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Competency Statement

- ☐ *The students will be able to :*
- *Understand the meaning and features of Not for Profit concerns.*
 - *Know the meaning of Receipts and Payments Account.*
 - *Understand the meaning of Income and Expenditure Account and its difference from Profit & Loss Account.*
 - *Understand difference between Profit and Not for Profit organisations.*
 - *Learn to acquire the skills for Preparing Income and Expenditure Account and Balance Sheet of Not for Profit Concern.*

2.1.1 Introduction :

There are two types of organisations 1) Trading organisations or Profit making organisations and 2) Non - Trading or Not for Profit organisations

Trading organisations main object is to earn Profit. They are engaged in Trading activities. i.e. Buying and selling of goods and services, organisations like Sole Trading concern Partnership, Co-Operative organisations, Public Limited Company etc. are set up for the purpose of making profit. Final Accounts which consists of Trading and Profit and Loss Account and Balance Sheet are prepared. Base of Final Accounts is Trial Balance.

Not for Profit organisations main aim is to give service to its members or to the society at large. They are not formed for Profit making. They do not carry any Trading activity or manufacturing activity. Sports club, Charitable Hospitals, Schools, Colleges, Universities, Trade Unites, Chamber of Commerce, Professional Institutions, Trusts, Social Welfare Associations, Religious concerns, Libraries etc. are examples of Not for Profit concern. their main object is to give services to the members. They maintain the books of accounts in a different way.

As their motive is not to earn Profit 'Not for Profit' concerns do not prepare Profit and Loss Account, instead they prepare Income and Expenditure Account. Similarly they do not prepare Trial Balance but they prepared Receipts and Payments Account. These organisations prepare Balance Sheet to know the Net Worth of the concern on a particular date. Final Accounts of not for profit concerned consists of Income and Expenditure Accounts and Balance Sheet.

2.1.2 Meaning of Not for Profit Concern :

Not for Profit Concerns are those concern which are not started to earn Profit but to give qualitative service to its members and society at the minimum charges. Their main objective, is to provide social service and to promote art, culture, sports, education etc. The nature of these concerns are different from Profit organisations. Not for Profit concerns collect income through subscription, admission fees, donations etc. given by members or non members and grants subsidies or concessions received from the Government.

2.1.3 Features of 'Not for Profit' concerns :

1. The primary objective of such concerns is to provide services to its members and not to earn profit.

2. These concerns are formed for promotion of art, culture, education, sports, charity, health, etc.
3. The members of this concerns can not get the dividend. It is prohibited.
4. The management of such concerns is done by elected representatives of members. It is governed by elected members.
5. These concerns prepare Receipts and payments Account, Income and Expenditure Account and Balance Sheet.
6. Capital Fund is created by such concerns. It is made up of Entrance fees, Surplus, Legacies and donations specially received for Capital Fund.

2.1.4 Difference between Profit Organisations and Not for Profit Organisations :

Points of Distinction	Profit Organisations	Not for Profit Organisations
1. Primary objective	The primary objective of such organisation is to earn profit.	The primary object of these organisations is to provide service.
2. Preparation of Trial Balance	Prepares Trial Balance	Do not prepare Trial Balance Receipts and Payments - Accounts is Prepared.
3. Accounting Statements	i) Trading Account ii) Profit and Loss Account iii) Balance Sheet	i) Receipts and Payments Account ii) Income and Expenditure Account iii) Balance Sheet
4. Net Results	Net Profit / Net Loss	Surplus or Deficit
5. Owner's Fund / Capital Fund	Owner's fund includes owners investment i.e capital plus reserves and surplus	Capital fund represents - accumulated amount of surplus, subscriptions, donations and surplus as shown by Income and Expenditure Account.

2.1.5 Need for maintaining Books of Accounts and Preparation of Final Accounts :

'Not for Profit' concerns are not engaged in Trading activities.

Mostly they deal with public money. These concerns collect money such as subscriptions, donations, grants, entrance fees etc. from public. These concerns are answerable to the society for such money collected and spent. Hence proper Books of Accounts are to be maintained.

Following are the reasons for maintaining 'Books of Accounts' by 'Not for Profit' concerns.

1. To maintain Proper control over monetary transactions.
2. To know the sources of incomes and heads of Expenditure.
3. To comply with the provisions of laws applicable to them. eg. 'Not for Profit' concern registered as a Charitable Trust under Mumbai Public Trust Act or a Co-Operative Society registered under the Co-Operative Society Act has to comply with the provisions of these Acts regarding budget, audit of accounts, registers to be maintained etc.
4. To know surplus / deficit of the concern during a particular period.
5. To know the net worth of the concern as on a particular day.
6. To avoid malpractices and misappropriations of cash and assets.

2.2.1 Meaning of Receipts and Payments Account :

The day to day transactions of a 'Not For Profit' concern are recorded in a cash book and then they are posted to Ledger Accounts. At the end of financial Period the cash book and ledger accounts are balanced and from these balances, Receipts and Payments Account is prepared.

The Receipts and Payments Account is a Real Account. Credit transactions are not recorded in Receipts and Payments Account. Receipts and Payments Account is a summary of cash and bank transactions for a particular Period. All receipts are shown to the debit side and all Payments to the credit side.

This Accounts starts with opening Cash and Bank Balance (Different Banks) and closes with Cash and Bank Balance at the end of the year.

Receipts : All receipts during a particular Period are debited to Receipts And Payments Account irrespective of the year for which they are received and irrespective of their nature Revenue or capital. Such receipts may be related to previous year or current year or next year. All receipts are debited to this account. (Revenue capital)

Payments : All Payments made during a particular period are credited to Receipts and Payments Account irrespective of the period to which it related and irrespective of their nature Revenue or Capital. Such Payments may be related to previous year a current year or next year similarly such Payments may be Revenue or Capital expenditure. All are credited to this account.

Receipts and Payments Account for the year ended 31st March 20.....

Dr.		Cr.	
Receipts	Amount ₹	Payments	Amount ₹
To All Receipts (Revenue or Capital)		By All Payments (Revenue or Capital)	
Previous year -		Previous year -	
Current year -		Current year -	
Next year -		Next year -	

2.2.2 Features of Receipts and Payments Account :

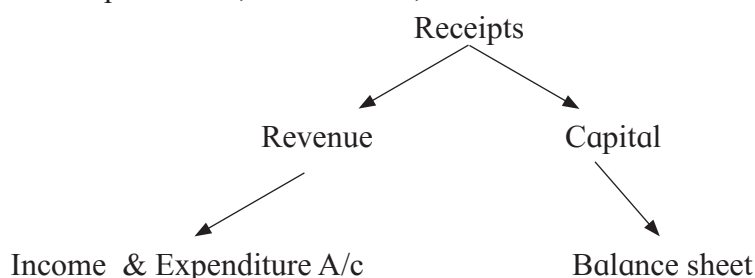
1. Receipts and Payments Account is a Real Account
2. Receipts and Payments Account is similar to cash book (summary of cash & Bank transactions)
3. It includes all types of Receipts and Payments (Revenue or Capital)
4. It records all receipts and payments made during a particular period i.e. Current year. (previous, current or next year)
5. Income Receivable and amounts Payable are not recorded in this account.
6. This account is a base to prepare Final Accounts of 'Not for Profit' concerns
7. This account shows opening and closing balances of cash and Bank (or Bank overdraft).

2.2.3 Types of Receipts :

- i) Capital Receipts ii) Revenue Receipts
- ii) **Capital Receipts :-** All such receipts are non - recurring in nature and not forming a part of regular flow of income of a concern are known as capital Receipts e.g Specific Donations for Building, Sports Tournaments, Library, life membership fees, sales proceeds

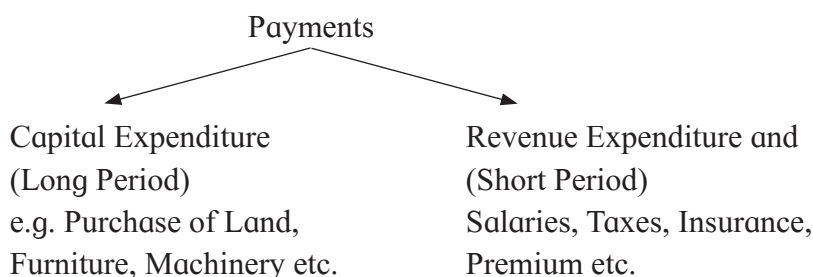
of Fixed Asset. Capital Receipts are either added to Capital Fund or separately shown on Liabilities side of Balance Sheet.

- iii) **Revenue Receipts :-** All such receipts which are recurring in nature and represent regular flow of income of a concern, are known as revenue receipts.
e.g Subscription Rent, Locker Rent, Interest received etc.



All receipts are not income, capital receipts and considered in a different manner.

2.2.4 Types of Payments :



- i) **Capital Expenditure :-** These expenditures are non-recurring expenditure in nature. The benefits of such Expenditure are likely to be received for a long period. These expense's are shown on the Assets side the Balance Sheet and their Balances are carried forward to next accounting period.
- ii) **Revenue Expenditure :-** There expenses are recurring in nature. The benefit of these expenses are enjoyed immediately i.e. in current year.
- iii) **Deferred Revenue Expenditure :-** Deferred revenue expenditure is actually a revenue expenditure . Such expenditure is incurred for receiving benefits for more than a year.
e.g. Advertisement expenditure paid ₹ 30,000 is for 3 years. In such case 1/3rd of ₹ 30,000 is ₹ 10,000 is for current year. It should be debited to Income and Expenditure Account and 2/3rd ₹ 20,000 expenditure should be shown on Asset side of Balance Sheet.

Total Receipts

Revenue	————→	Credit side of Income & Expenditure Account
Capital	————→	Liability side of Balance Sheet.

Total Payments

Revenue	————→	Debit side of Income & Expenditure Account
Capital	————→	Balance Sheet Asset side.

2.2.5 Specimen of Receipts and Payments Account :

In the books of
Receipts and Payments Account
for the year ended 31st March 20.....

Dr.

Cr.

Receipts	Amt ₹	Amt ₹	Receipts	Amt ₹	Amt ₹
To Balance b/d			By Balance b/d		xxx
Cash in Hand	xxx		(Bank overdraft)		
Cash at Bank	xxx	xxx	By Salaries		
(Name of Banks)			Previous year	xxx	
To Subscriptions			Current year	xxx	xxx
Previous year	xxx		By Rent Rates and Taxes		
Current year	xxx		Previous year	xxx	
Next year	xxx	xxx	Current year	xxx	
To Entrances fees		xxx	Next year	xxx	xxx
To Admission fees		xxx	By Printing and Stationery		xxx
To Life membership fees		xxx	By General Expenses		xxx
To Legecies		xxx	By Interest on Bank Loan		xxx
To Govt. Grants		xxx	By Electricity Charges		xxx
To Donations (General)		xxx	By Audit fees		xxx
To Donations for specific fund		xxx	By Tournaments Exp.		xxx
Building Fund,		xxx	By Wages		xxx
Prize Fund, Tournment		xxx	By Purchase of Sports Materials		xxx
Fund			By Insurance		xxx
To Dividend - Received		xxx	By Telephone / mobile Exp.		xxx
To Hire / Rent of Hall received		xxx	By Bank charges		xxx
To Sundry Income		xxx	By Postage		xxx
To Sale of old materials		xxx	By Conveyance		xxx
To Sale of old News Papers / scrap		xxx	By Expenses for Annual function		xxx
To Misc. Receipts		xxx	By Fixed Deposit		xxx
To Tournaments Receipts		xxx	By Purchase of fixed Assets		xxx
To Cricket Fees		xxx	Books		xxx
To Tution Fee		xxx	Furniture		xxx
To Term Fees		xxx	Building		xxx
To Collection of fine		xxx	Investments		xxx
To Locker Rent		xxx	By News Papers		xxx
To Exam Fees		xxx	By Office Exp.		xxx
To Balance c/d (Bank overdraft)		xxx	By Repairs		xxx
		xxxx	By Balance c/d		
			Cash in Hand		xxx
			Cash at Bank		xxx
			(Names of Bank)		
					xxxx

2.3.1 Meaning of Income and Expenditure Account :

Meaning : Income and Expenditure Account is a summary of revenue incomes and revenue expenses of a particular period. It is similar to Profit and Loss Account. It is a Nominal Account 'Not for Profit' concerns prepare Income and Expenditure Account. All Revenue expenses / Losses of current year are debited and all Revenue Income / Gains of Current year are credited to this account.

Incomes : In Income and Expenditure Account only, revenue incomes or gains of the current period are credited, eg. Subscriptions Received, Interest on Investments received, Sundry Receipts. General Donations received Tuition fees Received etc. Incomes received for previous year or for next year are not taken into this account. However, all incomes pertaining to current year whether received or not received or received during the previous year for this year, are taken into account. On the other hand outstanding - incomes and pre -received incomes of current year are considered.

