

BOOK-1

CHAPTER-1

ACCOUNTING FOR NOT-FOR-PROFIT ORGANISATION

Section A: One Mark Questions

I. Fill in the Blanks:

1. Not-For-Profit Organisations are used for the welfare of the _____.
2. Not-For-Profit Organisations are not engaged in _____ or _____.
3. Receipts and Payments Account is the summary of _____ and _____ transactions.
4. Income and Expenditure account is just like a _____ A/c of a trading concern.
5. Income and Expenditure A/c is prepared on _____ basis
6. Subscription is a fee paid by the _____.
7. _____ are the amounts received as per the will of the deceased person.
8. Opening balance in Receipt and Payment A/c represents _____.
9. Government Grant for maintenance is treated as _____ receipt.
10. Donation for specific purpose are always _____.

II. Multiple Choice Questions.

1. Not-For-Profit Organisations are formed for:
(a) Profit (b) Service
(c) Profit & Service (d) None of these
2. Most of Not-For-Profit Organisation transactions are:
(a) Cash (b) Credit
(c) Cash & Credit (d) Barter
3. Receipts and Payments Account include items of:
(a) Capital Nature (b) Revenue Nature
(c) Both (a) & (b) (d) (d) None of these
4. Income and Expenditure Account include the amounts of:
(a) Current year
(b) Previous year
(c) Next year
(d) Both current year and previous year
5. Capital Fund does not include:
(a) Entrance fees (b) Legacies
(c) (Building fund (d) Life Membership Fees

6. Legacies are treated as:

(a) Revenue Receipt	(b) Capital Receipt
(c) Revenue Expenditure	(d) Capital Expenditure
7. Purchase of a computer by a college is treated as:

(a) Capital Receipt	(b) Capital Expenditure
(c) Revenue Receipt	(d) Revenue Expenditure
8. In the absence of any specific instruction, where do you show the Entrance Fee?
 - (a) Debit side of Income and Expenditure account
 - (b) Credit side of Income and Expenditure account
 - (c) Liability side of the Balance sheet
 - (d) Added to Capital Fund on the liabilities side of B/S
9. Special Funds are shown in:

(a) Income Side	(b) Expenditure Side
(c) Liability Side	(d) Asset Side
10. Life Membership fees are treated as:

(a) Capital Receipts	(b) Capital Expenditure
(c) Revenue Receipts	(d) Revenue Expenditure
11. Loss on sale of fixed asset is treated as:

(a) Capital Receipts	(b) Revenue Receipts
(c) Capital Expenditure	(d) Revenue Expenditure

III. True or False types Questions:

1. Receipt and Payment Account is a summary of all capital receipts and payments.
2. If the sports fund is maintained, sports expenses will be shown on the debit side of Income and Expenditure Account.
3. The balancing figure on credit side of Income and Expenditure Account denotes excess of expenses over incomes.
4. Scholarships granted to students out of funds provided by Government will be debited to Income and Expenditure Account.
5. Donations for specific purposes are always capitalized.
6. Opening Balance Sheet is prepared when the Opening Balance of capital fund is not given.
7. Surplus of Income and Expenditure Account is added to Capital Fund.
8. Income and Expenditure Account is equivalent to Profit and Loss Account of a trading concern.
9. Receipts and Payments Account does not differentiate between capital and revenue receipts.
10. Capital and Revenue items are recorded in Receipt and Payment Account.

IV. Very Short Answer Questions:

1. Give an example for Not- For- Profit Organisation.
2. What is the Motive of Not- For- Profit Organisation?
3. Where do you show Opening Bank overdraft in Receipt and Payment Account?
4. Name any one final account of a Not- For- Profit Organisation.
5. State any one major source of income of Not- For- Profit Organisation.
6. State any one books of account maintained by a Not- For- Profit Organisation.
7. State any one feature of Receipts and Payments Account.
8. How do you treat the prizes paid, when the prize fund is not maintained?
9. What is Capital Fund?
10. Give an example for specific donation.
11. How do you treat the tournament expenses, when the Tournament Fund is maintained?
12. How do you treat the Life Membership Fees?

