	(12% Government Securities)	
Less: Deficit	1,20,250	Subscriptions Outstanding	7,000
Sundry Creditors (WN 6)	92,000	Interest Accrued	2,000
Gratuity Fund	1,50,000	Cash	8,000
Subscriptions Received in Advance	18,000	Bank	2,24,600
Entrance Fee Refundable	20,000		
Outstanding Salaries	8,000		
Outstanding Electricity Charges	15,000		
	<b>13,92,600</b>		<b>13,92,600</b>

**Working Notes:**

1.

BALANCE SHEET  
as at 1st April, 2019

Liabilities	₹	Assets	₹
Sundry Creditors	1,12,000	Fixed Assets	5,00,000
Subscriptions Received in Advance	15,000	Stock	3,80,000
Entrance Donation Received in Advance	1,00,000	Investments (12% Government Securities)	5,00,000
Gratuity Fund	1,50,000	Subscriptions Outstanding	12,000
Capital Fund (Balancing Figure)	<b>10,29,850</b>	Prepaid Insurance	1,000
		Cash	3,850
		Bank	10,000
	<b>14,06,850</b>		<b>14,06,850</b>

2. Dr.		SUBSCRIPTIONS ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Outstanding Subscriptions A/c (Beginning)	12,000	By Subscriptions Received in Advance (Beginning)	15,000	
To Income and Expenditure A/c (Balancing Figure)	<b>1,94,750</b>	By Bank A/c	2,02,750	
To Subscriptions Received in Advance A/c	18,000	By Outstanding Subscriptions A/c (Closing)	7,000	
	<u>2,24,750</u>		<u>2,24,750</u>	

3. Dr.		ENTRANCE FEE ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Entrance Fee Refundable A/c	20,000	By Balance b/d	1,00,000	
To Capital Fund	1,80,000	By Bank A/c	1,00,000	
	<u>2,00,000</u>		<u>2,00,000</u>	

4. Dr.		FIXED ASSETS ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Balance b/d	5,00,000	By Bank A/c	8,000	
		By Loss on Sale of Fixed Assets A/c	2,000	
		By Depreciation A/c (10% of ₹ 4,90,000)	49,000	
		By Balance c/d	<b>4,41,000</b>	
	<u>5,00,000</u>		<u>5,00,000</u>	

5. Calculation of Stock Consumed:		₹
Opening Stock		3,80,000
Add: Purchases		15,00,000
		<u>18,80,000</u>
Less: Closing Stock		2,10,000
Stock Consumed during the year		<b><u>16,70,000</u></b>

6. Dr.		SUNDRY CREDITORS ACCOUNT		Cr.
Particulars	₹	Particulars	₹	
To Bank A/c	15,20,000	By Balancing b/d	1,12,000	
To Balanced c/d (Balancing Figure)	<b>92,000</b>	By Purchases A/c	15,00,000	
	<u>16,12,000</u>		<u>16,12,000</u>	

**Illustration 18.**

From the following Receipts and Payments Account of Mayur Vihar Football Club and additional information, prepare an Income and Expenditure Account for the year ended 31st March, 2020:

RECEIPTS AND PAYMENTS ACCOUNT			
Dr.	for the year ended 31st March, 2020		Cr.
Receipts	₹	Payments	₹
To Cash in Hand on 1st April, 2019	10,200	By Purchases of Ball	65,000
To Cash at Bank as per Pass Book	30,000	By Tournament Fees	10,000
To Subscriptions	2,45,000	By Affiliation Fees for 5 Years	2,000
To Interest on Investment	1,800	By Rent of Playground	6,000
To Sales of Tickets for Variety Programme	20,000	By Expenses on Variety Programme	15,000
To Sale of Furniture on 30th September, 2019	9,000	By Refreshment Expenses	4,000
To Donations for Club Building	50,000	By Travelling Expenses	20,000
To Legacy	11,000	By Furniture bought on 1st October, 2019	5,000
		By Repairs to Building	5,000
		By Advance paid to Contractor for Pavilion Building	50,000
		By Salary	15,000
		By Telephone Bill	1,500
		By Miscellaneous Expenses (including honorarium of ₹ 3,000)	8,000
		By 12% Investments (Face value ₹ 1,70,000) bought on 31st December, 2019	1,50,000
		By Cash in Hand on 31st March, 2020	8,500
		By Balance in the Bank as per Pass Book on 31st March, 2020	12,000
	3,77,000		3,77,000