Expenditure : Only Revenue Expenses / Losses of current year are debited to this account. Items of expenses of 'Not for Profit' concern may differ from concern to concern. Expenses Paid for previous year or for the next year are not taken into account. However, all expenses pertaining to current year, whether actually paid or not paid during the previous year or current year, are taken into account. In other words outstanding expenses and prepaid expenses during previous year are considered.

Income and Expenditure Account shows Surplus or Deficit of the concern. Excess of Income over Expenditure is known as Surplus while excess of Expenditure over Income is known as Deficit.

If there is a surplus, it is added to the 'Capital Fund' and if there is a deficit, it is deducted from 'Capital Fund'

2.3.2 Features of Income and Expenditure Account :

- 1) Income and Expenditure Account is a Nominal A/c.
- 2) This account records only revenue expenses and Income of current year only.
- 3) It is similar to Profit and Loss Account.
- 4) It is prepared to find out surplus (i.e. excess of Income are Expenditure) or Deficit i.e. excess of Expenditure over Income.)
- 5) Income and Expenditure Account is always accompanied with Balance Sheet.
- 6) It has no Opening Balance.
- 7) Surplus or Deficit is transferred to Capital Fund.
- 8) It records all cash items as well as non cash items which are related to current period eg. salaries paid, outstanding salary, Bad Debts, Depreciation on Fixed Assets etc.

2.3.3 Specimen :

In the books of
Income and Expenditure Account
for the year ended 31st March 20.....

Dr.			Cr.		
Expenditure	Amt ₹	Amt ₹	Income	Amt ₹	Amt ₹
To Salaries paid	xxx		By Subscription Received	xxx	
Less : paid for last year	xxx		Less :		
paid for next year	xxx		i) received for last year	xxx	
	xxx		ii) received of next year	xxx	
Add Outstanding	xxx			xxx	
	xxx		Add :		
Add prepaid for last year	xxx	xxx	i) Received during last year for	xxx	
To Wages		xxx	current year		xxx
To Printing and Stationery		xxx	ii) Outstanding for current year	xxx	xxx
To Rent		xxx	By Rent Received		xxx
To Interest		xxx	By Interest Received		xxx
To Conveyance		xxx	By Dividend Received		xxx
To Rates & Taxes		xxx	By Govt. Grants (General)		xxx
To Insurances Premium		xxx	By Ground Rent		xxx
To Audit fees		xxx	By Sundry Receipts		xxx
To Office Expenses		xxx	By Entrance Receipts (Revenue)		xxx
To Telephone / Mobile Expenses		xxx	By Entrance fee (Revenue)		xxx
To Medicines		xxx	By Admission fees		xxx
To Sports Materials			By Donations (General)		xxx
consumed during the year			By Profit on Sale of Asset		xxx
Opening Stock	xxx		By Deficit (Excess of		xxx
Add : Purchases	xxx		expenditure over Income)		
	xxx				
Less : Closing Stock	xxx	xxx			
To Repairs and Maintenance		xxx			
To Electricity charges		xxx			
To News papers and periodical		xxx			
To Sundry Expenses		xxx			
To Loss on sale of Asset		xxx			
To Depreciation on Fixed		xxx			
Assets					
To Surplus (Excess of		xxx			
Income over Expenditure)					
		xxxx			xxxx

2.3.4 Distinguish between :

Receipts and Payments Account and Income and Expenditure Account

Point	Receipts & Payments Account	Income and Expenditure Account
1) Type of Account	It is a Real Account.	It is a Nominal Account.
2) Nature	It is similar to cash Book.	It is like a Profit and Loss Account.
3) Object	It is prepared to present a summary of cash transactions	It is prepared to ascertain the net results of all Income and Expenditure transactions
4) Opening Balance	It starts with opening cash balance and Bank balance or Bank over draft.	It has no opening balance.
5) Closing Balance	The closing balance represents cash in hand and cash of Bank at the end of the given period.	The closing balance represents either surplus or deficit.
6) Receipts and Payments	All receipts and payments during the current period are recorded in this account (Revenue or capital)	only Revenue - Receipts and Revenue Expenses are related to current period are recorded in this account.
7) Non - cash items	Non - cash items are not recorded in this account.	In this account non - cash items like bad - debts, Dep. outstanding expenses etc. are also included.
8) All Accounts	All transactions related to personal Accounts, Real Accounts and Nominal Accounts.	This Account contains only transactions related to Nominal Accounts.
9) Period	It includes amounts received or amount paid for any period like previous year, current on next year.	In this accounts amount related to current year only are included.
10) Balance Sheet	It need not be necessarily accompanied by a Balance Sheet.	It is always accompanied by a Balance Sheet.

2.3.5 Preparation of Income and Expenditure Account :

Income and Expenditure Account is a Nominal Account. All Revenue Expenses and losses are debited to it and all Revenue income and gains are credited to it. It is similar to Profit & Loss Account.

2.3.6 Preparation of Balance Sheet :

Balance Sheet is a statement of Assets and Liabilities of the organisation as on a particular date. The Balance sheet of Non - Trading organisation is similar to a Balance Sheet of a sole Trading concern / organisation.

A Balance Sheet only show Capital Receipts and Capital Expenditure. Balance Sheet is prepared with a view to measure the exact financial position of an organisation / concern on a certain date, normally at the end of the year.

The excess of Assets over Liabilities is termed as Capital Fund. If the opening balance of 'Capital Fund' is not known it can be ascertained as the balancing figure by preparing opening Balance Sheet.

2.3.7 Implied Adjustments :

In Receipts and Payments Account some additional information is given regarding certain items. On the basis of such information some accounting adjustments are necessary. Such adjustment are known as implied or hidden adjustments. Some implied (Hidden) adjustments are given below - (These items are given in Receipts and Payments Account.

- 1) Rent (11 months) ₹ 11,000
- 2) 10 % Loan form Bank of India. ₹ 20,000 (Taken on 1st Jan 2020)
- 3) Leeshold Land ₹ 1,00,000 (for 10 year from 1 - 4 - 2019)
- 4) Sale proceeds of furniture (Book Value ₹ 7,500, ₹ 8,000)

Receipts and Payments Account for the year ended 31st March 2020

Dr.			Cr.
Receipts	Amt ₹	Payments	Amt ₹
		By 10 % Fixed Deposit (Deposited on 1 - 1- 2020)	1,00,000

In the above example implied adjustment is Outstanding Interest on fixed Deposit because :

- i) No receipts of Interest on fixed Deposit is given.
- ii) Rate of interest on fixed Deposit is given along with date of deposit with Bank.
Therefore, it becomes necessary to take into account the outstanding interest on fixed Deposit for 3 months (i.e 1 - 1 - 2020 to 31 - 3 - 2020) at 10 % p. a. ₹ 2,500
Adjustment in final Accounts.
- i) Outstanding Interest of Fixed Deposit ₹ 2,500 Should be credited to Income and Expenditure Account.
- ii) It is shown on Asset side of the Balance sheet. Add in Fixed Deposit or show separately on the Asset side.

2.3.8 Capital Fund :

Capital fund is shown on the Liabilities side of Balance Sheet of 'Not for Profit' concern. Capital Fund is created from capital incomes and by capitalising surplus, if any.

The Net Surplus is added in the Capital Fund and Deficit is deducted from Capital Fund.

2.3.9 Specimen of Balance Sheet :

Balance Sheet as on 31st March 20.....

Liabilities	Amt ₹	Amt ₹	Assets	Amt ₹	Amt ₹
Capital Fund			Cash in Hand		xxx
(Opening Balance)	xxx		Cash at Bank		xxx
Add :			Fixed Deposit		xxx
i) Donations (Capitalised)	xxx		Investments		xxx
ii) Entrances fees (Capitalised)	xxx		Sundry Debtors		xxx
iii) Surplus	xxx		Land and Buildings		xxx
	xxx		Furniture and Fixtures		xxx
Less : Deficit	xxx	xxx	Plant and Machinery		xxx
Building Fund		xxx	Equipments		xxx
Endowment Fund		xxx	Play Ground		xxx
Tournament Fund		xxx	Motor Vehicles		xxx
Special Fund		xxx	Library Books		xxx
Charity Fund		xxx	Stock of Sports Materials		xxx
Sundry Creditors		xxx	Stock of Stationery		xxx
Bank overdraft		xxx	Stock of Drugs		xxx
Other Loan		xxx	Loans and Advances given		xxx
Outstanding Expenses		xxx	Accured Interest		xxx
Pre Received Income		xxx	Prepaid Expenses		xxx
(Subscription received in advance)		xxx	Outstanding Income		xxx
Life Membership Fees		xxx			
		xxxx			xxxx

Some times instead of adding surplus into Capital Fund, it is accumulated as a credit Balance to Income and Expenditure Account. such balance is shown separate in Balance Sheet. On the Liabilities side making there of may be as under.

	Amt ₹	Amt ₹
Income the Expenditure Account		
Opening credit Balance	xxx	
Add surplus of current year	xxx	xxx

2.3.9(A) Additional Information :

- (Refer illustration No. 4) **Outstanding and prepaid Expenses**

1. Outstanding Expenses - Outstanding expenses are the expenses which are unpaid.

Two effects

- Add outstanding amount in the concerned expenditure on expenditure side of Income & Expenditure Account.
- Show outstanding expenses on Liabilities side of Balance Sheet.

2. Prepaid Expenses - Prepaid Expenses are the expenses which are paid in advance.

Two effects

- i) Deduct the prepaid amount from the concerned expenses on expenditure side of Income and Expenditure Account.
- ii) Show prepaid expenses on Asset side of Balance Sheet.

3. Accrued Income/Outstanding Income :

The Income which is earned during the year but it has not been, received during the year, it is an outstanding income.

Two effects

- i) Outstanding income is added in the concerned Income on Income side of Income and Expenditure Account.
- ii) Outstanding Income is shown on the Asset side of the Balance Sheet.

4. Income Received in Advance / Pre - Received Income :

Sometimes income is received during the year which is actually related to the next year. It is income received but not earned.

Two effects

- i) The amount of Income received in advance is deducted from the concerned income in Income side of Income and Expenditure Account.
- ii) Show on Liabilities side of Balance Sheet.

5. Subscription received in advance and outstanding subscription :

Subscription is a revenue income of Not for Profit concern. Subscription may be given periodically. All members have to pay subscription regularly. It is credited to Income and Expenditure Account.

Subscription can be classified as :

- i) Subscription of current year received in the current year -
- ii) Subscription of previous year received in current year -
- iii) Subscription of next year received in the current year -
- iv) Subscription of current year is outstanding.

6. Depreciation :

(for this refer to illustration No. 3) Depreciation is a Nominal Account.

Two effects

- 1) Debit side of Income and Expenditure Account.
- 2) Deduct from deduct from the concerned asset from Balance Sheet.

7. Capitalisation of Entrances fees :

Entrances fees are the fees paid by the persons, who intend to become a member of the organisation / concern.

Generally Entrance fees are treated as Capital receipts / Income. But sometime part & it can be treated as Revenue Receipts.

e.g Entrance Fees Received ₹ 50,000.

Additional Information -

50 % Entrance Fees should be Capitalised.

50 % of ₹ 50,000 = ₹ 25,000

₹ 25,000 will be added in Capital Fund. and ₹ 25,000 will be treated as Revenue - Income which is credited on Income side of Income and Expenditure Account. (Deduct from Entrance Fees)

8. **Creation of special funds out of Donations :**

Donations means gifts given by either members or any outsiders to the Organisation Types of Donations.

- 1) **General Donations** - Treated as Revenue Income and will be shown on Income side of Income and Expenditure Account. These donations are given without any condition.
- 2) **Specific Donations** - Donations are sometimes given for specific purpose. The donor specifies the purpose for utilising the amount donated by him e.g. Donations for Building Fund, Donations for Prize Fund, Donations for Sports Tournaments etc. Such Donations should be shown on the Liabilities side of Balance Sheet.

9. **Stock of Stationery :** Stationery is an expenditure. It is a consumable item.

It may be calculated as under :

Opening Stock of Stationery	₹ xxx
Add : Purchases of Stationery during the year	₹ xxx
Add : Outstanding Stationery Bill	₹ xxx
Less : Closing Stock of Stationery	₹ xxx
Stationery Consumed	₹ xxx

Stationery consumed is to be debited to Income and Expenditure Account and closing Stock & Stationery will be shown on Asset side of Balance Sheet.

Same treatment is to be given for Sports Material Consumed, Medicines/Drugs etc.

10. **Opening Balances of Assets and Liabilities Opening Balance Sheet :**

At the beginning of accounting year the accounts of assets and liabilities show balance. With these opening balances, opening Balance Sheet is prepared. While preparing final Accounts of the concern these balances are properly taken into account.