Section B: Two Marks Questions

1. What are Not-For-Profit Organisations?
2. Give any two examples of Not-For-Profit Organisation
3. State any two features of Not-For-Profit Organisation
4. Name any two books of accounts maintained by Not-For-Profit Organisation
5. Give the meaning of Receipts and Payments Account
6. State any two features of Receipt and Payment Account.
7. What do you mean by Income and Expenditure Account?
8. State any two features of Income and Expenditure Account.
9. Give any two examples for revenue expenditure.
10. Give any two examples for capital expenditure.
11. Give any two examples for revenue receipt.
12. Give any two examples for capital receipt.
13. State two differences between Receipts and Payments Account and Income and Expenditure Account.
14. What is Capital Fund?
15. What are Legacies?
16. What is Honorarium?
17. Give the meaning of Endowment Fund.
18. How do you treat tournament expenses, when separate tournament fund is not maintained?
19. How do you treat prizes awarded, when Prize Fund is maintained?

Section D: 12 Marks Questions

I. Preparation of Income and Expenditure Account and Balance

Sheet when Opening Balance Sheet is given in the problem

01. Followings are the Balance Sheet and Receipts and Payments Account of Sharada Education Society, Mangaluru.

Balance Sheet as on 31-03-2017

Liabilities	₹	Assets	₹
Capital fund	36,400	Cash in hand	2,050
Audit fees	2,500	Maps and charts	1,600
		5% Govt. Bonds	31,000
		Subscriptions outstanding	1,000
		Furniture	3,250
	38,900		38,900

Receipts and Payments A/C for the year ending 31-03-2018

Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance b/d	2,050	By Audit fees	2,500
To Subscriptions	20,500	By Rent	1,800
To Donation	2,500	By Maps and charts	3,400
To Interest on Govt. Bonds	850	By Stationery and postage	250
		By Salary	8,000
		By Functions	1,050
		By Balance c/d	8,900
	25,900		25,900

Adjustments:

- 1) Audit fees ₹ 2,500 still due
- 2) Charge ₹ 250 as depreciation on furniture.
- 3) Half of the donation is to be Considered as revenue.
- 4) Outstanding Subscriptions ₹2,000 and subscriptions received in advance ₹1,500.

Prepare: i) Income and Expenditure Account and

ii) Balance Sheet as on 31-03-2018.

(Answer: I & E A/C Surplus ₹ 8,950, Total of B/S ₹ 50,600,)

- 02.** Following are the Balance Sheet and Receipt and Payment Account of Gurudeva Education Trust, Tumkur.

Balance Sheet as on 31-03-2017

Liabilities	₹	Assets	₹
Outstanding Office exp	5,000	Cash in hand	15,000
Bank Loan	35,000	Furniture	25,000
Capital Fund	1,20,000	Buildings	70,000
		Sports Materials	20,000
		Library Books	30,000
	1,60,000		1,60,000

Receipts and Payment A/C for the year ended 31-03-2018

Dr.			Cr.		
Receipts		₹	Payments		₹
To Balance b/d		15,000	By Office Exp.		
To Subs.			2016-17	5,000	
			2017-18	17,000	22,000
2017-18	45,000		By Printing &		
2018-19	5,000	50,000	Postage Exp.		600
To Entrance Fees		8,000	By Salary		25,000
To Donations		12,000	By Purchase of		
To Interest		5,000	books.		10,000
			By Bank Loan		
			repaid.		5,000
			By Subs. to		
			Newspapers		600
			By Balance c/d		26,800
		90,000			90,000

Adjustments:

1. Subscriptions outstanding ₹5,000.
2. Salary prepaid ₹2,500
3. Capitalise 50% of entrance fees and 100% of donations.
4. Depreciate buildings by 10% p.a.

Prepare: i) Income and Expenditure Account for the year ending 31-03-2018.

ii) Balance Sheet as on 31-03-2018.

(Answer: I & E A/C Surplus ₹11,300, Total of B/S ₹ 1,82,300,)

03. Followings are the Balance Sheet and Receipt & Payment Account of Golden Sports Club, Vijayapura.

Balance Sheet as on 31-03-2017

Liabilities	₹	Assets	₹
Outstanding salary	7,000	Cash in hand	15,500
Pre-received Subscriptions	4,000	Sports Materials	35,000
Capital Fund	1,50,500	Furniture	21,000
		Land and Buildings	90,000
	1,61,500		1,61,500

Receipts and payment A/c for the year ending 31-03-2018

Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance b/d	15,500	By Salary	25,000
To Subscriptions	52,000	By Sports materials	
To Entrance Fees	6,000	(1-10-2017)	18,000
To Sale of old newspaper	3,000	By Investments	15,000
To Sports Fees	9,500	By Postage	400
		By Electricity charges	1,600
		By Up-keep of grounds	6,500
		By Balance c/d	19,500
	86,000		86,000

Adjustments:

- Outstanding subscriptions for 2018 ₹1,000
- Outstanding salary as on 31-03-2018 ₹5,000
- Half of the Entrance fees are to be capitalized.
- Depreciate sports materials @ 20% per annum

Prepare: i) Income and Expenditure account for the year ending 31-03-2018 and
ii) Balance Sheet as on that date

(Answer: I & E A/C Surplus ₹ 32,200, Total of B/S ₹ 1,90,700)

04. Followings are the Balance Sheet and Receipt and Payment Account Durgha Sports Club, Koratagere.

Balance Sheet as on 01-01-2017

Liabilities	₹	Assets	₹
Outstanding salary	2,000	Cash balance	7,300
Capital fund	32,500	O/S subscriptions	1,200
		Sports Materials	16,000
		Furniture	10,000
	34,500		34,500

Receipt and Payment A/C for the year ended 31-12-2017

Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance b/d	7,300	By Salary	10,000
To Subscriptions	38,000	By purchase of Sports	
To Entrance Fees	2,000	Materials	6,000
To Sale of old newspapers	200	By Investments	20,000
To Sale of old sports		By Fixed Deposits	10,000
materials	1,200	By Postage	300
To Rent	7,000	By General expenses	400
		By Lighting Charges	1,300
		By Balance c/d	7,700
	55,700		55,700

Adjustment:

- Subscriptions outstanding for the year 2017 is ₹ 3,000.
- Subscriptions received in advance for the year 2018 ₹1,000.
- Depreciate sports materials by ₹5,000.
- Capitalize entrance fees.
- Outstanding lighting charges ₹ 300.

Prepare: (i) Income and Expenditure Account and
(ii) Balance Sheet as on 31-12-2017.

Answer: I & E A/C Surplus ₹ 31,900, Total of B/S ₹ 67,700

05. Followings are the Balance Sheet and Receipt and Payment Account of Malnad Sports Club, Chikkamagaluru.

Balance Sheet as on 31-03-2017

Liabilities	₹	Assets	₹
Outstanding salary	3,200	Cash at Bank	52,400
Outstanding rent	800	Outstanding subs.	4,800
Subs. received in advance	4,000	Investments	5,200
Capital Fund	1,30,800	Sports Materials	43,600
	1,38,800	Furniture	32,800
			1,38,800

Receipt and Payment A/C for the year ending 31-03-2018

Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance b/d	52,400	By Rent: 2016-17	800
To subscriptions		2017-18	8,800
2016-17	4,800	By Salaries: 2016-17	3,200
2017-18	90,200	2017-18	46,400
2018-19	4,200	2018-19	2,400
To Donations	32,400	By Printing	15,200
To Entrance fees	65,200	By General Expenses	10,800
To Interest	2,800	By Furniture	48,000
To Sale of old sports materials	2,000	(31-03-2018)	
		By Sports Materials	57,600
		(01-10-2017)	
		By Balance c/d	60,800
	2,54,000		2,54,000

Adjustments:

- Subscriptions outstanding ₹ 5,600.
- Printing unpaid ₹ 1,000.
- Interest accrued ₹ 800.
- Depreciate furniture by 10% and sports materials by 10%.
- Capitalize 50% of donations.

Prepare: (i) Income and Expenditure account and
(ii) Balance Sheet as on 31-03-2018.

Answer: I & E A/C Surplus ₹ 92,080, Total of B/S ₹ 2,44,280

06. Followings are the Balance Sheet and Receipt and Payment Account of Raghavendra Education Trust, Ballary.

Balance Sheet as on 31-03-2016

Liabilities	₹	Assets	₹
Capital Fund	64,000	Building	60,000
Subscriptions received in advance	1,200	Outstanding subs.	400
Outstanding expenses	2,800	Outstanding rent	840
Loan	10,000	Cash at Bank	20,000
Income & Expenditure A/c	3,240		
	81,240		81,240

Receipt and Payment A/C for the year ending 31-03-2017

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance b/d	20,000	By Expenses:	
To Subscriptions		2015-16 2,800	
2015-16 400		2016-17 <u>3,600</u>	6,400
2016-17 4,200		By Leasehold land	8,000
2017-18 <u>300</u>	4,900	By Interest	800
To Entrance fees	1,600	By Refreshment	
To Rent	1,400	expenses	4,000
To Income from refreshments	8,000	By Balance c/d	16,700
	35,900		35,900

Adjustments:

- Expenses due but not paid ₹ 1000.
- Subscriptions due but not received ₹ 200.
- Interest due but not paid ₹400
- Half of the entrance fees are to be capitalized.
- Depreciate buildings by 10%.

