

## Chapter 1- Company Accounts Financial Statements of Not-for-Profit Organisations

### Practical Question

#### Question 1

From the information given below, prepare Receipts and Payments A/c of Railway Club for the year ended March 31st, 2019:

	₹		₹
Cash in Hand on 1st April, 2018	4,390	Salaries	21,500
Subscription	37,600	Honorarium to Secretary	2,500
Donations	8,000	Interest Received on Investments	2,950
Entrance Fees	4,300	Printing and Stationery	350
Rent Received for Club Halls	5,250	Petty Cash Expenses	900
Electricity Charges	3,440	Insurance Premium Paid	310
Taxes paid	490		

#### Solution:

Dr.	Receipts and Payments A/c. as on March 31st, 2019		Cr.
Receipts	₹	Payments	₹
To balance b/d	4,390	By Electricity Charges	3,440
To Subscriptions	37,600	By Taxes Paid	490
To Donations	8,000	By Salaries	21,500
To Entrance Fees	4,300	By Honorarium to Secretary	2,500
To Rent Received for Club Halls	5,250	By Printing and Stationery	350
To Interest Received on Investments	2,950	By Petty Cash Expenses	900
		By Insurance Premium Paid	310
		By balance c/d	33,000
	<b>62,490</b>		<b>62,490</b>

#### Question 2

Bengal Cricket Club was inaugurated on 1st April, 2018. It had the following Receipts and Payments during the year ended March 31st, 2019:

*Receipts:* Entrance Fees ₹ 10,000; Subscriptions ₹ 60,000; Donations ₹ 10,000.

*Payments:* Rent ₹ 15,000; Postages ₹ 1,000; Newspapers and Magazines ₹ 8,000; Investments ₹ 30,000; Stationery ₹ 4,000; Entertainment Expenses ₹ 3,000; Miscellaneous Expenses ₹ 2,000.

Show the Receipts and Payments A/c for the year ended March 31st, 2019

#### Solution:

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Dr.	Receipts and Payments A/c. as on March 31st, 2019		Cr.
Receipts	₹	Payments	₹
To Entrance Fees	10,000	By Rent	15,000
To Subscriptions	60,000	By Postages	1,000
To Donations	10,000	By Newspapers and Magazines	8,000
		By Investments	30,000
		By Stationery	4,000
		By Entertainment Expenses	3,000
		By Miscellaneous Expenses	2,000
		By balance c/d	17,000
		(as on March 31st, 2019)	
	<b>80,000</b>		<b>80,000</b>

### Question 3

The following information were obtained from the books of Delhi Club as on March 31st, 2019 at the end of the first year of the Club, prepare Receipts and Payment A/count for the year ending March 31st, 2019:

Receipts	₹	Payments	₹
Donation for Building and Library Room	2,00,000	Purchase of Land	10,000
Entrance Fees	17,000	Purchase of Furniture	1,30,000
Subscription	19,000	Salaries	4,800
Lockers Rent	1,660	Maintenance of Playgrounds	1,000
Refreshment Receipts	16,000	Rent	8,000
Government Grant	25,000	Refreshment Payments	8,000
		Library Books	25,000
		Purchase of 9% Government Bonds	1,60,000
		Term Deposit with Bank	15,000

### Solution:

Dr.	Receipts and Payments A/c. as on March 31st, 2019		Cr.
Receipts	₹	Payments	₹
To Donation for Building and Library Room	2,00,000	By Purchase of Land	10,000
To Entrance Fees	17,000	By Purchase of Furniture	1,30,000
To Subscription	19,000	By Salaries	4,800
To Lockers Rent	1,660	By Maintenance of Playgrounds	1,000

To Refreshment Receipts	16,000	By Rent	8,000
To Government Grant	25,000	By Refreshment Payments	8,000
To balance c/d	83,140	By Library Books	25,000
		By Purchase of 9% Government Bonds @ 9%	1,60,000
		By Term Deposit with Bank	15,000
	<b>3,61,800</b>		<b>3,61,800</b>

#### Question 4

From the following information, prepare Receipts and Payments A/c of Long-town Sports Club for the year ending March 31st, 2019:

Particulars	₹	Particulars	₹
Opening Balance:		Charity Given	10,000
Cash in Hand	50,000	Match Expenses	30,000
Cash at bank	60,000	Salaries	63,600
<i>Subscription Received:</i>		Honorarium	4,000
2017-18	4,000	12% Investment Purchased	60,000
2018-19	1,40,000	Entrance Fees	4,000
2019-20	8,000	Interest on 12% Investments	6,000
Furniture Purchased	70,000	<i>Closing Balance:</i>	
General Donations	20,000	Cash in Hand	24,000
Donations for Tournament	40,000	Cash at Bank	?

#### Solution:

Dr.	Receipts and Payments A/c. as on March 31st, 2019		Cr.
Receipts	₹	Payments	₹
To Opening Balance:		By Charity Given	10,000
Cash in Hand	50,000	By Match Expenses	30,000
Cash at Bank	60,000	By Salaries	63,600
To Subscriptions Received:		By Honorarium	4,000
2017-18	4,000	By 12% Investment Purchased	60,000
2018-19	1,40,000	By Furniture Purchased	70,000
2019-20	8,000	By Closing Balance	
To Entrance Fees	4,000	Cash in Hand	24,000
To General Donations	20,000	Cash at Bank (WN1) (Bal. Fig.)	70,400
To Donations for Tournament	40,000		
To Interest on 12% Investments	6,000		
	<b>3,32,000</b>		<b>3,32,000</b>

**Working Notes: Closing balance Evaluation**

Total Receipts = ₹ 3,32,000

Total Payments = ₹ 2,37,600

Cash in Hand = ₹ 24,000

Cash at Bank	=	Total Receipts – (Total Payments + Closing Balance of Cash)
	=	₹ [3,32,000 – 2,61,600] = ₹ 70,400

**Question 5**

From the following particulars of Evergreen club, prepare Receipts and payments A/c for the year ended March 31st, 2019:

	₹		₹
Cash in Hand on 1st April, 2018	50,000	Newspaper and Magazines	87,000
Cash at Bank on 1st April, 2018	3,40,000	Sale of Old Newspaper	12,000
Subscriptions Received	15,70,000	Books Purchased	3,40,000
Donations Received	2,80,000	Sports Materials Purchased	4,70,000
Investments purchased	5,00,000	Interest on Investments Received	50,000
Rent paid	50,000	Honorarium to coaches	1,50,000
General Expenses	2,30,000	Cash in Hand on March 31st, 2019	30,000
Postage and stationery	25,000	Cash at Bank on March 31st, 2019	?