*Additional Information:*

- (i) Subscriptions received include ₹ 9,000 outstanding subscriptions of the year 2018–19. Subscriptions for the year 2019–20 amounting to ₹ 16,000 is still outstanding. Some members have paid subscriptions for the year 2020–21 amount to ₹ 8,000 which is included in the subscriptions received.
- (ii) Face value of 12% Investments on 31st March, 2019 was ₹ 15,000 (cost price ₹ 12,000).
- (iii) Book value of furniture sold on 1st April, 2019 was ₹ 12,000 depreciation being 20% p.a. Provide depreciation on new furniture at the same rate.
- (iv) Telephone bill for one quarter is outstanding, the amount outstanding being ₹ 300. The charge for each quarter is same both for 2018–19 and 2019–20.
- (v) Unpresented cheques for repairs to building being ₹ 4,000 for 2018–19 and ₹ 12,000 for 2019–20.
- (vi) Stock of Balls with the club on 31st March, 2020 amounted to ₹ 6,000.

**Solution:**

## INCOME AND EXPENDITURE ACCOUNT

Dr.		for the year ended 31st March, 2020		Cr.	
Expenditure	₹	Income	₹		
To Stock of Balls Consumed:		By Subscriptions A/c (WN)	2,44,000		
Purchase of Ball	65,000	By Interest on Investments	6,900		
Less: Closing Stock	6,000	[₹ 1,800 + (₹ 1,70,000 × 12/100 × 3/12)]			
	59,000	By Sale of Tickets for Variety Programme	20,000		
To Tournament Fees	10,000				
To Affiliation Fees (₹ 2,000 × 1/5)	400				
To Rent of Playground	6,000				
To Expenses on Variety Programme	15,000				
To Refreshment Expenses	4,000				
To Travelling Expenses	20,000				
To Repairs to Building	13,000				
(₹ 5,000 + ₹ 12,000 – ₹ 4,000)					
To Salaries	15,000				
To Telephone Charges	1,200				
(₹ 1,500 + ₹ 300 – ₹ 600)					
To Miscellaneous Expenses	5,000				
To Honorarium	3,000				
To Loss on Sale of Furniture	1,800				
To Depreciation on Furniture	1,700				
To <b>Surplus, i.e., Excess of Income Over Exp.</b>	<b>1,15,800</b>				
	2,70,900				2,70,900

**Working Note:**

Dr.		SUBSCRIPTIONS ACCOUNT		Cr.	
Particulars	₹	Particulars	₹		
To Outstanding Subscriptions A/c (Beginning)	9,000	By Bank A/c	2,45,000		
To Income and Expenditure A/c (Balancing figure)	<b>2,44,000</b>	By Outstanding Subscriptions A/c (at the end)	16,000		
To Advance Subscriptions A/c (at the end)	8,000				
	2,61,000				2,61,000

**Illustration 19** (Unpresented Cheques, Balance as per Cash Book and Cash Supplied by the Secretary for use of the Organisation).

The Accountant of Diana Club furnishes you the following Receipts and Payments Account for the year ended 31st March, 2020:

Dr.		RECEIPTS AND PAYMENTS ACCOUNT		Cr.	
Receipts	₹	Payments	₹		
To Balance b/d:		By Honorarium to Secretary	9,600		
Cash and Bank	16,760	By Miscellaneous Expenses	3,060		
To Subscriptions	21,420	By Rates and Taxes	2,520		
To Sale of Old Newspapers	4,800	By Ground Man's Wages	1,680		
To Entertainment Fees	8,540	By Printing and Stationery	940		
To Bar Receipts	14,900	By Telephone Expenses	4,780		
To Bank Interest	460	By Payment for Bar Purchases	11,540		
To Short-term Credit by Secretary	40	By Repairs	640		
		By New Car (Less Sale Proceeds of Old Car ₹ 6,000)	25,200		
		By Balance c/d:			
		Cash and Bank	6,960		
	66,920				66,920



	1st April, 2019	31st March, 2020
	₹	₹
(i) Subscriptions due	2,400	1,960
(ii) Cheques issued, but not presented for payment of printing and stationery	180	60
(iii) Club premises at cost	58,000	...
(iv) Depreciation on club premises provided so far	37,600	...
(v) Car at cost	24,380	...
(vi) Depreciation on car provided so far	20,580	...
(vii) Value of bar stock	1,420	1,740
(viii) Amount unpaid for bar purchases	1,180	860
(ix) Depreciation is to be provided @ 5% p.a. on the written down value of the club premises and @ 15% p.a. on the car for the whole year.		