Capital Fund should be represented on Liabilities side of Balance Sheet.

Refer the Point 2:3:8

B) **Important Terms:**

- 1) **Entrance fees** - (please refer Additional information point No. 7)
- 2) **Subscriptions** - (please refer Additional information Point No. 5)
- 3) **Legacy** - Legacy means gifts received under the will on the death of a donor. This gift may be for general or special purpose.
 - i) General gift - Revenue Income which is credited on Income side of Income and Expenditure Account.
 - ii) Special purpose (Gift) - It is a capital Receipt. It should be shown on the liability side of Balance Sheet.

4. **Life Membership Fees :**

In Not for Profit concerns some members Pay Life Membership fees. It is non-recurring income therefore it will be shown on liability side of Balance Sheet.

5. Sale of old Assets :

When any asset became obsolete or useless for the concern, it is sold out. Amount realised on it in a Capital Receipt. The Book value of sale of such asset is deducted from the concerned asset. The difference between the Book Value and Realised value is either Profit or Loss on sale of Asset. If there is a Profit it should be shown on income side of Income and Expenditure Account. If there is a loss it should be shown on Expenditure side of Income and Expenditure Account.

6. Sale of Scrap, News papers etc. Scrap of old materials is sold in the market. It is treated as recurring income. Therefore, It is credited to Income side of Income and Expenditure Account. Sale of old News Papers is a miscellaneous income. It is credited on Income side of Income and Expenditure Account.

7) Specific Donations (please refer point No. 8)

8) General Donations (please refer point No. 8)

9) Specific Funds (please refer point No. 8)

10) Endowment Fund

It is a fund created out of specific amount embarked, gifted or donated. The Income of this fund is a specific Income. It shows on the liability side of the Balancesheet.

Illustrations

1 : Treatment of Stationery

Balance Sheet as on 31st March 2017

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
			Stock of Stationery		800

Receipts and Payments Account for the year ended 31st March 2018

Dr.			Cr.		
Receipts	Amount ₹	Amount ₹	Payments	Amount ₹	Amount ₹
			By Stationery Purchased		7,000

Adjustments :

- ₹ 1,500 is Outstanding for Stationery Bill.
- Stock of Stationery on 31st March 2018 was ₹ 1,300.

With the help of above information calculate the amount of stationery consumed during the year.

Particulars	Amount ₹
Stock of stationery as on 1-4-2017	800
Add : Purchased during the year	7,000
Add : Outstand bill	1,500
	9,300
Less : Closing Stock (31-3-2018)	1,300
Stationery consumed during the year	8,000

2 : For considering adjustments relating to subscription only

**Receipts and Payments Account
for the year ended 31st March 2018**

Dr.

Cr.

Receipts	Amount ₹	Amount ₹	Payments	Amount ₹	Amount ₹
To Subscription					
2016 - 17	1,500				
2017 - 18	80,000				
2018 - 19	3,500	85,000			

Adjustments :

- 1) Subscription outstanding for current year was ₹ 7,000
- 2) Outstanding subscription for 2016 - 17 was ₹ 2,000 Subscription received in advance during last year was ₹ 8,000.

With the help of above information show the effects in final account.

Solution :

**Income & Expenditure Account
for the year ended 31st March 2018**

Dr.

Cr.

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
			By Subscription	80,000	
			Add : Subscription received in advance in last year	8,000	
			Add ; Outstanding Subscription for current year	7,000	
					95,000

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

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Subscription received in advance (2018-19)		3,500	Outstanding Subscription 2016 - 17	500	
			2017 - 18	7,000	7,500

3 : Calculation of Depreciation

On 1st April 2018 Furniture Account shows a balance of ₹ 1,00,000, On 1st July 2018, Additional Furniture was purchased for ₹ 30,000.

Furniture is to be depreciated by 12 % p.a. show the presentation in Final Accounts.

Income & Expenditure Account
for the year ended 31st March 2019

Dr.

Cr.

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Depreciation on Furniture (Working Note)		14,700			

Balance Sheet
as on 31st March 2019

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
			Furniture	1,00,000	
			Add : Additions	30,000	
				1,30,000	
			Less : 12 % Depreciation	14,700	1,15,300

Working Note :

	₹
A) 12 % Depr. on ₹ 1,00,000 for 1 year	12,000
B) 12 % Depr. on ₹ 30,000 for 9 months	2,700
Total Depreciation	<u>14,700</u>

4 : Outstanding Expenses and Prepaid Expenses of the current year and previous year

Balance Sheet as on 31st March 2018

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
			Prepaid Salaries (for 2018 - 19)		2,000

Receipts & Payments Account
for the year ended 31st March 2019

Dr.

Cr.

Receipts	Amount ₹	Amount ₹	Payments	Amount ₹	Amount ₹
			By Salaries		
			2018 - 19	30,000	
			2019 - 20	1,000	31,000

Adjustment : Outstanding Salaries for the current year was ₹ 5,500, **show the presentation of Salaries in the Final Accounts of a concern for the year 2018 - 19.**

Solution :

Income & Expenditure Account
for the year ended 31st March 2019

Dr.**Cr.**

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To salaries	30,000				
Add : Paid during the year (2017 - 18)	2,000				
Outstanding for current year	5,500	37,500			

Balance Sheet
as on 31st March 2018

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Outstanding Salary		5,500	Prepaid Salaries (for 2019 - 20)		1,000

5 : Simple Example - Prepare Income and Expenditure Account only

From the following Receipts & Payments Account and Adjustments given below you are required to prepare Income and Expenditure Account for year ended 31st March 2020 of Venna Cultural Association, Satara.

Receipts & Payments Accounts
for the year ended 31st March 2020

Dr.**Cr.**

Receipts	Amount ₹	Amount ₹	Payments	Amount ₹	Amount ₹
To Balance b/d			By Rent		
Cash in Hand	10,000		2018 - 19	700	
Cash at Bank	19,200	29,200	2019 - 20	54,300	55,000
To Subscriptions			By Fixed Deposit		47,000
2018 - 19	15,000		By Sundry Exp.		8,000
2019 - 20	1,00,000		By Insurance		12,000
2020 - 21	8,000	1,23,000	By Printing & Stationery		6,000
To Donations		25,000	By Picnic Expenses		18,000
(General)			By Salaries		20,000
To Entrance fees		15,000	By Traveling Expenses		13,000
To Interest on Fixed		4,800	By Advt. (2018 - 19)		7,000
Deposit			By Balance c/d		
To Picnic Receipts		20,000	Cash in Hand	15,000	
			Cash at Bank	16,000	31,000
		2,17,000			2,17,000

Adjustments :

- 1) Outstanding Rent for the current year was ₹ 7,000.
- 2) 60 % Entrance fees should be capitalised.
- 3) Outstanding subscription for the current year was ₹ 20,000.
- 4) Prepaid Insurance ₹ 1,000.

Solution :

In the books of Venna Cultural Association, Satara
Income and Expenditure Account
for the year ended 31st March 2020

Dr.**Cr.**

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Rent	54,300		By Subscriptions	1,00,000	
Add : Outstanding	7,000	61,300	Add : Outstanding Subscription	20,000	1,20,000
To Sundry Expenses		8,000	By Donations		25,000
To Insurance	12,000		By Entrance fees	15,000	
Less : Prepaid Insurance	1,000	11,000	Less : 60 % Capitalised	9,000	6,000
To Printing & Stationery		6,000	By Interest on Fixed Deposit		4,800
To Picnic Expenses		18,000	By Picnic Receipts		20,000
To Salaries		20,000			
To Traveling Expenses		13,000			
To Surplus (Excess of Income over Expenditure)		38,500			
		1,75,800			1,75,800

Note : Picnic Expenses may be deducted form picnic receipts.

6 : The following are the details of Subscription, as per Receipts and Payments Account.

Subscription received during the year 2018 - 19 ₹ 50,000 Subscription outstanding on 31st March 2018 ₹ 10,000. Subscription outstanding on 31st March 2019 ₹ 20,000. Subscription received in advance as on 31st March 2018 ₹ 15,000. Subscription received in advance as on 31st March 2019 ₹ 10,000

You are required to show its presentation in Income and Expenditure Account for the year ended 31st March 2019 and a Balance Sheet as on that date.

Income & Expenditure Account
for the year ended 31st March 2019

Dr.

Cr.

Expenditure	Amount ₹	Income	Amount ₹
		By Subscription for the Current year (Working Note)	65,000

Balance Sheet as on 31st March 2019

Dr.

Cr.

Liabilities	Amount ₹	Assets	Amount ₹
Subscription Received in advance	10,000	Outstanding Subscription	20,000

Working Note :-

Calculation of subscription Income for the current year can be done by preparing either an Account or a Statement.

i) Statement of Subscription

Particulars	Amount ₹
Subscription - As per Receipt & Payment A/c	50,000
Add : Outstanding for the year 31-3-2019	+ 20,000
Less : Outstanding for the year 31-3-2018	- 10,000
Less : Advance during the year 31-3-2019	- 10,000
Add : Advance during the year 31-3-2018	+ 15,000
As per Income and Expenditure Account (Balancing fig)	65,000

Subscription Account

Dr.

Cr.

Particulars	Amount ₹	Particulars	Amount ₹
To Outstanding Subscription b/d	10,000	By Advance Subscription b/d	15,000
To Income & Expenditure A/c	65,000	By Bank	50,000
To Advance Subscription c/d	10,000	By Outstanding Subscription c/d	20,000
	85,000		85,000

- 7 : From the following Receipts and Payments Account and additional information prepare Income and Expenditure Account for the year ended 31st March 2019 and Balance Sheet as on that date.

Receipts and Payments Account
for the year ended 31st March 2019

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	3,000	By Salaries	4,000
To Subscription	5,000	By Printing & Stationery	1,000
To Donations (Revenue)	5,000	By Commission	500
To Entrance fees	4,000	By Rent	2,000
To Interest	1,000	By Electric Charges	1,500
		By Furniture	8,000
		By Balance c/d	1,000
	18,000		18,000

Additional Information :

- 1) Outstanding Rent was ₹ 200
- 2) Subscription includes ₹ 1,000 as Subscription received in advance and subscription outstanding for current year was ₹ 500.
- 3) Depreciate Furniture @ 8 % p.a.
- 4) 50 % Entrance fees should be capitalised
- 5) Capital Fund was ₹ 3,000

Income and Expenditure Account
for the year ended 31st March 2019

Dr.

Cr.

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Salaries		4,000	By Subscriptions	5,000	
To Printing & Stationery		1,000	Less : Advance Subscriptions	1,000	
To Commission		500		4,000	
To Rent	2,000		Add : O/s Subscriptions	500	4,500
Add : O/s Rent	200	2,200	By Donations		5,000
To Electric charges		1,500	By Entrance fees	4,000	
To Deperaciation on Furniture		640	Less : 50 % Capitalised	2,000	2,000
To Surplus (Excess of Income over Expenditure)		2,660	By Interest		1,000
		12,500			12,500

Balance Sheet
as on 31st March 2019

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund	3,000		Furniture	8,000	
Add : 50 % Entrance fees	2,000		Less : 8 % Depreciation	640	7,360
Add : Surplus	2,660	7,660	Cash in hand		1,000
Outstanding Rent		200	O/s Subscription		500
Subscription received in advance		1,000			
		8,860			8,860

8 : Dr. Abhinav Bharat started practice of Medical Practitioner on 1st April 2019, He gives you the Receipts and Payments Account for the year ended 31st March 2020 and the adjustments.

Prepare Income and Expenditure Account and Balance Sheet for the year ended 31st March 2020.

Dr. Abhinav Bharat
Receipts and Payments Account
for the year ended 31st March 2020

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Cash introduced	25,000	By Furniture	8,000
To Visit fees	10,000	By Equipments	10,000
To Receipts from Dispensary	30,000	By Drugs	7,000
To Sundry Receipts	5,000	By Salaries	12,000
		By Rent	6,000
		By Conveyance	4,000
		By Stationery	500
		By Electrical Charges	5,000
		By Journals	500
		By Drawings	15,000
		By Balance c/d	2,000
	70,000		70,000

Additional Information :

- 1) Receipts in Arrears are Visit Fees ₹ 2,000 and Dispensary ₹ 500
- 2) Outstanding Expenses - Rent ₹ 500 and Salaries ₹ 1,000
- 3) Stock of drugs was ₹ 1,000
- 4) Depreciate Furniture @ 8 % p.a. and Equipments ₹ 500.