**Solution:**

Receipts and Payments A/c as on <i>March 31st, 2019</i>				
Dr.				Cr.
Receipts		₹	Payments	
			₹	
Balance b/d			Investments Purchased	
			5,00,000	
Cash in Hand	50,000		Rent Paid	
			50,000	
Cash at Bank	3,40,000	3,90,000	General Expenses	
			2,30,000	
Subscription Received		15,70,000	Postage and Stationery	
			25,000	
Donation Received		2,80,000	Newspapers and Magazines	
			87,000	
Sale of Old Newspapers		12,000	Books Purchased	
			3,40,000	
Interest on Investments Received		50,000	Sports Material Purchased	
			4,70,000	
			Honorarium to Coacher	
			1,50,000	
			Balance c/d	
			Cash in Hand	30000
			Cash at Bank ( <i>Balancing Figure</i> )	4,20000
				4,50,000
		23,02,000		
			23,02,000	

**Question 6**

How are the following items shown in the accounts of a Not-for-Profit Organisation ?

	₹
Tournament Fund	50,000
Tournament Expenses	15,000
Receipts from Tournament	20,000

**Solution:**

Balance Sheet				
Liabilities		₹	Assets	₹
Tournament Found	50,000			
Add: Tournament Receipts	20,000			
Less: Tournament Expenses	(15,000)	55,000		

### Question 7

How are the following dealt with in the accounts of a Not-for-Profit Organisation

Case I	Dr. ₹	Cr. ₹	Case II	Dr. ₹	Cr. ₹
Prize Fund	12,000		Match Fund	35,000	
			Match Expenses		1,00,000
Prizes Paid	15,000	50,000	Investments of Match Fund	60,000	
Match Expenses			Interest on Match Fund	19,000	3,000
			Investments		
			Prizes Paid		

**Solution:**

#### Case 1

Balance Sheet				
Liabilities		₹	Assets	₹
Prize Fund	50,000			
Less: Prize Paid	(12,000)	38,000		

**Note:** Here, ₹15,000 match expenses will not be deducted from the prize fund as it is kept for the prizes. But, ₹15,000 match expenses will be debited to the Income and Expenditure Account as no particular fund is kept for such expenses.

#### Case 2

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<b>Balance Sheet</b>				
<b>Liabilities</b>		<b>₹</b>	<b>Assets</b>	<b>₹</b>
Match Fund	1,00,000		Match Fund Investments	60,000
Less: Match Expenses	(35,000)			
Add: Interest on Match Fund Investments	3,000	68,000		

**Note:** Here, ₹19,000 prizes amount will not be deducted from the match fund as it is kept for the expenses relating to the Match. But, ₹19,000 prize amount will be debited to the Income and Expenditure Account as no particular fund is kept for distribution of prizes. Similarly, the Match Fund Investments interest will be added to the Match Fund as the income is linked to this particular fund.

### Question 8

How are the following dealt with while preparing the final accounts of a club?

Particulars	Dr. (₹)	Cr. (₹)
Match Fund	.....	80,000
Match Fund Investments	72,000	....
Match Fund Bank Balance	3,500	....
Interest on Match Fund Investments	.....	2,880
Match Expenses	5,500	....

### Solution:

<b>Balance Sheet as at March 31st, 2019</b>				
<b>Liabilities</b>		<b>₹</b>	<b>Assets</b>	<b>₹</b>
Match Fund	80,000		Match Fund Investment	72,000
Add: Interest on Match Fund Investment	2,880		Match Fund Bank Balance	3,500
Less: Match Expenses	(5,500)	77,380		

### Question 9

From the following information of a club show the amounts of match expenses and match fund in the appropriate Financial Statements of the club for the year ended on 31st March, 2019:

Particulars	₹
Match expenses paid during the year ended 31st March, 2019	1,02,000
Match Fund as on 31st March, 2019	24,000
Donation for Match Fund (Received during the year ended 31st March, 2019)	40,000
Proceeds from the sale of match tickets (Received during the year ended 31st March, 2019)	15,000

### Solution:

<b>Balance Sheet as at March 31st, 2019</b>
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Liabilities		₹	Assets	₹
Match Fund	24,000			
Add: Donation for Match Fund	40,000			
Add: Proceed from Sale of Tickets	15,000			
Less: Match Expenses (Note)	(79,000)	NIL		
Dr.	Income and Expenditure A/c as on March 31st, 2019			Cr.
Expenditure	₹	Income	₹	
Match Expenses (Note)	23,000			

**Note:** ₹1,02,000 is a total Match expenses, however, the available amount is ₹ 79,000 (i.e. ₹ 24,000 + ₹ 40,000 + ₹15,000). This indicates that only ₹ 79,000 is accessible through the fund while ₹ 23,000 (i.e. ₹ 1,02,000 – ₹ 79,000) the remaining amount is debited to the Income and Expenditure Account.

### Question 10

Show how are the following items dealt with while preparing the final accounts for the year ended 31st March, 2019 of a Not-for-profit Organisation:

#### Case I

Expenditure on construction of the Pavilion is ₹ 6,00,000. The construction work is in progress and has not yet been completed. Capital Fund as of 31st March, 2018 is ₹ 20,00,000.

#### Case II

Expenditure on construction of the Pavilion is ₹ 6,00,000. The construction work is in progress and has not yet been completed. Pavilion Fund as of 31st March, 2018 is ₹ 10,00,000 and Capital Fund as at 31st March, 2018 is ₹ 20,00,000.

#### Case III

Expenditure on construction of the Pavilion is ₹ 6,00,000. The construction work is in progress and has not yet been completed. Pavilion Fund as of 31st March, 2018 is ₹ 10,00,000, and Capital Fund as at 31st March, 2018 is ₹ 20,00,000. Donation Received for the Pavilion on 1st January, 2019 is ₹ 5,00,000.

#### Solution:

##### Case 1

Balance Sheet as on March 31st, 2019			
Liabilities	₹	Assets	₹
Capital Fund	20,00,000	Pavilion Work-in-Progress	6,00,000

##### Case 2

Balance Sheet as on March 31st, 2019			

Liabilities		₹	Assets	₹
Pavilion Fund	10,00,000		Pavilion Work-in-Progress	6,00,000
Less: Expenditure on Construction of Pavilion	(6,00,000)	4,00,000		
Capital Fund	20,00,000			
Add: Pavilion Work-in-Progress	6,00,000	26,00,000		

### Case 3

Balance Sheet as on March 31st, 2019				
Liabilities		₹	Assets	₹
Pavilion Fund	10,00,000			
Add: Donation	5,00,000		Pavilion Work-in-Progress	6,00,000
Less: Expenditure on Construction of Pavilion	(6,00,000)	9,00,000		
Capital Fund	20,00,000			
Add: Pavilion Work-in-Progress	6,00,000	26,00,000		

### Question 11

How is Entrance Fees dealt with while preparing the final accounts for the year ended 31st March, 2019 in each of the following alternative cases?

Case I During the year ended 31st March, 2019, Entrance Fees received was ₹ 1,00,000.

Case II During the year ended 31st March, 2019, Entrance Fees received was ₹ 1,00,000. Out of this, ₹ 25,000 was received from individuals whose membership is not yet approved.