You are required to prepare an Income and Expenditure Account of Diana Club for the year ending 31st March, 2020 and Balance Sheet as on that date. (P.E. (Examination)—I, Nov. 2001, Modified)

**Solution:**

**In the Books of Diana Club**  
INCOME AND EXPENDITURE ACCOUNT  
for the year ended 31st March, 2020

Dr.			Cr.
Expenditure	₹	Income	₹
To Honorarium to Secretary	9,600	By Subscriptions (WN 6)	20,980
To Miscellaneous Expenses	3,060	By Bar Receipts (Sales)	14,900
To Rates and Taxes	2,520	By Sale of Old Newspapers	4,800
To Ground Man's Wages	1,680	By Entertainment Fees	8,540
To Printing and Stationery*	940	By Bank Interest	460
To Telephone Expenses	4,780	By Profit on Sale of Car (WN 5)	2,200
To Bar Stock Used (WN 1 and WN 2)	10,900		
To Repairs	640		
To Depreciation:			
On Club Premises (WN 3)	1,020		
On Car (WN 4)	4,680		
To <b>Surplus</b> (Excess of Income over Expenditure)	<b>12,060</b>		
	<u>51,880</u>		<u>51,880</u>

BALANCE SHEET as at 31st March, 2020

Liabilities	₹	Assets	₹
Capital Fund:		Club Premises (WN 3)	58,000
Opening Balance (WN 7)	43,600	Less: Accumulated Depreciation	38,620
Add: Surplus	12,060	Car (WN 4)	31,200
Creditors for Bar Purchases	860	Less: Accumulated Depreciation	4,680
Short-term Credit by Secretary	40	Bar Stock	1,740
		Subscription Due	1,960
		Cash and Bank	6,960
	<u>56,560</u>		<u>56,560</u>

\*In the question, opening and closing cash and bank balances are as per Cash Book and therefore, there is no need for adjustment of cheques issued and not presented for payment for printing and stationery. Adjustment is neither required in the bank balance nor in the Printing and Stationery Account.

**Working Notes:**

<b>1. Calculation of the Amount of Bar Purchases during the Year</b>	₹
Payment for Bar Purchases	11,540
Add: Outstanding on 31st March, 2020	860
	<u>12,400</u>
Less: Outstanding on 1st April, 2019	1,180
Purchases during the year	<u>11,220</u>
<b>2. Calculation of Bar Stock used during the Year</b>	
Opening Bar Stock	1,420
Add: Purchases (1)	11,220
	<u>12,640</u>
Less: Closing Bar Stock	1,740
	<u>10,900</u>
<b>3. Depreciation on Club Premises</b>	
Written down value on 1st April, 2019 (₹ 58,000 – ₹ 37,600)	20,400
Less: Depreciation for the Year @ 5% p.a.	1,020
Written down value on 31st March, 2020	<u>19,380</u>
<b>4. Depreciation of Car</b>	
Purchase price of new car (₹ 25,200 + ₹ 6,000)	31,200
Less: Depreciation for the Year @ 5% p.a.	4,680
Written down value on 31st March, 2020	<u>26,520</u>
<b>5. Calculation of Profit/Loss on Sale of Old Car</b>	
Sale proceeds from old car	6,000
Less: WDV on date of sale (₹ 24,380 – ₹ 20,580)	3,800
Profit on sale of old car	<u>2,200</u>
<b>6. Subscriptions for the Year</b>	
Subscriptions received during the year	21,420
Add: Outstanding at the end	1,960
	<u>23,380</u>
Less: Outstanding in the beginning	2,400
Subscription for the year 2019–20	<u>20,980</u>
<b>7. Calculation of Opening Capital Fund</b>	

BALANCE SHEET  
as at 1st April, 2019

Liabilities	₹	Assets	₹
Capital Fund (Balancing Figure)	<b>43,600</b>	Club Premises	58,000
Creditors for Bar Purchases	1,180	Less: Accumulated Depreciation	37,600
		Car	24,380
		Less: Accumulated Depreciation	20,580
		Bar Stock	1,420
		Subscriptions Due	2,400
		Cash and Bank	16,760
	<u>44,780</u>		<u>44,780</u>