Solution :

In the books of Dr. Abhinav Bharat.
Income and Expenditure Account
for the year ended 31st March 2020

Dr.			Cr.		
Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Drugs	7,000		By Visit fees	10,000	
Less : Stock & Drugs	1,000	6,000	Add : Outstanding	2,000	12,000
To Salaries	12,000		Visit Fee		
Add : O/s Salary	1,000	13,000	By Receipts for	30,000	
To Rent	6,000		Dispensary		
Add : O/s Rent	500	6,500	Add : Outstanding	500	30,500
To Conveyance	4,000		By Sundry Receipts		5,000
Less : 40 % Domestic	1,600	2,400			
To Stationery		500			
To Electrical Charges		5000			
To Journals		500			
To Deperaciation on					
Furniture	640				
Equipments	500	1,140			
To Surplus		12,460			
(Excess of Income					
over expenditure)					
		47,500			47,500

Balance Sheet as on 31st March 2020

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund (Cash Introduced)	25,000		Furniture	8,000	
Add : Surplus	12,460		Less : 8 % Depreciation	640	7,360
	37,460		Equipments	10,000	
Less : Drawings	15,000		Less : Depreciation 5%	500	9,500
	22,460		Stock of Drugs		1,000
Less : Additional Drawings	1,600	20,860	O/s Visit Fees		2,000
			O/s Receipts form		
Outstanding Rent		500	Dispensary		500
Outstanding Salaries		1,000	Cash in Hand		2,000
		22,360			22,360

9 : Following is the Receipts and Payments Account of Parnil Sports Club, Pune and additional information given below you are required to prepare Income and Expenditure Account.

Account for the year ended 31st March 2019 and a Balance Sheet as on that date.

**Receipts and Payments Account
for the year ended 31st March 2019**

Dr.			Cr.
Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	5,000	By Bank Overdraft (repaid)	32,000
To Subscriptions		By Salaries	10,000
2016 - 17 2,000		By Electrical Charges	4,000
2017 - 18 3,000		By Municipal Taxes	2,700
2018 - 19 70,000	75,000	By Purchase of Sports Materials	50,000
To Donations	15,000	By General Expenses	500
To Entrance fees	1,700	By Billiard Expenses	3,000
To Life membership fees(Revenue)	17,000	By Repairs to Ground	500
To Tournament Receipts	60,000	BY Tournaments Exp.	50,000
		By Balance c/d	
		Cash in Hand	7,000
		Cash at Bank	14,000
	1,73,700		1,73,700

Additional Information :

- 1) 50 % Donations are for Building Fund
- 2) 70 % of Entrance fees should be Capitalised
- 3) Subscription ₹ 500 for the year 2016 - 17 and ₹ 1,000 for the year 2017 - 18 are still in arrears.
- 4) Following are the balances appeared in the books as on 1-4-2018.
Building Fund ₹ 47,000, Bank Overdraft ₹ 32,000, Land ₹ 1,50,000. Sports Materials ₹ 30,000, Outstanding Subscription for 2016 - 17 ₹ 2,500 and 2017 - 18 ₹ 4,000.
- 5) Outstanding subscription for the current year is ₹ 8,000
- 6) Closing Stock of Sports Materials was ₹ 8,000 on which depreciation is to be provided at 12.5% p.a.

Solution :

**Income and Expenditure Account
for the year ended 31st March 2019**

Dr.**Cr.**

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Salaries		10,000	By Tournament Receipts	60,000	
To Electricity Charges		4,000	Less : Tournament exp.	50,000	10,000
To Municipal taxes		2,700	By Subscriptions	70,000	
To Sports Materials consumed			Add : Outstanding	8,000	78,000
Opening Stock	30,000		By Donations	15,000	
Add : Purchases	50,000		Less : 50 % for Building fund	7,500	7,500
	80,000		By Entrance fees	1,700	
Less : Closing Stock	8,000	72,000	Less : 70 % Capitalised	1,190	510
To General Expenses		500	By Life Membership Fee		17,000
The Billiard Expenses		3,000			
To Repairs to Ground		500			
To Depreciation on Sports Materials		1,000			
To Surplus (Excess of Income over Expenditure)		19,310			
		1,13,010			1,13,010

Balance Sheet
as on 31st March 2019

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund	1,12,500		Cash in Hand		7,000
Add : 70 % Entrance fees	1,190		Cash at Bank		14,000
Add : Surplus	19,310	1,33,000	O/s Subscription		
Building Fund	47,000		2016 - 17	500	
Add : 50 % Donations	7,500	54,500	2017 - 18	1,000	
			2018 -19	8,000	9,500
			Land		1,50,000
			Sports Materials	8,000	
			Less : 12.5 % Depreciation	1,000	7,000
		1,87,500			1,87,500

Working Notes :

1) Calculation of Capital Fund

Balance Sheet
as on 31st March 2018

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Building Fund		47,000	Land		1,50,000
Bank Overdraft		32,000	Sports Materials		30,000
Capital Fund		1,12,500	Outstanding Sub.		
(Balancing figure)			2016 - 17	2,500	
			2017 - 18	4,000	6,500
			Cash in Hand		5,000
		1,91,500			1,91,500

2) Calculation of Depreciation on Sports Materials

$12 \frac{1}{2} \% \text{ Depreciation, on ₹ 8,000}$

$$8,000 \times \frac{12.5}{100} = ₹ 1,000$$

10 : Saraswati High School, Khed showed the following position on 31st March 2018

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

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund		6,80,000	Cash in Hand		5,000
Entrance fees		20,000	Cash at Bank		8,000
			Laboratory		15,000
			Building		6,00,000
			Furniture		40,000
			Books		22,000
			Tuition fees		10,000
			Receivable		
		7,00,000			7,00,000

**Receipts and Payments Account
for the year ended 31st March 2019**

Dr.

Cr.

Receipts	Amount ₹	Amount ₹	Payments	Amount ₹	Amount ₹
To Balance b/d			By Salaries to Teachers		1,80,000
Cash	5,000		By Salaries to Office		30,000
Bank	8,000	13,000	staff		
To Tuition fees			By Books		15,000
2017 - 18	8,000		(Purchased on 1-1-2019)		
2018 - 19	1,00,000	1,08,000	By Printing & Stationery		5,000
To Fine Collected		2,000	By Annual		10,000
To Admission fees		10,000	Gathering Exp		
To Term fees		7,000	By Office Rent		16,000
To Donations to for		1,000	By Repairs		15,000
Library			By Sports Exp.		5,000
To Interest on Bank		5,000	By Furniture		50,000
Deposits			(Purchased on 1-7-2018)		
To Govt. Grants		2,00,000	By Balance c/d		
(Revenue)			Cash	8,000	
			Bank	12,000	20,000
		3,46,000			3,46,000

Additional Information :-

- 1) Tuition fees are outstanding for current year ₹ 5,000
- 2) Salary to teachers is outstanding ₹ 15,000
- 3) Rent paid in advance is ₹ 3,000
- 4) Depreciation on Books @ 15 % p. a. and 10 % on Furniture.

You are required to prepare Income & Expenditure Account for the year ended 31st March, 2019 and a Balance Sheet as on that date.

Solution :

**In the Book of Saraswat High School, Khed
Income and Expenditure Account
for the year ended 31st March, 2019**

Dr.**Cr.**

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Salaries to teachers	1,80,000		By Tuition fees	1,00,000	
Add : o/s Salaries	15,000	1,95,000	Add : Outstanding tuition fees	5,000	1,05,000
To Salaries to Office Staff		30,000	By Fine Collected		2,000
To Printing and Stationery		5,000	By Admission fees		10,000
To Annual Gathering Expenses		10,000	By Term fees		7,000
To Office Rent	16,000		By Interest on Bank Deposits		5,000
Less : Prepaid Rent	3,000	13,000	By Govt. Grants		2,00,000
To Repairs		15,000			
To Sports Expenses		5,000			
To Depreciation on Furniture	7,750				
Books	3,863	11,613			
To Surplus (Excess of Income over Expenditure)		44,387			
		3,29,000			3,29,000

Balance Sheet as on 31st March 2019

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund	6,80,000		Cash in Hand		8,000
Add : Surplus	44,387	7,24,387	Cash in Bank		12,000
Entrance fees		20,000	Tution fees Receivable		
Donations for Library		1,000	2017 - 18	2,000	
Outstanding Salary of teachers		15,000	2018 - 19	5,000	7,000
			Prepaid Rent		3,000
			Laboratory		15,000
			Building		6,00,000
			Furniture	40,000	
			Add : Furniture Purchased	50,000	
				90,000	
			Less : 10 % Depreciation	7,750	82,250
			Books	22,000	
			Add : Purchases	15,000	
				37,000	
			Less : 15 % Depreciation	3,863	33,137
		7,60,387			7,60,387

Working Notes :

1) Calculation of Depreciation on Furniture

₹

a) 10 % Depreciation on ₹ 40,000

4,000

b) 10 % Depreciation on ₹ 50,000
for 9 months

$$50,000 \times \frac{10}{100} \times \frac{9}{12}$$

3,750

7,750

Total Depreciation

2) Calculation of Depreciation on Books

₹

a) 15 % Depreciation on ₹ 22,000 =

3,300

b) 15 % Depreciation on ₹ 15,000
for 3 months

$$15,000 \times \frac{15}{100} \times \frac{3}{12} =$$

563

Total Depreciation

3,863

11 : Following is the Balance Sheet on 1st April 2019 and Receipts and Payments Account of Dayanand Library Ambajogai. You are required to prepare Income and Expenditure Account of the year ended 31st March 2020 and Balance Sheet as on that date.

Balance Sheet as on 31st March 2019

Liabilities	Amount ₹	Assets	Amount ₹
Capital Fund	7,50,000	Furniture	50,000
Subscription received in Advance	3,000	Books	6,50,500
Outstanding Expenses	2,000	Stock of Postage stamps	500
		Investments in Securities	7,000
		Cash in Hand	7,000
		Cash at Bank	40,000
	7,55,000		7,55,000

**Receipts and Payments Account
for the year ended 31st March 2020**

Dr.			Cr.
Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Salaries	24,000
Cash	7,000	By Purchase of Postage Stamps	1,500
Bank	40,000	By Books (Purchased on 1-10-19)	1,00,000
To Members Subscription	1,80,000	By Outstanding Expenses Paid	2,000
To Entrance fees	30,000	By Investments in Fixed Deposit	50,000
To Sale of old News Papers	2,000	By Furniture	30,000
To Hire of Lecture Hall	10,000	(Purchases on 1-7-2019)	
To Interest on securities	5,000	By Printing & Stationery	6,000
To Life Members Fee	10,000	By Rent	18,000
		By Balance c/d	
		Cash	9,500
		Bank	43,000
	2,84,000		2,84,000

Adjustments :

- 1) Depreciation on Books at 10 % p.a.
- 2) Depreciation on Furniture at 8.5 % p.a.
- 3) 50 % Entrance fees and whole amount of Life Membership Fees should be capitalised.
- 4) Library had 2,000 members paying Subscription ₹ 100 each.
- 5) The value of unused Postage Stamps was ₹ 200.

Solution :

**In the Book of Dayanand Library, Ambajogai.
Income & Expenditure Account
for the year ended 31st March 2020**

Dr.

Cr.

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Salaries		24,000	By Members		
To Postage			Subscription	1,80,000	
Opening Stock	500		Add : Subscription		
Add : Purchases	1,500		received in advance	3000	
	2,000		Add : O/s. Subscription	17,000	2,00,000
Less : Closing Stock	200	1,800	By Entrance fees	30,000	
To Printing and Stationery		6,000	Less : 50 %Capitalised	15,000	15,000
To Rent		18,000	By Sale of old		2,000
To Depreciation on :			News Papers		
Books	70,050		By Hire of Lecture Hall		10,000
Furniture	6,162	76,212	By Interest on securities		10,000
To Surplus (Excess of income over Expenditure)		1,05,988			
		2,32,000			2,32,000

Balance Sheet as on 31st March 2020

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund	7,50,000		Cash in Hand		9,500
Add : 50 % Entrance fees	15,000		Cash at Bank		43,000
Life Membership Fees	10,000		Furniture	50,000	
Surplus	1,05,988	8,80,988	Add : Purchases	30,000	
				80,000	
			Less : 8.5 % Depreciation	6,162	73,838
			Books	6,50,500	
			Add : Purchases	1,00,000	
				7,50,500	
			Less : Depreciation	70,050	6,80,450
			Stock of Postage Stamps		200
			Investment in Securities		7,000
			Investment in Fixed Deposit		50,000
			O/s Subscription		17,000
		8,80,988			8,80,988

Working Notes :**1) Calculation of Depreciation on Books**

₹

a) 10 % Depreciation on ₹ 6,50,500

$$\frac{6,50,500}{1} \times \frac{10}{100} = 65,050 \quad 65,050$$

b) 10 % Depreciation on ₹ 1,00,000
for 6 months

$$\frac{10,000}{1} \times \frac{1}{100} \times \frac{6}{12} = 5,000 \quad 5,000$$

Total Depreciation

70,050**2) Calculation of Depreciation of Furniture**

₹

a) 8.5 % Depreciation on ₹ 50,000

$$50,000 \times \frac{8.5}{100} = 4,250 \quad 4,250$$

b) 8.5 % Depreciation on ₹ 30,000
for 6 months

$$30,000 \times \frac{8.5}{100} \times \frac{9}{12} = 1,912 \quad 1,912$$

Total Depreciation

6,162

12 : Following is the Receipts and Payments Account of Chamber of Commerce, Beed for the year ended 31st March 2018 and same additional information. You are required to prepare Income and Expenditure Account for the year ended 31st March 2018 and Balance Sheet as on that date.