### Solution:

#### Case 1

Income and Expenditure A/c			
as on March 31, 2019			
Dr.			Cr.
Expenditure	₹	Income	₹
		Entrance Fees	1,00,000

#### Case 2

Income and Expenditure A/c
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as on March 31, 2019

Dr.		Cr.
Expenditure	₹	Income
		Entrance Fees
		(1,00,000 – 25,000)
		75,000

### Question 12

In the year ended 31st March, 2019, subscriptions received by the Jaipur Literary Society were ₹ 4,20,000. These subscriptions include ₹ 14,000 received for the year ended 31st March, 2018. On 31st March, 2019, subscriptions due but not received were ₹ 10,000. What amount should be credited to Income and Expenditure Account for the year ended 31st March, 2019 as subscription?

**Solution:**

Income and Expenditure A/c as on March 31st, 2019			
Dr.			Cr.
Expenditure	₹	Income	₹
		Subscription	4,20,000
		Less: Outstanding for 2017-18	14,000
		Add: Outstanding for 218-19	10,000
			4,16,000

### Question 13

Subscriptions received during the year ended 31st March , 2019 are:	₹	₹
For the year ended 31st March, 2018	1,600	
For the year ended 31st March, 2019	84,400	
For the year ended 31st March, 2020	3,200	89,200

There are 450 members, each paying an annual subscription of ₹ 200; ₹ 1,800 were in arrears for the year ended 31st March, 2018.

Calculate amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31st March, 2019.

**Solution:**

Income and Expenditure A/c as on ended March 31st, 2019			
Dr.			Cr.
Expenditure	₹	Income	₹
		Subscription	
		(450 Members × Rs 200 each)	90,000

### Question 14

In the year ended 31st March, 2019, subscriptions received by Kings Club, Delhi were ₹ 4,09,000 including ₹ 5,000 for the year ended 31st March, 2018 and ₹ 10,000 for the year ended 31st March, 2020. At the end of the year ended 31st March, 2019, subscriptions outstanding for the year ended 31st March, 2019 were ₹ 15,000. The subscriptions due but not received at the end of the previous year, i.e., 31st March, 2018 were ₹ 8,000, while subscriptions received in advance on the same date were ₹ 18,000.

Calculate amount of subscriptions to be credited to Income and Expenditure Account for the year ended 31st March, 2019.

**Solution:**

<b>Subscription as on March 31st, 2019</b>	
<b>Particulars</b>	<b>₹</b>
Received subscription for the year 2018-19	4,09,000
Add: Outstanding subscription for 2018-19 (present year)	15,000
Less: Received subscription for 2017-18 (Previous year)	(5,000)
Add: Received advanced subscription in 2017-18 (Previous year)	18,000
Less: Received advanced subscription for 2019-20 (Next year)	10,000
Credited subscription to Income and Expenditure Account	4,27,000

**Question 15**

From the following information, calculate amount of subscriptions to be credited to the Income and Expenditure Account for the year ended 31st March, 2019:

		<b>₹</b>
1st April, 2018	Subscriptions in Arrears	50,000
	Subscriptions Received in Advance	30,000
31st March, 2019	Subscriptions in Arrears	25,000
	Subscriptions Received in Advance	70,000

Subscriptions received during the year ended 31st March, 2019 – ₹ 3,00,000

Subscription still in arrears for the year 2017 – 18 – ₹ 10,000.

**Solution:**

<b>Particulars</b>	<b>₹</b>
Subscription received for the year 2018-19	3,00,000
Less: Subscription-in-Arrears for the year 2017-18	50,000
Add: Subscription-in-Arrears for the year 2018-19	25,000
Add: Subscription-in Advance for the year 2018-19	30,000
Less: Subscription-in Advance for the year 2019-20	70,000
Credited subscription to Income and Expenditure Account	<b>2,35,000</b>

**Question 16**

Calculate amount of subscriptions which will be treated as income for the year ended 31st March, 2019 for each of the following cases:

	Particulars	₹
Case I.	(i) Subscriptions collected during the year ended 31st March, 2019	2,50,000
	(ii) Subscriptions in arrears for the year ended 31st March, 2019	6,000
	(iii) Subscriptions received in advance for the year ended 31st March, 2020	5,000
Case II.	(i) Subscriptions collected during the year ended 31st March, 2019	49,000
	(ii) Subscriptions for the year ended 31st March, 2019 collected in the year ended 31st March, 2018	3,000
	(iii) Subscriptions unpaid for the year ended 31st March, 2019	2,000
Case III.	(i) Subscriptions received during the year ended 31st March, 2019	25,000
	(ii) Subscriptions outstanding in the beginning of the year ended 31st March, 2019	3,000
	(iii) Subscriptions not yet collected for the year ended 31st March, 2019	5,000
Case IV.	(i) Subscriptions received during the year ended 31st March, 2019	80,000
	(ii) Subscriptions outstanding in the beginning of the year ended 31st March, 2019	5,000
	(iii) Subscriptions not yet collected for the year ended 31st March, 2019	8,000
	(iv) Subscriptions received in advance for the year ended 31st March, 2020	2,000
Case V.	(i) Subscriptions received during the year ended 31st March, 2019	90,000
	(ii) Subscriptions outstanding at the end of the year ended 31st March, 2018	5,000
	(iii) Subscriptions received in advance on 31st March, 2018	3,000
	(iv) Subscriptions received in advance on 31st March, 2019	4,000
	(v) Subscriptions not yet collected for the year ended 31st March, 2019	6,000

**Solution:**

**Case 1**

**Subscription statement as on March 31st, 2019**

Particulars	₹
Collected subscriptions in the year 2018-19	2,50,000
Add: Subscriptions-in-arrears for the year 2018-19	6,000
Less: Received advance subscriptions for the year 2019-20	(5,000)
Subscriptions Income for the year 2018-19	2,51,000

## Case 2

Subscription statement as on March 31st, 2019	
Particulars	₹
Collected subscriptions in the year 2018-19	49,000
Add: Collected subscriptions for the year 2018-19 in 2017-18	3,000
Add: Unpaid subscriptions for the year 2018-19	2,000
Subscriptions Income for the year 2018-19	54,000

## Case 3

Subscription statement as on March 31st, 2019	
Particulars	₹
Received subscriptions for the year 2018-19	25,000
Less: Outstanding subscriptions in the starting of the year 2018-19	(3,000)
Add: Subscriptions not collected for the year 2018-19	5,000
Subscriptions Income for the year 2018-19	27,000

## Case 4

Subscription statement as on March 31st, 2019	
Particulars	₹
Received subscriptions for the year 2018-19	80,000
Less: Outstanding subscriptions in the starting of the year 2018-19	(5,000)
Add: Subscriptions not collected yet for the year 2018-19	8,000
Less: Received advance subscriptions for the year 2019-20	(2,000)
Subscriptions Income for the year 2018-19	81,000