## Unsolved Questions

1. Given below is the Receipts and Payments Account of a Associated Sports Club for the year ended 31st March, 2020:

Dr.	RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2020		Cr.
Receipts	₹	Payments	₹
To Balance b/d	2,100	By Purchase of Sports Materials	7,000
To Subscriptions (including ₹ 1,000 for 2018–19 and ₹ 1,500 for 2020–21)	18,000	By Stationery	5,700
To Life Membership Fees	9,000	By Salaries	7,000
To Legacies	2,000	By Honorarium	3,000
To Entrance Fees	4,000	By Upkeep of Ground	2,600
To Donations for Building Fund	10,000	By Audit Fees	2,000
To Touranment Fund	8,000	By Refreshments	1,400
To Hire of Club Hall	5,000	By Tournament Expenses	6,000
To Sale of Old Bats and Balls, etc.	500	By Match Expenses	1,000
To Sale of Old Furniture	700	By 10% Investments (on 1.10.2019)	12,000
		By Furniture (part payment)	5,000
		By Balance c/d	6,600
	59,300		59,300

*Additional Information:*

	As at 1st April, 2019 (₹)	As at 31st March, 2020 (₹)
Subscriptions Due	1,400	2,400
Subscriptions Received in Advance	...	1,500
Audit Fees Outstanding	...	1,000
Creditors for Stationery	600	500
Stock of Stationery	...	800
Stock of Sports Materials	1,100	1,500
Building	40,000	40,000

Furniture was sold on 1st April, 2019 at its book value. On the same date, Furniture of ₹ 8,000 was purchased. Depreciation is to be charged @ 10% p.a.

Prepare the Income and Expenditure Account for the year ended 31st March, 2020 and the Balance Sheet as at that date.

2. Following statement is submitted to you by the Secretary of The Agricultural Society:

Dr.	RECEIPTS AND PAYMENTS ACCOUNT for the year ended 31st March, 2020		Cr.
Receipts	₹	Payments	₹
To Balance b/d:		By Secretary's Salary	11,500
Cash	10,000	By Printing and Stationery	24,100
Bank	24,000	By Sundries	11,200
To Subscriptions:		By Audit Fee	600
2018–19	3,000	By Show Expenses	51,500
2019–20	78,500	By Show Prizes	42,800
2020–21	2,500	By Deposits at Bank	20,000
To Entrance Fee at Show	57,100	By Balance c/d:	
To Advertisements in Catalogues	4,200	Cash	4,600
To Interest on Investments	3,500	Bank	20,000
To Sale of Catalogues	3,500		
	1,86,300		1,86,300

**Additional Information:**

- (i) The society holds ₹ 35,000; 10% Investments (Cost ₹ 32,000).  
(ii) Subscriptions for 2019–20 amounted to ₹ 12,000 have since been received in 2020–21.  
(iii) ₹ 2,500 are owing to the printers.  
(iv) ₹ 2,500 for balance of salary are due to the Secretary on 31st March, 2020.

Prepare the Income and Expenditure Account for the year ended 31st March, 2020 and the Balance Sheet as at that date.

3. The following is the Receipts and Payments Account of Park View Club in respect of the year ended 31st March, 2011:

RECEIPTS AND PAYMENTS ACCOUNT			
Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d	1,02,500	By Salaries	2,08,000
To Subscriptions:		By Stationery	40,000
2009–10	4,500	By Rent	60,000
2010–11	2,11,000	By Telephone Expenses	10,000
2011–12	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:**

- (i) There are 450 members each paying an annual subscription of ₹ 500. On 1st April, 2010 outstanding subscription was ₹ 5,000.  
(ii) There was an outstanding telephone bill for ₹ 3,500 on 31st March, 2011.  
(iii) Outstanding sundry expenses as on 31st March, 2010 totalled ₹ 7,000.  
(iv) Stock of Stationery:  
    On 31st March, 2010—₹ 5,000.  
    On 31st March, 2011—₹ 9,000.  
(v) On 31st March, 2010, building stood in the books at ₹ 10,00,000 and it was subject to depreciation @ 5% per annum.  
(vi) Investment on 31st March, 2010 stood at ₹ 20,00,000.  
(vii) On 31st March, 2011, income accrued on the investments purchased during the year amounted to ₹ 3,750.