**Receipts and Payments Account
for the year ended 31st March 2018**

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d (Cash at Bank)	22,250	By Insurance	10,000
To Subscription (including ₹ 8,000 for 2016 - 17)	72,000	By Printing & Stationery	4,000
To Sale of Machinery (Book value ₹ 25,000)	20,000	By Books	30,000
To Donations	55,000	By Computers	60,000
To Admission fees (Revenue)	6,000	By Traveling Expenses	4,000
		By Furniture	62,000
		By Balance c/d (Cash at Bank)	5,250
	1,75,250		1,75,250

Additional Information :

- Assets and liabilities on 1st April 2017 were as follows :
Outstanding Subscription ₹ 10,000, Machinery ₹ 50,000, Building Fund ₹ 2,10,000, Investment ₹ 3,00,000.
- Depreciate Machinery by ₹ 2,500.
- Donations received for Building fund.
- Outstanding subscription for the current year was due for ₹ 6,000.

Solution :

In the Book of Chambers of Commerce, Beed.
Income & Expenditure Account
for the year ended 31st March 2018

Dr.**Cr.**

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Insurance		10,000	By Subscriptions	72,000	
To Printing and Stationery		4,000	Less for 2016 - 17	8,000	
To Traveling Exp.		4,000		64,000	
To Loss on sale Machinery		5,000	Add : O/s.Subscriptions By Admission fees	4,000	68,000
To Depreciation on Machinery		2,500			6,000
To Surplus (Excess to Income over Expenditure)		48,500			
		74,000			74,000

Balance Sheet as on 31st March 2018

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund	1,72,250		Cash at Bank		5,250
Add : Surplus	48,500	2,20,750	Books		30,000
Building Fund	2,10,000		Computers		60,000
Add : Donations	55,000	2,65,000	Furniture		62,000
			O/s Subscription 2016 - 17	2,000	
			2017 - 18	4,000	6,000
			Machinery	50,000	
			Less : Sold	25,000	
				25,000	
			Less : Depreciation	2,500	22,500
			Investment		30,000
		4,85,750			4,85,750

Working Note :**1) Calculation of Capital Fund as on 1-4-2017**

Balance Sheet
as on 1st April 2017

Liabilities	Amount ₹	Assets	Amount ₹
Building Fund	2,10,000	Cash at Bank	22,250
Capital Fund	1,72,250	O/s Subscription (2016-17)	10,000
(Balancing figure)		Machinery	50,000
		Investment	3,00,000
	3,82,250		3,82,250

2) Current years O/s Subscription

Subscription Outstanding on 1 st April, 2017	=	10,000
Less Subscription Received for 2016-17	=	8,000
		<u>2,000</u>
Subscription Still Outstanding for	=	

Subscription Outstanding on 31st March, 2018 is given ₹ 6,000 which includes ₹ 2,000 for 2016-17 i.e. Current years Subscription Outstanding will be ₹ (6,000-2,000) ₹ 4,000.

13 : Following is the summary of Receipts and Payments of Jay Hanuman Vyayamshala, Aurangabad for the year ended 31st March 2020.

Receipts & Payments Account
for the year ended 31st March 2020

Dr.			Cr.
Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	32,800	By Salary	50,000
To Subscription		By Lighting	10,500
2018 - 19 4,000		By General Expenses	20,000
2019 - 20 2,30,000	2,34,000	By Maintenances charges	40,000
To Donations	60,000	By Entertainment Exp.	35,000
To Receipts from Entertainments	40,000	By Printing & Stationery	7,000
To Interest on F. D.	3,000	By Expenses for 2018 - 19	25,000
To Entrance fees	50,000	By Investment	1,50,000
To Income from Investment	1,000	By 8 % Fixed Deposit with	50,000
		Wai Urban Bank Ltd.	
		By Balance c/d	33,300
	4,20,800		4,20,800

Additional Information :

- 1) Jay Hanuman Vyayamshala has ₹ 5,000 members paying annual subscription ₹ 50 each.
- 2) Outstanding Salary ₹ 12,000.
- 3) On 1st April, 2019 the assets stood as under.
 - a) Land & Building ₹ 70,000
 - b) Furniture ₹ 45,000
 Depreciate the above assets at 10 % p. a.
- 4) Income Accrued on Investment is ₹ 2,000
- 5) 50 % Entrance fees and 60 % of Donations should be capitalised.

Prepare Income and Expenditure Account for the year ended 31st March 2020 and also Balance Sheet as on same date.

Solution :

In the Book of Jay Hanuman Vyayamshala, Aurangabad.

**Income & Expenditure Account
for the year ended 31st March 2020**

Dr.**Cr.**

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Salary	50,000		By Subscription	2,30,000	
Add : Outstanding	12,000	62,000	Add : O/s Subscription	20,000	2,50,000
To Lighting		10,500	By Donations	60,000	
To General Exp.		20,000	Less : 60 % Capitalised	36,000	24,000
To Maintenance Charges		40,000	By Receipts from		40,000
To Entertainment		35,000	Entertainment		
Expenses			By Income from	1,000	
To Printing & Stationery		7,000	Investment		
To Depreciation on			Add : Outstanding	2,000	3,000
Land & Building	7,000		By Entrance fees	50,000	
Furniture	4,500	11,500	Less : 50 % Capitalised	25,000	25,000
To Surplus		1,60,000	By Interest on F. D.	3,000	
(Excess of Income			Add : O/s Interest	1,000	4,000
over Expenditure)					
		3,46,000			3,46,000

Balance Sheet as on 31st March 2020

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital fund			Cash in Hand		33,300
Opening Balance	1,26,800		Investment	1,50,000	
Add : 50 % Entrance fees	25,000		Add : Accrued Income	2,000	1,52,000
Add : 60 % Donations	36,000		8 % Fixed Deposit	50,000	
Surplus	1,60,000	3,47,800	Add : O/s Interest	1,000	51,000
O/s Salary		12,000	O/s Subscription		20,000
			Land & Building	70,000	
			Less : 10 % Depreciation	7,000	63,000
			Furniture	45,000	
			Less : 10 % Depreciation	4,500	40,500
		3,59,800			3,59,800

Working Note :

1) Calculation of capital fund

Balance Sheet as on 1st April 2019

Liabilities	Amount ₹	Assets	Amount ₹
Outstanding Expenses	25,000	Cash in Hand	32,800
Capital Fund	1,26,800	Outstanding Subscription	4,000
(Balancing figure)		Land & Building	70,000
		Furniture	45,000
	1,51,800		1,51,800

14 : Given below is the Balance Sheet of Yesubai Mahila Mandal on 01.04.2018 and Receipts and Payments Account for the year ending 31.03.2019.

Balance Sheet as on 1st April 2018

Liabilities	Amount ₹	Assets	Amount ₹
Capital Fund	30,000	Cash in Hand	3,000
Outstanding Expenses		Cash at Bank	8,000
Salary 8,000		Furniture	20,000
Rent 7,000		Outstanding Subscription	8,500
Stationery 1,000	16,000	6 % Investment	6,500
	46,000		46,000

Receipts & Payments Account
for the year ended 31st March 2019

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Rent	25,000
Cash in Hand	3,000	By Stationery	3,000
Cash at Bank	8,000	By Salaries	22,000
To Entrance fees	28,000	By Furniture Repairs	1,800
To Subscriptions		By Honorarium to Secretary	16,000
2017 - 18	2,000	By Miscellaneous Expenses	2,000
2018 - 19	45,000	By Balance c/d	
2019 - 20	3,000	Cash in Hand	8,200
To Miscellaneous receipts	5,000	Cash at Bank	16,000
	94,000		94,000

Additional Information :

- 1) Rent for last two months ₹ 5,000 is still due.
- 2) Stationery Expenses payable on 31st March 2019 were ₹ 450.
- 3) Outstanding Subscription for 2018 - 19 was ₹ 3,000.
- 4) Entrance fees should be capitalised.
- 5) Depreciate Furniture @ 10 % p.a.

You are required to prepare Income and Expenditure Account for the year ended 31st March 2019 and a Balance Sheet as on that date.

In the Books of Yesubai Mahila Mandal
Income & Expenditure Account
for the year ended 31st March 2019

Dr.

Cr.

Expenditure	Amt. ₹	Amt. ₹	Income	Amt. ₹	Amt. ₹
To Rent	25,000		By Entrance fees	28,000	
Less : O/s for 2017-18	7,000		Less : Capitalized	28,000	-----
	18,000		By Subscriptions	45,000	
Add : O/s for 2 months	5,000	23,000	Add : O/s Subscriptions	3,000	48,000
To Stationery	3,000		By Miscellaneous		5,000
Less : O/s for 2017 - 18	1,000		Receipts		
	2,000		By O/s Interest on Investment		390
Add : O/s Expenses	450	2,450	By Deficit		7,860
To Salaries	22,000		(Excess of Expenditure		
Less : O/s for 2017 - 18	8,000	14,000	over Income)		
To Furniture Repairs		1,800			
To Honorarium to		16,000			
Secretary					
To Miscellaneous Expenses		2,000			
To Depreciation on Furniture		2,000			
		61,250			61,250

Balance Sheet as on 31st March 2019

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund			Cash in Hand		8,200
Opening Balance	30,000		Cash at Bank		16,000
Add : Entrance fees	28,000		Furniture	20,000	
	58,000		Less : 10 % Depreciation	2,000	18,000
Less : Deficit	7,860	50,140	6 % Investments	6,500	
Outstanding Expenses			Add : O/s Interest	390	6,890
Rent	5,000		Outstanding Subscription		
Stationery	450	5,450	2017 - 18	6,500	
Subscription Received		3,000	2018 - 19	3,000	9,500
in Advance					
		58,590			58,590

15 : Following is the Receipts and Payments Account of Krishna Junior College, Mahabaleshwar for the year ended 31st March 2020.

**Receipts & Payments Account
for the year ended 31st March 2020**

Dr.

Cr.

Receipts	Amount ₹	Amount ₹	Payments	Amount ₹	Amount ₹
To Balance b/d			By Bank Overdraft		28,500
Cash		23,500	By Salaries to teachers		2,00,000
To Tution fees			By Salaries to Office Staff		40,000
2018 - 19	7,000		By Books Purchased on		60,000
2019 - 20	70,000	77,000	1 - 7 - 2019		
To Fine Collected		4,000	By Printing and Stationery		7,000
To Interest on Bank		25,500	By Office Rent		6,000
Deposits			By Repairs		3,000
To Admission fees		12,000	By Sports Expenses		1,500
To Donations for		90,000	By Annual Gathering Exp.		12,000
Prize Fund			By Furniture		40,000
To Govt. Grands		1,73,000	(Purchased on 1-1-2020)		
			By Balance c/d		
			Cash in Hand	200	
			Cash in Bank	6,800	7,000
		4,05,000			4,05,000

Additional Information :

- 1) For the current year (2019 - 20) Tution fees are outstanding ₹ 10,000.
- 2) 50 % Admission fees should be capitalised.
- 3) Outstanding Salary to teachers are ₹ 12,000.
- 4) Depreciation : Books @ 10 % p.a. and Furniture @ 15 % p.a.
- 5) 50 % Govt. Grants should be capitalised.
- 6) Assets and Liabilities on 1st April, 2019 were as follows. Building ₹ 18,00,000, Furniture ₹ 7,00,000, Books ₹ 5,00,000, 9 % Bank Deposits ₹ 3,00,000, Tution fees receivable ₹ 7,000, Bank overdraft ₹ 28,500

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

Solution :

In the Books of Krishna Junior College Mahabaleshwar.
Income and Expenditure Account
for the year ended 31st March 2020

Dr.**Cr.**

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Salaries to teachers	2,00,000		By Tution fees	70,000	
Add : O/s Salary to teachers	12,000	2,12,000	Add : O/s Tution fees	10,000	80,000
To Salaries to office staff		40,000	By Fine Collected		4,000
To Printing & Stationery		7,000	By Admission fees	12,000	
To Office Rent		6,000	Less : 50 %Capitalised	6,000	6,000
To Repairs		3,000	By Interest on	25,500	
To Sports Expenses		1,500	Bank Deposits		
To Annual Gathering Expenses		12,000	Add : O/s Interest	1,500	27,000
To Depreciation on Books	54,500		By Govt. Grants	1,73,000	
Furniture	1,06,500	1,61,000	Less : 50 %Capitalised	86,500	86,500
			By Deficit		2,39,000
			(Excess of Exp. over Income)		
		4,42,500			4,42,500