## Case 5

Subscription statement as on March 31st, 2019	
Particulars	₹
Received subscriptions for the year 2018-19	90,000
Less: Outstanding subscriptions at the year end 2017-18	(5,000)
Add: Received advance subscriptions on March 31st, 2018	3,000

Less: Received advance subscriptions on March 31st, 2019	(4,000)
Add: Subscriptions not collected yet for the year 2018-19	6,000
Subscriptions Income for the year 2018-19	90,000

### Question 17

From the following particulars, calculate amount of subscriptions to be credited to the Income and Expenditure Account for the year ended 31st March, 2019:

	₹
(a) Subscriptions in arrears on 31st March, 2018	500
(b) Subscriptions received in advance on 31st March, 2018 for the year ended on 31st March, 2019	1,100
(c) Total Subscriptions received during the year ended 31st March, 2019 (including ₹ 400 for the year ended 31st March, 2018, ₹ 1,200 for the year ended 31st March, 2020 and ₹ 300 for the year ended 31st March, 2021)	35,400
(d) Subscriptions outstanding for year ended 31st March, 2019	400

### Solution:

Subscription statement as on March 31st, 2019	
Particulars	₹
Subscriptions received during 2018-19	35,400
Less: Received subscriptions-in-arrears for the year 2017-18	(400)
Less: Received-in-advance subscriptions for the year 2019-20	(1,200)
Less: Received-in-advance subscriptions for the year 2017-18	(300)
Add: Outstanding subscriptions for the year 2018-19	400
Add: Received subscriptions in the year 2017-18 for 2018-19	1,100
Credited subscriptions to Income and Expenditure Account	35,000

### Question 18

How are the following items of subscriptions shown in the Income and Expenditure Account for the year ended 31st March, 2019 and Balance Sheets as at 31st March, 2018 and 2019?

	₹
Subscriptions received during the year ended 31st March, 2019	3,58,500
Subscriptions outstanding on 31st March, 2018	30,000
Subscriptions received in Advance on 31st March, 2018	22,500
Subscriptions received in Advance on 31st March, 2019	13,500
Subscriptions outstanding on 31st March, 2019	37,500

(including ₹ 12,500 for the year ended 31st March, 2018)

### Solution:

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**Income and Expenditure Account as on March 31, 2019**

Dr.				Cr.
Expenditure	₹	Income		₹
		Subscriptions	3,58,500	
		Add: Outstanding subscription at the end	37,500	
		Add: Advance subscription in the beginning	22,500	
		Less: Outstanding subscription in the beginning	30,000	
		Less: Advance subscription at the end	13,500	3,75,000

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

Liabilities	₹	Assets	₹
Subscription received in Advance	2,250	Subscriptions Outstanding	3,000

**Balance Sheet as on March 31, 2019**

Liabilities	₹	Assets	₹
Received advance subscription	1,350	Outstanding subscriptions	3,750

**Question 19**

From the following information, calculate amount of subscriptions outstanding for the year ended 31st March, 2019:

A club has 200 members each paying an annual subscription of ₹ 1,000. The Receipts and Payments Account for the year showed a sum of ₹ 2,05,000 received as subscriptions. The following additional information is provided :

	₹
Subscriptions Outstanding on 31st March, 2018	30,000
Subscriptions Received in Advance on 31st March, 2019	40,000
Subscriptions Received in Advance on 31st March, 2018	14,000

**Solution:**

Dr.	Subscriptions A/c as on 31st March, 2019		Cr.
Particulars	₹	Particulars	₹
Income & Expenditure  (200 members × ₹ 100 each)	2,00,000	Bank (Received subscriptions)	2,05,000
In the beginning, outstanding Subscriptions	30,000	Received advance subscriptions	14,000
Received subscription in advance	40,000	At the end, outstanding subscriptions (Balancing Figure)	51,000
	<b>2,70,000</b>		<b>2,70,000</b>

**Question 20**

From the following information, prepare Subscription Account for the year ending 31st March, 2019:

Particulars	31st March, 2018 ₹	31st March, 2019 ₹
Subscription in Arrears	20,000	18,000
Subscription in Advance	13,000	11,000

In the year ending 31st March, 2019, subscription received were ₹ 2,10,000 (including ₹ 6,000 of arrears from previous year) and subscription arrears of previous year were written off ₹ 4,000.

**Solution:**

Dr.	Subscriptions A/c as on 31st March, 2019				Cr.
Date	Particulars	₹	Date	Particulars	₹
2018			2018		
April 1	To Outstanding Subscriptions A/c	20,000	April 1	By Advance received subscriptions A/c	13,000
2019			2019		
March 31	To Advance received subscriptions e A/c	11,000	March 31	By Subscriptions written off (Inc. & Exp. A/c)	4,000
March 31	To Income & Expenditure A/c (Bal. Fig.)	2,14,000	March 31	By Bank A/c	2,10,000
			March 31	By Outstanding Subscriptions A/c	18,000
		<b>2,45,000</b>			<b>2,45,000</b>

**Question 21**

On the basis of information given below, calculate the amount of medicines to be debited to the Income and Expenditure Account of Good Health Hospital for the year ended 31st March, 2019:

Particulars	1st April, 2018 ₹	31st March, 2019 ₹
Stock of Medicines	1,75,750	1,44,650
Creditors for Medicines	15,06,900	18,20,700

Medicines purchased during the year ended 31st March, 2019 were ₹ 60,80,700.

**Solution:**

<b>Medicine Consumed statement as on 31st March, 2019</b>	
<b>Particulars</b>	<b>₹</b>
Purchased medicine for the year 2018-19	60,80,700
Add: Beginning stock as on April 1st, 2018	1,75,750
Less: End Stock as on March 31st, 2019	(1,44,650)
Debited medicine to Income and Expenditure Account	61,11,800

**Question 22**

Calculate amount of medicines consumed during the year ended 31st March, 2019:	₹
Opening Stock of Medicines	1,00,000
Opening Creditors for Medicines	90,000
Cash purchases of Medicines during the year	3,00,000
Closing Stock of Medicines	1,50,000
Closing Creditors for Medicines	1,30,000

**Solution:**

<b>Medicine Consumed statement as on 31st March, 2019</b>	
<b>Particulars</b>	<b>₹</b>
Medicine purchases in cash during the year 2018-19	3,00,000
Add: Medicines Opening Stock	1,00,000
Less: Medicines Closing Stock	1,50,000
Add: Closing Creditors of Medicines	1,30,000
Less: Opening Creditors of Medicines	90,000
Medicines Consumed in the year 2018-19	2,90,000

**Question 23**

Calculate amount to be posted to the Income and Expenditure Account for the year ended 31st March, 2019:

(i)	Amount paid for stationery during the year ended 31st March, 2019 – ₹5,400; Stock of Stationery in Hand on 31st March, 2019 – ₹ 250.	
(ii)	Stock of Stationery in Hand on 1st April, 2018 – ₹ 1,500; Payment made for Stationery during the year ended 31st March, 2019 – ₹ 5,400; Stock of Stationery in Hand on 31st March, 2019 – ₹ 250.	
		₹
(iii)	Stock of Stationery on 1st April, 2018	1,500
	Creditors for Stationery on 1st April, 2018	1,000
	Amount paid for Stationery during the year	5,400
	Stock of Stationery on 31st March, 2019	250

**Solution:**



(i)

<b>Stationery Consumed as on March 31st, 2019</b>	
<b>Particulars</b>	<b>₹</b>
Paid stationery amount as on 31st March, 2019	5,400
Less: Closing Stock as on March 31st, 2019	250
Stationery amount to be posted to Income and Expenditure Account	5,150

(ii)

<b>Stationery Consumed as on March 31st, 2019</b>	
<b>Particulars</b>	<b>₹</b>
Stationery payment as on 31st March, 2019	5,400
Add: Stock opening as on April 1st, 2018	1,500
Less: Stock Closing as on March 31st, 2019	250
Stationery amount to be recorded to Income and Expenditure Account	6,650

(iii)

<b>Stationery Consumed as on March 31st, 2019</b>	
<b>Particulars</b>	<b>₹</b>
Paid stationery amount as on 31st March, 2019	5,400
Add: Stock opening as on April 1st, 2018	1,500
Less: Stock Closing as on March 31st, 2019	250
Less: Creditors for Stationery at the starting (i.e April 1st, 2018)	1,000
Stationery amount to be recorded to Income and Expenditure Account	5,650

#### Question 24

On the basis of the following information, calculate amount that will appear against the term 'Stationery Used' in the Income and Expenditure Account for the year ended 31st March, 2019:

	<b>₹</b>
Stock of Stationery as at 1st April, 2018	12,000
Creditors for Stationery as at 1st April, 2018	25,600
Amount paid for Stationery during the year ended 31st March, 2019	1,40,000
Stock of Stationery as at 31st March, 2019	23,200
Creditors for Stationery as at 31st March, 2019	24,000

#### Solution:

<b>Stationery Consumed as on March 31st, 2019</b>	
<b>Particulars</b>	<b>₹</b>
Paid stationery amount for the year 2018-19	1,40,000
Add: Stock opening as on April 1st, 2018	12,000

Less: Stock Closing as on March 31st, 2019	(23,200)
Add: Creditors at the end (i.e March 31st, 2019)	24,000
Less: Creditors in the beginning (i.e April 1st, 2018)	(25,600)
Stationery amount to be recorded to Income and Expenditure Account	1,27,200

### Question 25

Calculate the amount that will be posted to the Income and Expenditure Account for the year ended March 31st, 2019:

	₹
Stock of Stationery as at 1st April, 2018	30,000
Creditors for Stationery on 1st April, 2018	20,000
Advance paid for stationery carried forward from the year ended 31st March, 2018	2,000
Amount paid for the stationery during the year ended 31st March, 2019	1,08,000
Stock of stationery on 31st March, 2019	5,000
Creditors for stationery on 31st March, 2019	13,000
Advance paid for stationery on 31st March, 2019	3,000

### Solution:

Stationery Consumed as on March 31st, 2019	
Particulars	₹
Paid stationery amount for year 2018-19	1,08,000
Add: Stock opening as on April 1st, 2018	30,000
Less: Stock Closing as on March 31st, 2019	5,000
Less: Creditors in the beginning (i.e April 1st, 2018)	20,000
Add: Creditors at the end (i.e March 31st, 2019)	13,000
Add: Advance at the starting (i.e April 1st, 2018)	2,000
Less: Advance at the end (i.e March 31st, 2019)	3,000
Stationery amount to be recorded to Income and Expenditure Account	1,25,000

### Question 26

Calculate the amount of sports material to be transferred to income and Expenditure Account of Raman Bhalla Sports Club, Ludhiana, for the year ended 31st March, 2018:

	Particulars	₹
(i)	Sports material sold during the year (Book Value ₹ 50,000)	56,000
(ii)	Amount paid to creditors for sports materials	91,000
(iii)	Cash purchase of sports material	40,000
(iv)	Sports material as on 31st March, 2017	50,000
(v)	Sports material as on 31st March, 2018	55,000
(vi)	Creditors for sports material as on 31st March, 2017	37,000
(vii)	Creditors for sports material as on 31st March, 2018	45,000

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**Solution:**

Evaluation of Sports material amount consumed and to be debited to Income & Expenditure A/c	
Particulars	₹
Amount Paid to the creditors of Sports Materials	91,000
Less: Creditors of the sports material as on 31st March, 2017	37,000
Closing Stock of Sports Material as on 31st March, 2018	55,000
Sports Material sold during the year	50,000
Add: Creditors of the sports material as on 31st March, 2018	45,000
Cash purchase of Sports Material	40,000
Opening Stock of Sports Material as on 31st March, 2017	50,000
Sports Material consumed during the year to be debited to Income & Expenditure A/c	84,000

**Question 27**

How are the following dealt with while preparing the final accounts for the year ended 31st , 2019?

Receipt and Payments Account (An Extract)			
for the year ended 31st March, 2019			
Dr.			Cr.
Receipts	₹	Payments	₹
		By Payments for Sports Material	1,40,000
Balance Sheet (as extract) as at 1st April, 2018			
Liabilities	₹	Assets	₹
Creditors for Sports Materials	6,000	Sports Materials	8,000

*Additional information :*

Sports Materials in Hand on 31st March, 2019 – ₹ 22,000.

**Solution:**

Income and Expenditure Account as on March 31, 2019					
Dr.					Cr.
Expenditure		₹	Income	₹	
Sports Material	1,40,000				
Add: Opening Stock	8,000				
Less: Closing Stock	(22,000)				
Less: Creditors in the beginning	(6,000)	1,20,000			
<b>Balance Sheet as on March 31, 2019</b>					

Liabilities	₹	Assets	₹
		Stock of Sport Materials	22,000

Alternatively, Sports Material consumed can also be calculated as.

Creditors A/c				
Dr.			Cr.	
Expenditure	₹	Income	₹	
Bank A/c	1,40,000	Balance b/d (Creditors in the beginning)	6,000	
(Amount paid for sports materials)		Purchases A/c ( <i>Balancing Figure</i> )	1,34,000	
	1,40,000		1,40,000	

Sports Material Consumed = Opening Stock + Purchases – Closing Stock = ₹8,000 + ₹1,34,000 – ₹22,000 = ₹1,20,000

### Question 28

How are the following dealt with while preparing the final accounts for the year ended 31st March, 2019?