Prepare: (i) Income and Expenditure Account and
(ii) Balance Sheet as on 31-03-2017.

Answer: I & E A/C Deficit ₹ 840, Total of B/S ₹ 78,900

07. Following are the Balance Sheet and Receipts and Payments Account of Hassan Sports Club, Hassan.

Balance Sheet as on 31-03-2017

Liabilities	₹	Assets	₹
Capital Fund	61,000	Buildings	64,000
Subscription for 2017-18	1,000	O/S Subscriptions	1,600
O/S Office expenses	4,000	O/S Rent	400
Bank loan	20,000	Furniture	12,000
		Cash in Hand	8,000
	86,000		86,000

Receipts and Payments A/C for the year ending 31-03-2018

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d	8,000	By Office Expenses:	
To Subscriptions:		2016-17	4,000
2016-17	1,600	2017-18	6,000
2017-18	17,600	By Subscription to	
2018-19	2,800	Newspapers and	
To Entrance Fees	4,000	Journals	2,000
To Rent	4,000	By Refreshment Expenses	4,000
To Income from Drama	6,000	By Investments	10,000
To Sale of newspapers	400	By Bank Loan	8,000
		By Salary	4,400
		By Balance c/d	6,000
	44,400		44,400

Adjustments:

- Subscriptions outstanding ₹1,000,
- Salary outstanding ₹400,
- Interest payable ₹2,400,
- Depreciation on buildings ₹5,000
- Entrance fees are to be capitalised.

Prepare: (i) Income and Expenditure Account and
(ii) Balance Sheet as on 31-03-2018.

(Answer: I & E A/C Surplus ₹ 5,400, Total of B/S ₹ 88,000)

- 08.** Followings are the Balance Sheet and Receipts and Payments Account of Buddivardaka Library, Sirsi.

Balance Sheet as on 31-03-2017

Liabilities	₹	Assets	₹
Outstanding Rent	200	Cash in hand	1,400
Capital Fund	23,800	Books	14,000
		Furniture	8,000
		O/S Subscriptions	600
	24,000		24,000

Receipt and Payment A/C for the year ending 31-03-2018

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d	1,400	By Rent	2,400
To Subscriptions	12,000	By Printing	1,200
To Entrance Fees	2,000	By Office expenses	2,800
To Sale of old newspaper	1,000	By Books bought	10,000
To Sundry Receipts	600	(30-09-2017)	
To Donations	4,000	By Investments	2,000
		By Balance c/d	2,600
	21,000		21,000

Adjustments:

- Outstanding rent on 31-03-2018 was ₹300
- Subscriptions receivable for the year 2017-18 amounted to ₹400
- Subscriptions received for the year 2018-19 was ₹800,
- Half of the entrance fees and half of the donations are to be capitalised,
- Depreciate books at 10% p.a.

Prepare: (i) Income and Expenditure Account and
(ii) Balance Sheet as on 31-03-2018.

Answer: I & E Surplus ₹ 7,200, Total of B/S ₹ 35,100.

09. From the following Receipt and Payment Account prepare final accounts of Unity Club, Karwar for the year ended March 31,2018

Receipt and Payment A/C for the year ending 31-03-2018

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance b/d	15,000	By Furniture	18,000
To Sale of old furniture (Costing ₹6,000)	4,000	By Library books	10,000
To Subscriptions:		By Salaries	72,000
2016-17 18,000		By General expenses	30,000
2017-18 60,000		By Newspaper	33,800
2018-19 <u>12,000</u>	90,000	By Printing & stationery	11,000
To Sale old newspapers	10,800	By Audit fees	40,000
To Profit from entertainments	44,000	By Balance c/d	33,000
To Rent	84,000		
	<u>2,47,800</u>		<u>2,47,800</u>

Balance Sheet as on 31-03-2017

Liabilities	₹	Assets	₹
Outstanding Salary	6,000	Cash in hand	15,000
Capital Fund	6,94,000	O/S Subscriptions	18,000
		Library Books	30,000
		Furniture	37,000
		Land and Buildings	6,00,000
	<u>7,00,000</u>		<u>7,00,000</u>

Additional Information:

- 1) The club had 500 members each paying an annual subscription of ₹150.
- 2) On 31-03-2018 salaries outstanding amounted to ₹ 1,200 and salaries paid included ₹ 6,000 for the year 2018-19.
- 3) Provide 5% depreciation on land and building

Answer: I & E A/c Surplus ₹ 5,800, Total of B/S ₹ 7,13,000.