Balance Sheet as on 31st March 2020

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund	33,02,000		Outstanding Tution fees		10,000
Add : 50 %Admission fees	6,000		Building		18,00,000
			Furniture	7,00,000	
Add : 50 % Govt. Grants	86,500		Add : New Furniture	40,000	
	33,94,500			7,40,000	
Less : Deficit	2,39,000	31,55,000	Less : 15 % Depreciation	1,06,500	6,33,500
Add :			Books	5,00,000	
Donation for prize fund		90,000	Add : Purchases	60,000	
Outstanding		12,000		5,60,000	
Salaries to teachers			Less : 10 % Depreciation	54,500	5,05,500
			9 % Bank Deposits	3,00,000	
			Add : Outstanding Interest	1,500	3,01,500
			Cash in Hand		200
			Cash at Bank		6,800
		32,57,500			32,57,500

Working Note :-**1) Calculation of Capital Fund****Balance Sheet as on 1st April 2019**

Liabilities	Amount ₹	Assets	Amount ₹
Bank overdraft	28,500	Cash in Hand	23,500
Capital fund	33,02,000	Tution fees receivable	7,000
(Balancing figure)		Building	18,00,000
		Furniture	7,00,000
		Books	5,00,000
		9 % Bank Deposits	3,00,000
	33,30,500		33,30,500

2) Calculation of Depreciation on Books

	₹
a) 10 % Depr. on ₹ 5,00,000	50,000
b) 10 % Depr. on ₹ 60,000	
for 9 months	<u>4,500</u>
Total Depreciation	54,500

3) Calculation of Depreciation on Furniture

a) 15 % Depr. on ₹ 7,00,000	1,05,000
b) 15 % Depr. on ₹ 40,000	<u>1,500</u>
for 3 months	1,06,500
Total Depreciation	

4) Calculation of 9 % Interest on Bank Deposits

9 % on Bank Deposits	₹ 3,00,000	
Interest Received	₹ 25,500	
Outstanding Interest	<u>1,500</u>	27,000

16 : The following is the Receipts and Payments Account of Young Pensior's Association. Leh for the year ended 31st March 2020.

**Receipts & Payments Account
for the year ended 31st March 2020**

Dr.

Cr.

Receipts	Amount ₹	Amount ₹	Payments	Amount ₹	Amount ₹
To Bal b/d		7,000	By Stationery		8,000
To Subscriptions			By Postage		1,000
2018 - 19	5,000		By Picnic Exp		8,000
2019 - 20	83,000		By Salaries		8,000
2020 - 21	2,000	90,000	By Annual		4,500
To Entrance fees		13,000	General meeting		
(Capital Receipt)			Expenses		
To Donations		60,000	By Traveling Exp		7,500
To Legacies		40,000	By Rent		12,000
To Interest on			By charity		7,800
Deposit		7,000	By Sundry Exp.		3,200
To Picnic Receipts		10,000	By Fixed Deposit		1,10,000
			By Furniture		50,000
			By Balance c/d		7,000
		2,27,000			2,27,000

Adjustment :

- 1) Outstanding subscription for current year ₹ 7,000.
- 2) Furniture was purchased on 1st Oct, 2019 and it is to be depreciated by 10 % p.a.
- 3) Outstanding picnic receipts ₹ 7,500.
- 4) Stock of stationery on 1-4-2019 was ₹ 350 and on 31st March, 2020 was ₹ 1,700.
- 5) 50 % of legacies and full amount of donations are to be capitalised.

With the above information, you are required to prepare Income and Expenditure Account for the year ended 31st March 2020.

In the Books of Young Pensioner's Association, Leh.
Income and Expenditure Account
for the year ended 31st March 2020

Dr.

Cr.

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Stationery used			By Subscriptions	83,000	
Opening stock	350		Add : Outstanding	7,000	90,000
Add : Purchases	8,000		By Legacies	40,000	
	8,350		Less : 50 %Capitalised	20,000	20,000
Less : Closing stock	1,700	6,650	By Interest on		
To Postage		1,000	Deposits		7,000
To Picnic Exp.		8,000	By Picnic Receipts	10,000	
To Salaries		8,000	Add : Outstanding	7,500	17,500
To Annual		4,500			
General meeting					
Expenses					
To Traveling Exp.		7,500			
To Rent		12,000			
To Charity		7,800			
To Sundry Exp.		3,200			
To Depr. on Furniture		2,500			
To Surplus		73,350			
(Excess of Income over Exp)					
		1,34,500			1,34,500

Working Note :

- 1) Calculation of Depr. on Furniture 10 % Depr. on ₹ 50,000 for 6 months ₹ 2,500.

Hint :

Picnic Receipts + Outstanding Receipts
are credited to Income and Expenditure
A/c and Picnic
Expenses are deducted from Picnic Receipts.

	₹	
Picnic Receipts	10,000	
Add : Outstanding	7,500	
	<u>17,500</u>	
Less : Picnic Expenses	<u>8,000</u>	9,500

17 : Following is the Balance Sheet and Receipts and Payments Account of Samarth Hospital, Sawantwadi.

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

Balance Sheet as on 1st April 2017

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund		8,98,500	Cash in Hand		5,000
Outstanding Salary		15,000	Cash at Bank		25,000
Medicines bill			Land & Building		7,00,000
Unpaid		9,000	Furniture		50,000
Outstanding sundry		1,500	Equipments		1,40,000
Expenses			Outstanding		4,000
		9,24,000	Subscription		
					9,24,000

**Receipts & Payments Account
for the year ended 31st March 2018**

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Medicines (Included of previous year bill)	50,000
Cash in Hand	5,000	By Purchase of Equipment	1,30,000
Cash at Bank	25,000	By Salaries (Inclusive of Previous year)	52,000
To Subscription (included ₹ 4,000 received for previous year)	90,000	By Taxes	7,200
To Sale of Furniture (Book value 20,000)	15,000	By Sundry Expenses (2016 - 17)	1,500
To Donations (Capital)	50,000	By Balance c/d	
To Life Membership fees	30,000	Cash in Hand	8,300
To Visit fees	55,000	Cash at Bank	21,000
	2,70,000		2,70,000

Additional Information :

- 1) Prepaid taxes ₹ 1,000
- 2) Outstanding Salary ₹ 8,000
- 3) Depreciate Land & Building by 10 % p.a. and Equipments by ₹ 12,000
- 4) Outstanding Subscription ₹ 20,000
- 5) 50 % of Life Membership should be capitalised.

Solution :

In the Books of Samarth Hospital, Sawantwadi.
Income and Expenditure Account
for the year ended 31st March 2018

Dr.**Cr.**

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Medicines	50,000		By Subscription	90,000	
Less : Unpaid Bill	9,000	41,000	Less : Previous year (2016-17)	4,000	
To Salaries	52,000			86,000	
Less : O/s for previous year (2016-17)	15,000		Add : O/s Subscription (2017-18)	20,000	1,06,000
Add : O/s (2017-18)	8,000				
To Taxes	7,200	45,000	By Life Membership	30,000	
Less : Prepaid	1,000		Less : 50 % Capitalised	15,000	15,000
To Loss on Sale Of Furniture (20,000 - 15,000)		6,200	By Visit fees		55,000
To Depreciation on : Land & Building	70,000	5,000	By Deficit (Excess of Expenditure over Income)		3,200
Equipment	12,000	82,000			
		1,79,200			1,79,200

Balance Sheet as on 31st March 2018

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund	8,98,500		Cash in Hand		8,300
Add : Life Membership (50 %)	15,000		Cash at Bank		21,000
Add : Donations	50,000		O/s Subscription		
	9,63,500		Land & Building	7,00,000	
Less : Deficit	3,200	9,60,300	Less : 10 % Depreciation	70,000	6,30,000
O/s Salary		8,000	Furniture		
			Opening Balance	50,000	
			Less : Sold	20,000	30,000
			Equipments		
			Opening Balance	1,40,000	
			Add : Additions	1,30,000	
				2,70,000	
			Less : Depreciation	12,000	2,58,000
			Prepaid Taxes		1,000
		9,68,300			9,68,300

18 : From the following Receipts and Payments Account of Bahurao Patil Polytechnic College, Nagpur for the year ending 31st March 2019 and additional information. Prepare Income and Expenditure Account for the year ended 31st March 2019 and a Balance Sheet as on that date.

**Receipts & Payments Account
for the year ended 31st March 2019**

Dr.			Cr.
Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Salaries to teaching staff	15,00,000
Cash	12,000	Office Staff	8,55,000
Bank	2,00,000	By Printing & Stationery	27,000
To Interest	60,000	By Books	88,000
To Donations	7,00,000	By Furniture	78,000
To Tution fees	15,00,000	(Purchased on 1-1-2019)	
To Admission fees	65,000	By Drama Expenses	90,000
To Term fees	4,00,000	By Postage	7,000
To Drama Receipts	1,00,000	By Telephone Charges	6,000
To Rent from use of hall	6,000	By Electricity	61,000
To Legacies (capital)	60,000	By Magazines and Newspaper	6,500
		By Balance c/d	
		Cash	62,000
		Bank	3,23,000
	31,03,000		31,03,000

Additional Information :

1)

Particulars	1/4/2018 (₹)	31/3/2019 (₹)
Books	9,00,000	8,88,000
Furniture	3,26,000	3,00,000
Building Fund	8,27,000	?
Capital Fund	6,11,000	?

- 2) 60 % Donations are for Building Fund and balance is to be treated as revenue income.
3) Outstanding office staff Salaries ₹ 70,000.

Solution :

In the Books of Bahurao Patil Polytechnic College, Nagpur.
Income and Expenditure Account
for the year ended 31st March 2019

Dr.**Cr.**

Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Salaries to teaching staff		15,00,000	By Interest		60,000
To Salaries to office staff	8,55,000		By Donations	7,00,000	
Add : Outstanding	70,000	9,25,000	Less : 60 % for Building	4,20,000	2,80,000
To Printing & Stationery		27,000	By Tution fees		15,00,000
To Pastage		7,000	By Admission fees		65,000
To Telephone charges		6,000	By Term fees		4,00,000
To Electricity		61,000	By Drama Receipts	1,00,000	
To Magazines & News Papers		6,000	Less : Expenses	90,000	10,000
To Depr. on Books	1,00,000		By Rent from Hall		6,000
Furniture	1,04,000	2,04,000	By Deficit (Excess of Expenditure over Income)		4,15,000
		27,36,000			27,36,000

Balance Sheet as on 31st March 2019

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund	6,11,000		Books	9,00,000	
Add : Legacies	60,000		Add : Purchases	88,000	
	6,71,000			9,88,000	
Less : Deficit	4,15,000	2,56,000	Less : 10 % Depreciation	1,00,000	8,88,000
Building Fund	8,27,000		Furniture	3,26,000	
Add : Donations	4,20,000	12,47,000	Add : Purchases	78,000	
O/s Salaries to office staff		70,000		4,04,000	
			Less : Depreciation	1,04,000	3,00,000
			Cash in Hand		62,000
			Cash at Bank		3,23,000
		15,73,000			15,73,000

19 : From the following Particulars relating to Sushma Memorial Hospital, Jalgaon, Prepare Income and Expenditure Account for the year ended 31st March 2020 and Balance Sheet as on that date.

**Receipts & Payments Account
for the year ended 31st March 2020**

Dr.		Cr.	
Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	12,000	By Furniture	27,000
To Subscription	1,03,000	By Medicines	7,000
To Entrances fees (Revenue)	1,700	By Honorarium to Doctors	80,000
To Life membership fees (Revenue)	18,000	By Salary to staff	15,000
To Sale of Old News Papers	500	By General Expenses	8,000
To Donations for Building fund	1,50,000	By Surgical Instruments	60,000
		By Fixed Deposit (31-3-2020)	80,000
		By Balance c/d	5,500
	2,82,500		2,82,500

Additional Information :

1)

Particulars	1/4/2019 ₹	31/3/2020 ₹
Outstanding Subscription	9,000	10,000
Subscription received in advance	8,000	6,000
Building	13,00,000	13,00,000
Investment	2,00,000	2,00,000
Capital Fund	10,13,000	?
Building Fund	5,00,000	?