Receipt and Payments Account (An Extract)				
for the year ended 31st March, 2019				
Dr.			Cr.	
Receipts	₹	Payments	₹	
		By Payments for Medicines	1,50,000	

Additional information :

	As at 1st April, 2018	As at 31st March, 2019
	(₹)	(₹)
Stock of Medicines	50,000	75,000
Creditors for Medicines	40,000	60,000

### Solution:

Income and Expenditure Account as on March 31, 2019				
Dr.			Cr.	
Expenditure	₹	Income	₹	
Medicine	1,50,000			
Add: Opening Stock	50,000			
Less: Closing Stock	(75,000)			

Less: Creditors in the beginning	(40,000)			
Add: Creditors at the end	60,000	1,45,000		

#### Balance Sheet as on March 31, 2018

Liabilities	₹	Assets	₹
Creditors for Medicines	40,000	Stock of Medicines	50,000

#### Balance Sheet as on March 31, 2019

Liabilities	₹	Assets	₹
Creditors for Medicines	60,000	Stock of Medicines	75,000

### Question 29

How are the following dealt with while preparing the final accounts of a sports club for the year ended 31st March, 2019?

Dr.			Cr.
Receipts	₹	Payments	₹
To Sale of Sports Materials	26,000	By Creditors for Sports Materials	61,000
(Book value ₹ 20,000)		By Cash purchase of Sports Materials	10,000

Additional information :

	As at 31st March, 2018	As at 31st March, 2019
	(₹)	(₹)
Sports Materials	20,000	25,000
Creditors for Sports Materials	7,000	15,000

### Solution:

Income and Expenditure Account as on March 31, 2019				
Dr.				Cr.
Expenditure		₹	Income	₹
Payment for Sports Material	71,000		Profit on Sale of Sports Material (26,000 – 20,000)	6,000
Add: Opening Stock	20,000			
Less: Closing Stock	25,000			
Less: Creditors in the beginning	7,000			
Add: Creditors at the end	15,000			
Less: Book Value of Material Sold	20,000	54,000		

Balance Sheet as on March 31, 2018			
Liabilities	₹	Assets	₹
Creditors for Sport Materials	7,000	Stock of Sport Materials	20,000

  

Balance Sheet as on March 31, 2019			
Liabilities	₹	Assets	₹
Creditors for Sport Materials	15,000	Stock of Sport Materials	25,000

### Question 30

From the following information of a Not-for-Profit Organisation, show the 'Sports Materials' item in the Income and Expenditure Account for the year ended 31st March, 2019 and Balance Sheets as at 31st March, 2018 and 31st March, 2019:

Particulars	31st March, 2018	31st March, 2019
	₹	₹
Stocks of Sports Materials	6,200	4,800
Creditors for Sports Materials	9,800	7,200
CreAdvance to supplies for sports materials	11,000	19,000

Payment to suppliers for Sports Materials during the year was ₹ 1,02,000. There were no cash purchases made.

### Solution:

Income and Expenditure Account as on March 31, 2019			
Dr.			Cr.
Expenditure	₹	Income	₹
Sports Material Consumed	92,800		

  

Balance Sheet as on March 2018			
Liabilities	₹	Assets	₹
Sports Materials Creditors	9,800	Sports Materials Stock	6,200
		Paid Advance for Sports Materials	11,000

  

Balance Sheet as on March 2019			
Liabilities	₹	Assets	₹
Sports Materials Creditors	7,200	Sports Materials Stock	4,800
		Paid Advance for Sports Materials	19,000

### Working Notes:

Calculation of Sports Material Consumed

Particulars	₹

Sports Material	1,02,000
Add: Opening Stock	6,200
Less: Closing Stock	4,800
Less: Creditors in the beginning	9,800
Add: Creditors at the end	7,200
Less: Advance at the end	19,000
Add: Advance in the beginning	11,000
	92,800

#### Creditors for Sports Material Account

Dr.		Cr.	
Expenditure	₹	Income	₹
Balance b/d (Advance in the beginning)	11,000	Balance b/d (Creditors in the beginning)	9,800
Bank A/c (Amount paid for stationery)	1,02,000	Purchases A/c (Balancing Figure)	91,400
Balance c/d (Creditors at the end)	7,200	Balance c/d (Advance at the end)	19,000
	1,20,200		1,20,200

Sports Material Consumed = Opening Stock + Purchases – Closing Stock = ₹6,200 + ₹91,400 – ₹4,800 = ₹ 92,800

#### Question 31

The book value of furniture on 1st April, 2018 is ₹ 60,000. Half of this furniture is sold for ₹ 20,000 on 30th September, 2018. Depreciation is to be charged on furniture @ 10% p.a.

Calculate loss on sale of furniture. Show how the loss on sale and depreciation on furniture will be shown in the Income and Expenditure Account for the year ended 31st March, 2019.

#### Solution:

Furniture Account					
Dr.			Cr.		
Date	Particulars	₹	Date	Particulars	₹
2018			2018		
April 1	Balance b/d		September 30	Depreciation A/c Furniture 1 (for 6 Months)	1,500
	Furniture 1	30,000	September 30	Bank A/c (Sale) Furniture 1	20,000
		30,000			
	Furniture 2	60,000	September 30	Income and Expenditure (Sale Loss)	8,500
			2019		
			March 31	Depreciation Furniture 2 (for whole year)	3,000
				Balance c/d Furniture 2 (30,000 – 3,000)	27,000

		60,000			60,000
<b>Income and Expenditure Account as on March 31, 2019</b>					
<b>Dr.</b>			<b>Cr.</b>		
<b>Expenditure</b>		<b>₹</b>	<b>Income</b>		<b>₹</b>
Depreciation on Furniture					
(1,500 + 3,000)		4,500			
Loss on Sale of Furniture		8,500			

### Working Note:

Profit or Loss Evaluation on Furniture Sale

Particulars	₹
Furniture Sold Book Value as on 1st April, 2018	30,000
Less: 6 months Depreciation (3,000 X 10% X 6/12)	1,500
Furniture Book Value as on 30th September, 2018	28,500
Less: Sale Value	20,000
Loss on Furniture Sale	8,500

### Question 32

Delhi Youth Club has furniture at a value of ₹ 2,20,000 in its book on 31st March, 2018. It sold old furniture, having a book value of ₹ 20,000 as of 1st April, 2018 at a loss of 20% on 31st December, 2018. Furniture is to be depreciated @ 10% p.a. Furniture costing ₹ 1,50,000 was also purchased on 1st October, 2018.

Prepare Furniture Account for the year ended 31st March, 2019.