II. Preparation of Income and Expenditure Account and

Balance Sheet when Opening Balance Sheet is not Given

10. From the following Receipt and Payment Account and information given below, prepare Income and Expenditure Account and the Balance Sheet of Adult Literacy Organisation as on March 31, 2018

Receipt and Payment A/C for the year ending 31-03-2018

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance b/d	19,550	By General Expenses	3,200
To Subscriptions		By News papers	1,850
2017-18 27,700		By Electricity	3,000
2018-19 <u>500</u>	28,200	By Fixed Deposit with	18,000
To Sale of old newspaper	800	Bank(on 30-06- 17	
To Govt. Grant	12,000	@10%)	
To Sale of old furniture	3,700	By Books	7,000
(Book value ₹5,000)		By Salary	3,600
To Interest received on		By Rent	6,500
Fixed Deposits	900	By Postage charges	300
		By Furniture (purchased)	10,500
		By Balance c/d	11,200
	65,150		65,150

Additional Information:

- 1) Subscription due on 31-03-2018 ₹1,500
- 2) On March 31,2018 Salary outstanding ₹600
- 3) On April 1,2017 Organisation owned furniture ₹12,000, Books ₹5,000

Answer: I & E Surplus ₹ 23,000, Opening Capital Fund ₹ 36,550, Total of B/S R

- 11.** From the following Receipt And Payment Account of Jan Kalyan Club, prepare Income and Expenditure Account and Balance Sheet for the year ending Dec 31,2017.

Receipt and Payment A/C for the year ending 31-12-2017

Dr.

Cr.

Receipts	₹	Payments	₹
To Cash in Hand (1-1-2017)	6,800	By Salaries	24,000
To Subscriptions	60,200	By Traveling Expenses	6,000
To Donation	3,000	By Stationery	2,300
To Sale of furniture (Book value ₹6,000)	4,000	By Rent	16,000
To Entrance Fees	800	By Repairs	700
To Life Membership Fees	7,000	By Books purchased	6,000
To Interest on Investments (@5% for full year)	5,000	By Building purchased	30,000
		By Cash in hand (31-12-2017)	1,800
	86,800		86,800

Additional information:

Particulars	As on 01-01-2017	As on 31-12-2017
	₹	₹
1)Subscriptions received in advance	1,000	3,200
2) Outstanding subscriptions	2,000	3,700
3) Stock of stationery	1,200	800
4) Books	13,500	16,500
5) Furniture	16,000	8,000
6) Outstanding rent	1,000	2,000
7) Investments	1,00,000	1,00,000

**Answer: I & E Surplus ₹11,100, Opening Capital Fund ₹1,37,500,
Total of B/S ₹ 1,60,800.**

12) Receipt and Payment Account of Shankar Sports Club is given below:

Dr Receipt and Payment A/C for the year ending 31-03-2018 Cr

Receipts	₹	Payments	₹
To Cash in Hand	2,600	By Rent	18,000
To Entrance fees	3,200	By Wages	7,000
To Donation for Buildings	23,000	By Billiard table	14,000
To Locker Rent	1,200	By Furniture	10,000
To Life Membership Fees	7,000	By Interest	2,000
To Profit from		By Postage	1,000
entertainments	3,000	By Salary	24,000
To Subscriptions	40,000	By Cash in hand	4,000
	80,000		80,000

Prepare Income and Expenditure Account and Balance Sheet with the help of following information:

Subscription outstanding on March 31, 2017 is ₹1,200 and ₹2,300 on March 31, 2018, Opening stock of postage stamps is ₹300 and closing stock is ₹200. Rent ₹1,500 related to 2016-17 and ₹1,500 is still unpaid.

On April 1, 2017, the club owned furniture ₹15,000, Furniture valued at ₹22,500 on March 31, 2018. The club took a loan of ₹20,000 (@10 p.a.) for the year 2016-17.