Solution :

**In the Books of Sushma Memorial Hospital, Jalgaon.
Income and Expenditure Account
for the year ended 31st March 2020**

Dr.			Cr.		
Expenditure	Amount ₹	Amount ₹	Income	Amount ₹	Amount ₹
To Medicines		7,000	By Subscription		1,03,300
To Honorarium to Doctors		80,000	(Workinh Note)		
To Salary to Staff		15,000	By Entrance fees		1,700
To General Expenses		8,000	By Life Membership fees		18,000
To Surplus (Excess of Income over Expenditure)		13,500	By Sale of old News Papers		500
		1,23,500			1,23,500

Balance Sheet as on 31st March 2020

Liabilities	Amount ₹	Amount ₹	Assets	Amount ₹	Amount ₹
Capital Fund	10,13,000		Investment		2,00,000
Add : Surplus	13,500	10,26,500	Building		13,00,000
Building Fund	5,00,000		Furniture		27,000
Add : Donations	1,50,000	6,50,000	Surgical		
Subscription received in advance		6,000	Instruments		60,000
			Fixed Deposit		80,000
			Cash in Hand		5,500
			Outstanding		10,000
			Subscription		
		16,82,500			16,82,500

Working Note : Calculation of Subscription

Particulars	₹
As per Receipts and Payments Account	1,00,300
Add : Outstanding for the Current Year	10,000
	1,10,300
Less : Outstanding for the previous year	9,000
	1,01,300
Add : Received in advance in previous year	8,000
	1,09,300
Less : Received in advance during current year	6,000
As per Income and Expenditure Account	<u>1,03,300</u>

EXERCISE - 2

Q.1 Objective Type Questions:

A) Select the most appropriate alternatives from those given below.

- Not for Profit Concern renders services to public at large.
a) Commercial b) Social c) Individual d) Group
- Donation for Scholarship Fund is
a) Capital Receipt b) Revenue Receipt
c) Capital Expenditure d) Revenue Expenditure
- Income and Expenditure Account is a Account
a) Capital b) Real c) Personal d) Nominal
- Outstanding subscription at the end of the Accounting Year represents
a) Liability b) An Expenditure c) An Asset d) Capital Fund

5. Subscription received in advance during the accounting year is
 a) An Income b) An Expense c) An Asset d) A Liability
6. Excess of Income over Expenditure is termed as
 a) Deficit b) Profit c) Surplus d) Loss
7. Not for Profit Concerns prepares account instead of Profit and Loss account to know the result.
 a) Trading b) Income and Expenditure
 c) Cash d) Receipt and Payments
8. The closing balance of Receipts and Payments account usually represent
 a) Closing stock b) Cash and Bank balance c) Surplus d) Deficit
9. Not for Profit Organization is also called organization.
 a) Service b) Trading c) Profit making d) Commercial
10. Expenditure on Purchase of Building is a Expenditure.
 a) Capital b) Revenue c) General d) Recurring

B) Write the Word / Term / Phrase which can substitute each of the following statements.

1. The Form of Organization providing services to the society only.
2. An account which is prepared by Not for Profit Concern instead of Profit and Loss Account.
3. Donation received for a specific purpose.
4. The Receipts which are not recurring in nature.
5. An Account which records only revenue items in case of Not for Profit Concern.
6. Accounts which records only cash transactions in case of Not for Profit Concern.
7. The income which is earned during the year but not received during the year.
8. The credit balance of Income and Expenditure Account.
9. The excess of total assets over total liabilities of a Not for Profit Concern.
10. All such receipts which are non recurring in nature and not forming a part a regular flow of income.

C) State whether the following statements are True or False with reasons.

1. Not for Profit Concerns do not have profit motive.
2. Charitable Institutions prepare Profit and Loss Account at the end of every financial year.
3. There is no difference between Receipts and Payments Account and Income and Expenditure Account.
4. Income and Expenditure Account represents either surplus or deficit.
5. Receipts and Payments Account do not have any opening balance.
6. Not for Profit Concerns do not prepare Balance Sheet.
7. Purchases of Sports Equipment is a Capital Expenditure.
8. Income and Expenditure Account is Real Account.
9. Receipts and Payments Account contains only the transactions relating to current year.
10. Excess of Assets over Liabilities is called Capital Fund.

D) Fill in the blanks

1. Not for Profit Organization never is engaged in activities.
2. Not for Profit organization is called organization.
3. Receipts and Payments Account falls under the category of Account.
4. In Receipts and Payments Account the summary of transactions are recorded.
5. Income and Expenditure Account is similar to the account of Trading Concern.
6. Credit side of Receipts and Payments Account shows cash
7. Income and Expenditure Account is a Account.
8. Mumbai University prepares Account instead of a Profit and Loss account.
9. Subscription received from the members is considered as receipts.
10. The transactions recorded in Income and Expenditure Account are related only to the year.

E) Answer in one sentence only.

1. What do you mean by 'Not for Profit Concern'?
2. Which organizations prepare Income and Expenditure Account?
3. What is Receipts and Payments Account?
4. Why Income and Expenditure Account is prepared?
5. What is Capital Fund?
6. What is Subscription?
7. What is Legacy?
8. What is Surplus?
9. What do you mean by Non Recurring Expenses?
10. To which account Surplus or Deficit is transferred?

F. I. Complete the Table

Sr.No.	Income ₹	Expenditure ₹	Surplus/Deficit ₹
1	10,000	?	5,000 (Deficit)
2	8,000	?	4,000 (Surplus)
3	?	15,000	8,000 (Surplus)
4	7,500	9,000	?
5	15,000	11,300	?

II. Salaries paid during the year

Sr.No.	Total ₹	Prepaid / Outstanding	₹	Expenditure for the year
1	1,100	Prepaid	100	?
2	2,700	Prepaid	?	2,000
3	8,250	Prepaid	?	6,650
4	1,200	Outstanding	200	?
5	?	Outstanding	600	5,100
6	1,800	Outstanding	?	2,200

III. Rent received during the year

Sr.No.	Total Received ₹	Rent received in Advance/Accrued	₹	Income for the year ₹
1	1,300	Received in Advance	200	?
2	?	Received in Advance	400	1,400
3	2,650	Received in Advance	?	2,000
4	?	Accrued	290	3,190
5	1,700	Accrued	?	2,150
6	2,600	Accrued	500	?

G) Calculate the following

- 10 % p.a. Depreciation on Furniture ₹ 50,000 (for three months)
- 12 % p.a. Interest on Bank Loan ₹ 80,000 for 1 year.
- Opening Stock of Stationery ₹ 5,000, Purchases Stationery ₹ 7,000, Outstanding Stationery Bill ₹ 12,000, Closing Stock ₹ 1,000 What is the amount of Stationery Consumed?
- Salary ₹ 10,000, Outstanding Salary ₹ 5,000, Calculate the Salary to be debited to Income and Expenditure Account?
- Library Books ₹? Less 10 % Depreciation ₹ 5,000 = ₹ 45,000

H) Find odd one.

- Trading Account, Profit and Loss Account, Receipts and Payments Account, Balance Sheet.
- Machinery, Furniture, Computers, Salaries.
- Subscription, Stationery, Interest Received, Locker Rent received,
- Reliance Industries, Venna Vidya Mandir, Laxmi Hospital, Manoj Sports club.
- Surplus, Deficit, Net Profit, Capital fund,

Practical Problems

1. (Calculation of stationery consumed during the year)

Balance Sheet as on 01.04.2018

Liabilities	Amt. ₹	Amt. ₹	Assets	Amt. ₹	Amt. ₹
			Stock of Stationery		400

Receipts and Payments Account for the year ending 31.03.2019

Dr.			Cr.		
Receipts	Amt. ₹	Amt. ₹	Payments	Amt. ₹	Amt. ₹
			By Stationery Purchased		6,300

Adjustments :

- 1) ₹ 1,000 Outstanding for Stationery bill.
- 2) Stock of Stationery as on 31.03.2019 was valued at ₹ 1,800.

With the above information, calculate the amount of Stationery consumed during the year and show its presentation in final Accounts of a concern.

(Ans. : Stationery Consumed during the year ₹ 5,900)

2. (Presentation of Subscription only)**Balance Sheet as on 01.04.2018**

Liabilities	Amt. ₹	Amt. ₹	Assets	Amt. ₹	Amt. ₹
Subscription received in Advance for 2018 - 19		20,000	Outstanding Subscription		
			2016 - 17	26,000	
			2017 - 18	35,000	61,000

Receipts and Payments Account for the year ending 31.03.2019.**Dr.****Cr.**

Receipts	Amt. ₹	Amt. ₹	Payments	Amt. ₹	Amt. ₹
To Subscriptions					
2016 - 17	23,000				
2017 - 18	30,000				
2018 - 19	4,10,000				
2019 - 20	21,000	4,84,000			

Adjustments :

Outstanding Subscription for 2018 - 19 is ₹ 32,000.

With the above information present the item Subscription in Income and Expenditure Account for the year ended 31.03.2019 Balance Sheet as on the date.

Ans. :

- i) Total subscription for 31.03.2019 ₹ 4,62,000.
- ii) Total subscription for outstanding as on 31.03.2019 ₹ 40,000 (i.e ₹ 3,000 + ₹ 5,000 + ₹ 32,000)
- iii) subscription received in advance for 2019 - 20 ₹ 21,000)

3.**Receipts and payments Account for the year ending 31.03.2018.****Dr.****Cr.**

Receipts	Amt. ₹	Amt. ₹	Payments	Amt. ₹	Amt. ₹
To Subscriptions					
2016 - 17	2,000				
2017 - 18	60,000				
2018 - 19	4,500	66,500			

Adjustments :

Subscription Outstanding for the year 2017 - 18 is ₹ 6,000.

During previous year Subscription received in advance for 2017 - 18 is ₹ 2,000.

Outstanding subscription of 2016 - 2017 is ₹ 2,500

With the help of above information present the item Subscription in Income and Expenditure Account for the year ending 31.03.2018 and Balance Sheet as on that date.

(Ans. : Subscription ₹ 68,000)

4. (Preparation of Income and Expenditure Account only)

Following is the Receipts and Payments Account of “Satara Sports Club” Satara Prepare Income and Expenditure Account for the year ending 31.03.2019.

Receipts and Payments Account for the year ending 31.03.2019.

Dr.			Cr.		
Receipts	Amt. ₹	Amt. ₹	Payments	Amt. ₹	Amt. ₹
To Balance b/d			By Salaries		5,000
Cash in hand	4,500		By Rent (Including ₹ 2,000		5,000
Cash at Bank	12,000	16,500	for 2017 - 18)		
To Subscription			By Electricity Charges		1,450
2017 - 18	4,000		By Fixed Deposit		60,000
2018 - 19	44,500		By Printing and Stationery		750
2019 - 20	3,500	52,000	By General Expenses		5,500
To Entrance fees		8,000	(Including ₹ 500 paid for		
To Donation for		70,000	next year)		
Building fund			By Sports Material Purchased		40,000
To Interest		600	By Balance c/d		
To Sale of furniture		4,500	Cash in Hand	8,900	
(Book Value ₹ 8000)			Cash at Bank	25,000	33,900
		1,51,600			1,51,600

Adjustments :

- 1) Outstanding Subscription for Current Year is ₹ 4,500
- 2) Outstanding Rent for Current Year amounted to ₹ 1,000
- 3) Entrance Fees are to be treated as Revenue Income
- 4) Stock of Sports Material as on 01.04.2018 ₹ 6,000 and on 31.03.2019 ₹ 14,000

(Ans. : Surplus Amount ₹ 5,900)

5. “Bhartiya Kala Kendra”, Solapur gives you the following information, for the year ended on 31.03.2018 Prepare Income and Expenditure Account for the year ending 31.03.2018

Receipts and payments Account for the year ending 31.03.2018.

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Stationery	600
Cash in Hand	200	By Furniture Purchased	7,000
Cash at Bank	12,500	By Investments in	14,000
To Locker Rent	400	Govt. Securities	
To Entrance fees	2,900	By Expenses of Drama	3,000
To Sale of old newspapers	250	By Postage	450
To Receipts from Drama	9,000	By Magazine and	600
To Legacies	12,000	Newspaper	
To Interest of Govt. Securities	400	By Salaries	4,400
To Miscellaneous Receipts	400	By Balance c/d	
		Cash in Hand	700
		Cash at Bank	7,300
	38,050		38,050

Additional Information :

- 1) Legacies are to be capitalized
- 2) Outstanding Salary ₹ 200
- 3) 50 % of Entrance Fees are to be Capitalised

(Ans. : Surplus ₹ 2,650)

6. (Accounts of a Charitable Hospital)

From the following particulars relating to “Radha-Krishna Charitable Hospital” Pune. Prepare Income and Expenditure Account for the year ending 31.03.2020 and Balance Sheet as on that date.

Receipts and payments Account for the year ending 31.03.2020.

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Medicines Purchased	41,000
Cash	8,230	By General Expenses	1,050
To Subscriptions	52,000	By Salaries	23,500
To Donations (General)	17,500	By Stationery	2,000
To Interest in Investments	10,000	By Expenses on Charity Show	550
To Proceeds from Charity Show	8,530	By Surgery and Dispensary Exp.	4,200
		By Equipments	10,000
		By Balance c/d	
		Cash in Hand	960
		Cash at Bank	<u>13,960</u>
	96,260		96,260

Additional Information :

Particulars	01.04.2019 ₹	31.03.2020 ₹
1. Subscription Due	310	350
2. Subscription Received in Advance	600	150
3. Stock of Medicines	8,000	11,000
4. Estimated Value of Equipments	15,000	?
5. Buildings	40,000	?
6. Capital Fund	1,70,940	?
7. 10 % Investment	1,00,000	?