### Solution:

<b>Furniture Account</b>					
<b>Dr.</b>			<b>Cr.</b>		
Date	Particulars	₹	Date	Particulars	₹
2018			2018		
April 1	To Balance b/d		December 31	Depreciation Furniture II (for 9 Months)	1,500
	Furniture I (2,00,000)		December 31	Bank (Sale Furniture II)	14,800
	Furniture I I (20,000)	2,20,000	December 31	Income and Expenditure (Loss on Sale)	3,700
October 1	To Bank A/c Bank	1,50,000	2019		
	Furniture I I I				



			March 31	Depreciation	
				Furniture I (20,000)	
				Furniture III (7,500) (6 Months)	27,500
			March 31	Balance c/d	
				Furniture I 1,80,000	
				Furniture III 1,42,500	3,22,500
		3,70,000			3,70,000

### Working Note:

#### Profit or Loss Evaluation on Furniture Sale

Particulars	₹
Furniture I Book Value as on April 1st, 2018	20,000
Less: 9 months Depreciation ( $20,000 \times 10\% \times 9/12$ )	(1,500)
Book Value as on 31st December, 2018	18,500
Less: Loss on Sale of Furniture ( $18,500 \times 20\%$ )	(3,700)
Furniture Sale Value	14,800

### Question 33

In the year ended 31st March, 2019, salaries paid amounted to ₹ 2,04,000. Ascertain the amount chargeable to the Income and Expenditure Account for the year ended 31st March, 2019 from the following additional information:

	₹
Salaries Prepaid on March 31st, 2018	24,000
Salaries Prepaid on March 31st, 2019	12,000
Salaries Outstanding on March 31st, 2018	18,000
Salaries Outstanding on March 31st, 2019	15,000

### Solution:

Salaries as on March 31, 2019	
Particulars	₹
Salaries paid	2,04,000
Add: Salaries prepaid as on 31st March, 2018	24,000
Less: Salaries Prepaid as on 31st March, 2019	12,000
Less: Salaries Outstanding as on 31st March, 2018	18,000
Add: Salaries Outstanding as on 31st March, 2019	15,000
Chargeable salaries to Income and Expenditure Account	2,13,000

### Question 34

How are the following items dealt with while preparing Income and Expenditure Account of a club for the year ended 31st March, 2019?

	1st April, 2018	31st March, 2019
Outstanding Locker Rent	₹ 4,600	₹ 6,300
Advance Locker Rent	₹ 3,000	₹ 4,000

Locker Rent received during the year ended 31st March, 2019 – ₹ 52,000.

**Solution:**

Dr.	Income and Expenditure Account as on 31st March, 2019			Cr.
Expenditure	₹	Income		₹
		Locker Rent Received	52,000	
		Add: Outstanding at the end	6,300	
		Add: Advance in the beginning	3,000	
		Less: Outstanding in the beginning	4,600	
		Less: Advance at the end	4,000	52,700

**Question 35**

Prepare Income and Expenditure Account for the year ended 31st March, 2019 from the following:

Receipt and Payment Account			
for the year ended 31st March, 2019			
Dr.			Cr.
Receipts	₹	Payments	₹
To Balance <i>b/d</i> (cash)	1,80,000	By Salaries	4,80,000
To Subscriptions	9,00,000	By Rent	50,000
To Sale of Investments	2,00,000	By Stationery	20,000
To Sale of Old Furniture (Book Value ₹ 40,000)	30,000	By Defence Bonds	3,00,000
To Donations	10,000	By Furniture	2,00,000
		By Bicycles	30,000
		By Balance <i>c/d</i> (Cash)	2,40,000
	13,20,000		13,20,000

**Solution:**

Dr.	Income and Expenditure Account as on 31st March, 2019		Cr.
Expenditure	₹	Income	₹
Salaries	4,80,000	Subscriptions	9,00,000
Rent	50,000	Donation	10,000
Stationery	20,000		

Loss on Old Furniture Sale	10,000		
Surplus ( <i>Balancing Figure</i> )	3,50,000		
	9,10,000		9,10,000

### Question 36

Prepare Income and Expenditure Account from the following Receipts and Payments Account of Delhi Nursing Society for the year ended 31st March, 2019:

Receipt and Payment Account			
for the year ended 31st March, 2019			
Dr.			Cr.
Receipts	₹	Payments	₹
To Balance <i>b/d</i> (Cash at Bank)	2,01,000	By Salaries of Nurses	65,600
To Subscriptions	1,11,500	By Board, Laundry, and Domestic Help	38,000
To fees from Non-members	27,000	By Rent, Rates, and Taxes	20,000
To Government Grant	1,00,000	By Cost of Car	2,00,000
To Donation for Building Fund	1,56,000	By Expenses of Car	84,000
To Interest	3,800	By Drug and Incidental Expenses	67,000
		By Balance <i>c/d</i> (Cash at Bank)	1,24,700
	5,99,300		5,99,300

Donation of ₹ 10,000 received for the Building Fund was wrongly included in the Subscriptions Account. A bill of medicines purchased during the year amounted to ₹12,800 was outstanding. Government Grant is not for a specific purpose.

### Solution:

Income and Expenditure Account as on March 31, 2019				
Dr.				Cr.
Expenditure	₹	Income		₹
Salaries of Nurses	65,600	Subscriptions	11,1500	
Board, Laundry, and Domestic Help	38,000	Less: Donation for Building	(10000)	1,01,500
Rent Rates and Taxes	20,000	Fees from Non-members		27,000
Expenses of Car	84,000	Municipal Grant		1,00,000
Drugs and Incidental Expenses	67,000	Interest		3,800
Add: Outstanding Expenses	12,800	Deficit ( <i>Balancing Figure</i> )		55,100
	2,87,400			2,87,400

### Question 37

Following is the Receipts and Payments Account of You Bee Forty Club for the year ended 31st March, 2019:

<b>Receipt and Payment A/c as on 31st March, 2019</b>			
<b>Dr.</b>			<b>Cr.</b>
<b>Receipts</b>	<b>₹</b>	<b>Payments</b>	<b>₹</b>
To Balance <i>b/d</i> (cash)	1,50,000	By Salaries and Wages	1,60,000
To Subscriptions		By Office Expenses	35,000
2016-2017	60,000	By Sports Equipments	3,40,000
2018-2019	3,50,000	By Telephone Charges	24,000
To Donations	50,000	By Electricity Charges	32,000
To Entrance Fees	80,000	By Travelling Expenses	65,000
		By Balance <i>c/d</i> (Cash)	34,000
	<b>6,90,000</b>		<b>6,90,000</b>

Additional information :

(a) Outstanding Subscriptions for the year ended 31st March, 2019 – ₹ 55,000.

(b) Outstanding Salaries and Wages – ₹ 40,000.

(c) Depreciate Sports Equipment by 25%.

Prepare Income and Expenditure Account of the Club from the above particulars.