Prepare Income and Expenditure Account for the year ended 31st March, 2011 and Balance Sheet as on that date. (IPCC, May, 2011)

4. Following is the Receipts and Payment Account of Mayur Club for the year ended 31st March, 2008:

RECEIPTS AND PAYMENTS ACCOUNT			
Dr.			Cr.
Receipts	₹	Payments	₹
To Opening Balance as on 1st April, 2007:		By Sports Material	3,04,500
Cash in Hand	39,100	By Salaries	3,15,000
Cash at Bank	50,000	By Equipment Purchased on 1st Oct., 2007	60,000
To Subscriptions:		By Bank Fixed Deposits on 31st March, 2008	1,50,000
For the Year 2006–07	18,000	By Rent	1,48,500
For the Year 2007–08	9,63,000	By Ground Maintenance	22,120
For the Year 2008–09	4,500	By Insurance	38,400
To Interest on Bank Fixed Deposits @ 10%	45,000	By Stationery	3,450
		By Sundry Expenses	5,880
		By Closing Balance as on 31st March, 2008:	
		Cash on Hand	31,750
		Cash at Bank	40,000
	11,19,600		11,19,600

Following additional information is provided to you:

- (i) The club has 220 members. The annual subscription is ₹ 4,500 per member.
- (ii) Depreciation to be provided on furniture at 10% p.a. and on sports equipment at 15% p.a.
- (iii) On 31st March, 2008, 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.
- (iv) On 31st March, 2007 the club had the following assets:

Particulars	₹
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 31st March, 2007.

You are required to prepare:

- (i) Income and Expenditure Account; and.
- (ii) Balance Sheet as at 31st March, 2008.

(IPCC, May, 2008)

**5. (Calculation of Stationery Used)**

- (a) On the basis of the following information, calculate the amount that will appear against the item, Stationery Account, in the Income and Expenditure Account for the year ended 31st March, 2020:

	₹
Stock of Stationery on 1st April 2019	600
Creditors for Stationery on 1st April, 2019	400
Amount paid for Stationery during the year	2,160
Stock of Stationery on 31st March, 2020	100
Creditors for Stationery on 31st March, 2020	260

- (b) Calculate the amount of stationery consumed during the year ended 31st March, 2020:

	₹
Stock of Stationery on 1st April, 2019	6,000
Creditors for Stationery on 1st April, 2019	4,000
Advance paid for Stationery carried forward from previous year	400
Amount paid for Stationery during the year	21,600
Stock of Stationery on 31st March, 2020	1,000
Creditors for Stationery for 31st March, 2020	8,600
Advance paid for Stationery on 31st March, 2020	2,600

**6. (Calculation of Subscription Income).**

	₹
(a) Subscriptions received during the year 2019–20	50,000
Subscriptions outstanding at the closing of 2019–20	8,000
Subscriptions outstanding in the beginning of 2019–20	6,000

Calculate the amount of subscriptions to be credited to Income and Expenditure Account for the year 2019–20.

	₹
(b) Subscriptions received during the year 2019–20	50,000
Subscriptions outstanding on 31st March, 2020	8,000
Subscriptions outstanding on 31st March, 2019	6,000
Subscriptions received in advance on 31st March, 2020	5,000
Subscriptions received in advance on 31st March, 2019	4,000

Calculate the amount of subscriptions to be credited to Income and Expenditure Account for the year 2019–20.

### GUIDE TO ANSWERS

1. Deficit—₹ 6,600; Capital Fund as at 1.4.2019—₹ 44,700; Balance Sheet Total as at 31st March, 2020—₹ 71,100.
2. Capital Fund (Opening)—₹ 69,000; Surplus—₹ 12,100; Balance Sheet Total—₹ 88,600.
3. Surplus—₹ 30,750; Balance Sheet Total—₹ 31,47,250; Capital Fund (1st April, 2010)—₹ 31,05,500.
4. Surplus, *i.e.*, excess of Income over Expenditure—₹ 1,32,500, Balance Sheet Total—₹ 12,45,500. Capital Fund (Opening)—₹ 10,95,000.
5. (a) Stationery Consumed during the year: ₹ 2,520;  
Credit Purchase of Stationery (2019–20): ₹ 2,020.  
(b) Stationery Consumed (2019–20): ₹ 29,000  
Credit Purchase of Stationery (2019–20): ₹ 24,000.
6. (a) Subscription to be credited to Income and Expenditure Account: ₹ 52,000.  
(b) Subscription to be credited to Income and Expenditure Account: ₹ 51,000.