**Answer: I & E deficit ₹ 6,100, Opening Capital Fund ₹ 2,400,
Total of B/S ₹ 44,500.**

13. Following Receipt and Payment Account was prepared from the cash book of Bengluru charitable Trust for the year ending March 31, 2018

Receipt and Payment A/C for the year ending 31-03-2018

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance b/d		By Charity	11,500
Cash in hand	11,500	By Rent and taxes	3,200
Cash at Bank	12,600	By Salary	6,000
To Donations	9,000	By Printing & postage	900
To Subscriptions	42,800	By Advertisement	4,500
To Legacies	18,000	By Insurance	2,000
To Interest on		By Furniture	21,600
Investments	4,500	By Investments	23,000
To Sale of old newspapers	200	By Balance c/d:	
		Cash in hand	9,900
		Cash at Bank	16,000
	98,600		98,600

Prepare Income and Expenditure Account for the year ended March 31, 2018, and a Balance Sheet as on the date after the following adjustments:

- It was decided to treat one-third of the amount received on account of donation as income
- Insurance premium was paid in advance for three months.
- Interest on Investment ₹1,100 accrued was not received.
- Rent ₹600 outstanding as on March 31, 2018

**Answer: I & E Surplus ₹ 23,300, Opening Capital Fund ₹ 24,100,
Total of B/S ₹ 72,000.**

- 14.** From the following Receipt and Payment Account of a club, prepare Income and Expenditure Account for the year ended March 31, 2018 and the Balance Sheet as on that date.

Receipt and Payment A/C for the year ending 31-03-2018

Dr.

Cr.

Receipts	₹	Payments	₹
To Balance b/d	3,500	By General Expenses	900
To Subscription:		By Salary	16,000
2016-17 2,000		By Postage	1,300
2017-18 70,000		By Electricity charges	7,800
2018-19 <u>3,000</u>	75,000	By Furniture	26,500
To Sale of old books	2,000	By Books	13,000
(costing ₹2,300)		By Newspapers	600
To Rent from use of Hall	17,000	By Meeting expenses	7,200
To Sale of Newspapers	400	By T.V. set bought	16,000
To Profit from		By Balance c/d	15,900
entertainment	7,300		
	<u>1,05,200</u>		<u>1,05,200</u>

Additional information:

- The club has 100 members each paying an annual subscription of ₹900. Subscriptions outstanding on March 31, 2017 were ₹3,600.
- On March 31, 2018 salary outstanding amounted to ₹1,000, Salary paid included ₹ 1,000 for the year 2016-17
- On April 1, 2018, the club owned the Land and Buildings ₹25,000, Furniture ₹2,600 and Books ₹6,200

**Answer: I & E Surplus ₹ 80,600, Opening Capital Fund ₹ 39,900,
Total of B/S ₹ 1,24,500.**

Section E: Practical Oriented Question for 5 Marks

- 1) Prepare Receipt and Payment Account with any 5 imaginary figures**
- 2) Classify the following into Revenue and Capital Items (Any 5 items)-(few examples are given below)**

Example: 1

Classify the following into Revenue and Capital Items

1. Legal charges incurred in connection with the purchase of land.
2. Brokerage paid for raising a loan for the purpose of business.
3. Expenses incurred for white washing the old building.
4. Amount spent on repair to second hand motor car before it is used.
5. Periodical repairs and replacement of plant

Example: 2

How do you treat the following items?

1. Life membership fees
2. Sales proceeds of old tennis balls.
3. Prize amount received from a lottery
4. Honorarium paid to the secretary.
5. Legacies received.

Example: 3

Classify the following into revenue and capital

1. Cost of installing lights and fans.
2. Special subscriptions received for special purpose.
3. Laboratory expenses incurred by the science department of a college.
4. Prizes awarded to students on the college day.
5. Match expenses met out of match fund.

Example: 4

Classify the following items into revenue and capital item:

1. Honorarium paid to a surgeon by a hospital.
2. Installation charges of a new machinery.
3. Subscriptions to newspaper and periodicals.
4. Cost of construction of pavilion by a sports club.
5. Donation received for constructing a swimming pool.

Example: 5

Classify the following items into revenue and capital item:

1. Carriage paid goods purchased.
2. Salary paid to ground men for up keep of ground.
3. Sale of old sports materials.
4. Locker rent paid.
5. Interest on loan taken from construction of building

Key Answers:

I. Fill in the Blanks:

- | | |
|--------------------------------|-------------------------|
| (1) Society , | (2) Trading, Business, |
| (3) Cash, Bank | (4) Profit and Loss A/C |
| (5) Capital fund | (6) Members |
| (7) Legacies | |
| (8) Income and Expenditure A/C | (9) Revenue |
| (10) Balance Sheet | |

II. Multiple choice questions:

- (1) b (2) a (3) c (4) a (5) c (6) b (7) c

III. True/ False:

- (1) False (2) False (3) True (4) False (5) False (6) True
(7) True (8) False (9) False (10) True