Provide Depreciation on Equipments ₹ 1,900 and on Building ₹ 1,500

(Ans. : Surplus ₹ 15,820, Total of Balance Sheet ₹ 1,86,910)

7. From the following transactions of Receipts and Payments Account of “Pavan - putra Hanuma Vyayamshala” Parbhani, and the adjustments given, you are required to prepare Income and Expenditure Account and Balance Sheet as on 31st March 2019.

Receipts and payments Account for the year ending 31.03.2019.

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Salaries	6,000
Cash in Hand	5,000	By Entertainment Expenses	2,480
To Subscriptions		By Sundry Expenses	1,300
2018 - 19	18,000	By Electricity Charges	1,200
2019 - 20	410	By Rent	700
To Donations	6,000	By Investment	15,000
To Receipts from Entertainment	5,400	By Printing and Stationery	800
To Interest	400	By Postage	3,200
To Entrance fees	6,200	By Fixed Deposit	3,900
		By Balance c/d	
		Cash in Hand	830
		Cash at Bank	6,000
	41,410		6,830
			41,410

Adjustments :

- There are 500 members paying an annual Subscription of ₹ 50 each
- Outstanding Salary was ₹ 1,200
- The Assets on 01.04.2018 were as follows:
Building ₹ 50,000, Furniture ₹ 15,000
- Provide depreciation on Building and Furniture at 5 % and 10 % respectively.
- 50 % Entrance Fees is to be capitalized.
- Interest on Investment at 5 % p. a. has accrued for 6 months.
- Capital Fund ₹ 70,000 on 01.04.2018

(Ans. : Surplus ₹ 19,395, Total of Balance Sheet ₹ 94, 105)

8. (Newly Started Art Circle)

“Jeevan Jyoti Art Circle” a newly established concern has presented the following information.

Receipts and payments Account for the year ending 31.03.2018.

Dr.			Cr.		
Receipts	Amt. ₹	Amt. ₹	Payments	Amt. ₹	Amt. ₹
To Admission fees		22,000	By Furniture		12,000
To Subscriptions		40,000	By Stationery		4,000
To Donations		18,000	By Office Rent		2,600
			By Newspapers & Periodicals		300
			By Telephone Expenses		560
			By Investments		23,000
			By Balance c/d		
			Cash in Hand	7,540	
			Cash at Bank	30,000	37,540
		80,000			80,000

Adjustments :

- Subscription Outstanding for the year was ₹ 5,000
 - Depreciate Furniture @ 10 % p.a
 - Full amount of Admission Fees and 50 % Donations are to be capitalized.
- You are required to prepare income and Expenditure Account for the year ending 31.03.2018 and Balance Sheet as on that date.
- (Ans. : Surplus ₹ 45,340, Total of Balance Sheet ₹ 76,340)**

9. Given below is Receipts and Payments Account of “Vithai Mahila Mandal” Pandharpur for the year ending 31.03.2018. Prepare an Income and Expenditure Account for the year ended 31.03.2018 and Balance Sheet as on that date.

Receipts and payments Account for the year ending 31.03.2018.

Dr.			Cr.		
Receipts	Amt. ₹	Amt. ₹	Payments	Amt. ₹	Amt. ₹
To Balance b/d			By Stationery		600
Cash in Hand	3,000		By Repairs to Furniture		95
Cash at Bank	20,000	23,000	By Rent		8,30
To Entrance Fees		3,500	By Salaries		15,00
To Subscription		19,000	By Miscellaneous Expenses		45
To Miscellaneous Receipts		850	By Balance c/d		
			Cash in Hand	1,650	
			Cash at Bank	14,000	15,650
		46,350			46,350

Adjustments :

- 1) Capital Fund on 01.04.2017 was ₹ 90,000
- 2) Outstanding Subscription ₹ 4,000
- 3) Entrance Fees are to be capitalized
- 4) Rent paid includes ₹ 800 paid for April 2018
- 5) They have following Assets and Liabilities 01.04.2017
Furniture ₹ 9,000, Building ₹ 70,000, and Outstanding Expenses ₹ 12,000

(Ans. : Deficit ₹ 6,050, Total of Balance Sheet ₹ 99,450)

10. From the following Receipts and Payments Account “K.B.P. Engineering College” Nashik for the year ending on 31.03.2019 and additional information, prepare Income and Expenditure Account for the year ending 31.03.2019 and Balance Sheet as on that date.

Receipts and payments Account for the year ending 31.03.2019.

Dr.			Cr.
Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d		By Salaries to Teaching Staff	11,70,000
Cash in Hand	18,000	By Electricity Charges	55,000
Cash at Bank	1,00,400	By Books	61,000
To Interest	55,000	By Furniture	51,000
To Subscriptions	28,300	By Stationery	21,850
To Life Membership fees	25,000	By Fixed Deposit (31.03.2019)	8,50,000
To Donation	7,00,000	By Balance c/d	
To Tution Fees	12,30,000	Cash in Hand	16,650
To Term Fees	2,00,800	Cash at Bank	2,00,000
To Sundry Receipts	8,000		
To Admission Fees (Revenue)	60,000		
	24,25,500		24,25,500

Additional Information :

Particulars	01.04.2018 ₹	31.03.2019 ₹
Books	6,00,000	6,00,000
Furniture	3,19,000	3,00,000
Building Fund	10,00,000	?
Fixed Deposit	9,10,000	?
Capital Fund	9,47,400	?

- 1) 50% of Donation are for Building Fund and the balance is to be treated Revenue Income.
- 2) Outstanding subscription ₹ 5,300
- 3) Life membership fees are to capitalised

(Ans. : Surplus ₹ 5,59,550, Total of Balance Sheet ₹ 28,81,950)

11. (Account of a School)

From the following Balance Sheet and Receipts and Payments Account of “New English School”, Barshi, Prepare Income and Expenditure Account for the year ending 31.03.2020 and a Balance Sheet as on that date.

Balance Sheet as on 01.04.2019

Liabilities	Amount ₹	Assets	Amount ₹
Capital Fund	6,43,000	Cash in Hand	6,000
		Cash at Bank	10,000
		Building	4,50,000
		Furniture	72,000
		Library Books	45,000
		Computer Laboratory	60,000
	6,43,000		6,43,000

Receipts and Payments Account for the year ending 31.03.2020.

Dr.			Cr.		
Receipts	Amt. ₹	Amt. ₹	Payments	Amt. ₹	Amt. ₹
To Balance b/d			By Salary		90,000
Cash in Hand	6,000		By Library Books		14,000
Cash at Bank	10,000	16,000	By Office Rent		10,000
To Tution Fees		90,000	By Printing and Stationery		22,000
To Term Fees		3,000	By Sundry Expenses		12,000
To Admission Fees		12,000	By Insurance		10,200
To Donation (Capital)		61,000	By Sport Expenses		8,000
To Interest Received		2,000	By Annual Gathering Exp.		9,000
To Government Grant (Revenue)		1,20,000	By Furniture		50,000
To Sundry Receipts		11,000	By Repairs		15,000
			By Balance c/d		
			Cash in Hand	4,800	
			Cash at Bank	70,000	74,800
		3,15,000			3,15,000

Additional Information :

- 1) Outstanding Salary of ₹ 9,000
 - 2) Outstanding Tution Fees ₹ 15,000
 - 3) Depreciate Library Books by ₹ 9,000 and Furniture by ₹ 10,000
- (Ans. : Surplus ₹ 48,000, Total of Balances Sheet ₹ 7,61,800)

12. (Account of a Library)

Following is the Receipts Payments Account of “Dhananjay Library , Mumbai” for the year ending 31.03.2020

Receipts and payments Account for the year ending 31.03.2020.

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	5,000	By Salaries	9,000
To Admission Fees	4,500	By Rent	7,500
To Subscriptions	20,000	By Investments	6,000
To Lecture Hall Hire Charges	4,200	By Stationery	1,350
To Miscellaneous Income	250	By Electricity Charges	850
To Interest on Investment	900	By Books	5,000
		By Outstanding Expenses (2018 - 19)	500
		By Balance c/d	4,650
	34,850		34,850

You are required to prepare an Income and Expenditure Account for the year ended 31.03.2020 and Balance Sheet as on that day.

The following information is also made available to you.

- On 31.03.2019, the Library had the following Assets also; Books at ₹ 50,000, Furniture ₹ 6,500, and Machinery of ₹ 30,000
 - Subscription received in advance amounted to ₹ 500
 - Outstanding Salaries ₹ 1300 and for Rent ₹ 950
 - 50 % of the Admission Fees should be capitalized.
 - Furniture to be depreciated at 10 % p.a.
 - Library Books were purchased on 1st April 2019 charge Depreciation at 10 % p. a.
 - The Investments were purchased on 01.04.2019 and they carry interest at 20 % p.a.
- (Ans. : Surplus ₹ 300, Balance Sheet Total ₹ 96,300 Capital Fund ₹ 91,000)

13. (Outstanding Expenses and Prepaid Expenses)

From the following information supplied to you, prepare Income and Expenditure Account for the year ending on 31.03,2020 and Balance Sheet as on that date for “Morya Sports Club” Thane.

Balance Sheet as on 01.04.2019.

Liabilities	Amount ₹	Assets	Amount ₹
Capital Fund	64,500	Machinery	69,000
Bank overdraft	38,000	Outstanding Subscriptions	8,000
Outstanding Salary	4,000	Prepaid Insurance Premium	2,000
		Furniture	15,000
		Cash in Hand	12,000
		Outstanding Locker's Rent	500
	1,06,500		1,06,500

Receipts and Payments Account for the year ended 31.03.2020

Dr.

Cr.

Liabilities	Amount ₹	Payments	Amount ₹
To Balance b/d	12,000	By Balance b/d (Bank Overdraft)	38,000
To Subscription	1,05,000	By Salary	17,500
To Entrance Fees (Capitalized)	9,300	By Insurance Premium	11,000
To Locker Rent	1,500	By Interest	1,400
To Donations (Capitalized)	800	By Refreshment Expenses	4,200
		By Furniture	30,000
		By Balance c/d	
		Cash in Hand	6,500
		Cash at Bank	20,000
	1,28,600		1,28,600

Adjustments :

- Subscription received includes ₹ 3,000 for 2018 - 19 and Outstanding Subscription for 2019 - 20 was ₹ 14,000.
- On 31.03.2020, Prepaid Insurance Premium was ₹ 2,500.
- Depreciate Furniture by ₹ 3,000.
- Locker Rent Outstanding for 2019 - 20 is ₹ 400.

(Ans. : Surplus ₹ 84,800, Total of Balance Sheet ₹ 1,59,400)

14. (Charitable Hospital)

Following information has been provided by “Vivekanand Charitable Hospital” Latur. You are required to prepare Income and Expenditure Account for the year ending on 31.03.2019 and Balance

Sheet as on that date.

Balance Sheet as on 01.04.2018.

Liabilities	Amount ₹	Assets	Amount ₹
Capital Fund	11,00,000	Building	10,50,000
Bank Loan	6,50,000	Ambulance	4,00,000
Outstanding Bill for Drugs	50,000	Stock of Drugs	42,000
		Hospital Equipments	3,04,000
		Cash in Hand	4,000
	18,00,000		18,00,000

Receipts and Payments Account for the year ended 31.03.2019

Dr.

Cr.

Receipts	Amount ₹	Payments	Amount ₹
To Balance b/d	4,000	By Purchase of Drugs (Includes 40,000 for 2017 - 18)	2,00,000
To Subscription	2,22,000	By Salary to Staff	85,000
To Life Membership Fees	30,000	By Honorarium to Doctors	4,00,000
To Hospital Receipts (Revenue)	5,10,400	By Repairs and Maintenance	18,000
		By Furniture	45,000
		By General Expenses	16,000
		By Balance c/d	2,400
	7,66,400		7,66,400

Adjustments :

- 1) On 31.03.2019 Stock of Drugs was valued at ₹ 22,000.
- 2) Depreciation on Building at 5 % p.a. and on Ambulance ₹ 30,000.
- 3) Life Membership Fees are to be capitalized.

(Ans. : Deficit ₹ 49,100, Balance Sheet Total ₹ 17,40,900)

Activity :

1. Visit any Mahila Bachat Gat and study the procedure of maintaining the accounts and write a report on the same.
2. Visit any School/Junior College and study the Income & Expenditure A/c and Balance Sheet.
3. Visit any Co-operative Housing Society and understand the procedure of Accounting.