**Solution:**

<b>Income and Expenditure Account as on March 31, 2019</b>					
<b>Dr.</b>					<b>Cr.</b>
<b>Expenditure</b>		<b>₹</b>	<b>Income</b>		<b>₹</b>
Salaries and Wages	1,60,000		Subscriptions	3,50,000	
<i>Add: Outstanding</i>	40,000	2,00,000	<i>Add: Outstanding for the year 2018-19</i>	55,000	4,05,000
Office Expenses		35,000	Donations		50,000
Telephone Charges		24,000	Entrance Fees		80,000
Electricity Charges		32,000			
Travelling Expenses		65,000			
Sports Equipments Depreciation (34,0000 × 25%)		85,000			
Surplus ( <i>Balancing Figure</i> )		94,000			
		5,35,000			5,35,000

### Question 38

From the following Receipts and Payments Account of Jaipur Sports Club, prepare Income and Expenditure Account for the year ended 31st March, 2019:

Receipt and Payment A/c on 31st March, 2019
---

Dr.			Cr.
Receipts	₹	Payments	₹
To Balance <i>b/d</i>	2,00,000	By Rent	60,000
To Entrance Fees:		(including ₹15,000 for 2017 – 18)	
2017 – 18	10,000	By Insurance Premium	60,000
2018 – 19	50,000	(including ₹15,000 for 2019 – 20)	
To Subscriptions:		By Sports Equipments	50,000
2017 – 18	10,000	By Furniture	60,000
2018 – 19 (90%)	90,000	(Purchased on 31st March, 2019)	
2019 – 20	5,000	By 8% Fixed Deposit	1,20,000
To Life Membership Fees	20,000	(Made on 1st October, 2018)	
To Donations	1,20,000	By Tournament Expenses	10,000
To Donation for Tournament	50,000	By Books	20,000
To Subscription for Governor's Party	15,000	By Newspapers	1,000
To Interest on 8% Fixed Deposit	2,400	By Printing and Stationery	19,000
To Sale of Old Newspapers	300	By Balance <i>c/d</i>	1,80,000
To Sale of Old Sports Materials	500		
(Book Value ₹ 1,200)			
To Locker Rent	6,800		
(including ₹ 600 for 2017 – 18)			
	5,80,000		5,80,000

### Solution:

Income and Expenditure Account as on March 31, 2019					
Dr.			Cr.		
Expenditure	₹	Income	₹		
Rent	60,000	Entrance Fees (2018-19)	50,000		
Less: For 2017-18	(15,000)	Subscription 2018-19	90,000		
	45,000	Add: Outstanding for 2018-19 (9,000 × 10/9 )	10,000	1,00,000	
Insurance Premium	60,000	Donations		1,20,000	
Less: For 2019-20	(15,000)	Interest on Fixed Deposits	2,400		
Printing and Stationery	20,000	Add: Accrued Interest	2,400	4,800	
Loss on Sale of Sports Material (1200 -500)	700	Sale of Old Newspapers		300	
Surplus (Balancing Figure)	1,70,600	Locker Rent	6,800		
		Less: For 2017-18	600	6200	
	2,81,300			2,81,300	

**Working Notes:**

Evaluation of Investment Interest

Interest on Investment for 6 Months ( $1,20,000 \times 8\% \times 6/12$ )	4,800
Less: Interest Received ₹	2,400
Accrued Interest on Investment	2,400

**Question 39**

Following is the information given in respect of certain items of a Sports Club. Show these items in the Income and Expenditure Account and the Balance Sheet of the Club as at 31st March, 2019:

Particulars	₹
Sports Fund as on 1st April, 2018	3,50,000
Sports Fund Investments	3,50,000
Interest on Sports Fund Investments	40,000
Donations for Sports Fund	1,50,000
Sports Prizes awarded	1,00,000
Expenses on Sports Events	40,000
General Fund	8,00,000
General Fund Investments	8,00,000
Interest on General Fund Investments	80,000

**Solution:**

Dr.	Income and Expenditure A/c as on 31st March, 2019		Cr.
Expenditure	₹	Income	₹
		By Interest on General Fund Investments	80,000

  

Dr.	Balance Sheet as on 31st March, 2019		Cr.
Liabilities	₹	Assets	₹
Sports Fund	4,00,000	Sports Fund Investment	3,50,000
General Fund	8,00,000	General Fund Investment	8,00,000

**Working Notes:****1)**

Calculation of Sports Fund Balance	₹
Sports Fund as on April 1st, 2018	3,50,000
Add: Sports Fund Donations	1,50,000
Sports Fund Investment Interest	40,000
Less: Sports Prizes Awarded	1,00,000
Sports Fund Expenses	40,000
Sports Fund Balance posted as Liabilities on the Balance Sheet as on 31st March, 2019	4,00,000

**Question 40**

Prepare Income and Expenditure Account from the following particulars of Youth Club for the year ended on 31st March, 2018:

<b>Receipt and Payment A/c on 31st March, 2019</b>				
<b>Dr.</b>				<b>Cr.</b>
<b>Receipts</b>		<b>₹</b>	<b>Payments</b>	<b>₹</b>
To Balance <i>b/d</i> (Cash)		32,500	By Salaries	31,500
To Subscription:			By Postage	1,250
2016-17	1,500		By Rent	9,000
2017-18	60,000		By Printing and Stationery	14,000
2018-19	1,800	63,300	By Sports Material	11,500
To Donations (Billiards Table)		90,000	By Miscellaneous Expenses	3,100
To Entrance Fees		1,100	By Furniture (1st October, 2017)	20,000
To Sale of Old Magazines		450	By 10% Investment (1st October, 2017)	70,000
			By Balance <i>c/d</i> (31st March, 2018)	27,000
		1,87,350		1,87,350

*Additional Information:*

- (i) Subscription outstanding as at 31st March, 2018 ₹ 16,200.
- (ii) ₹ 1,200 is still in arrears for the year 2016-17 for subscription.
- (iii) Value of sports material at the beginning and at the end of the year was ₹ 3,000 and ₹ 4,500 respectively.
- (iv) Depreciation to be provided @ 10% p.a. on furniture.

Solution:

<b>In the books of Youth Club</b>				
<b>Dr.</b>		<b>Income and Expenditure A/c for the year ended 31st March, 2018</b>		<b>Cr.</b>
<b>Expenditure</b>		<b>Amount</b>	<b>Income</b>	<b>Amount</b>
		<b>(₹)</b>		<b>(₹)</b>
To Salaries		31,500	By Subscriptions	60,000
To Postage		1,250	Add: Outstanding Subscriptions (16,200 – 1,200)	15,000
To Rent		9,000		
To Printing and Stationery		14,000	By Entrance fees	1,100
To Consumed Sports Material (WN1)		10,000	By Old Magazines sale	450
To Miscellaneous Expenses		3,100	By Interest Investments	3,500
To Furniture Depreciation (20,000 × 10/100 × 6/12)		1,000	(70,000 × 10/100 × 6/12)	

To Surplus	10,200		
	80,050		80,050

Working Notes:

(i) Sports Material Consumed	=	Opening Stock + Purchases – Closing Stock
	=	₹ (3,000 + 11,500 – 4,500) = ₹ 10,000
(ii) Furniture Depreciation 20,000	=	<b>20,000 X 612 X 10100 = ₹1,000</b>
(iii) Investment Interest	=	70,000 X 10100 X 612 = 3,500

### Question 41

Following is the Receipts and Payments Account of Delhi Football Club for the year ended 31st March, 2019:

RECEIPTS AND PAYMENTS ACCOUNT			
<i>for the year ended 31st March, 2019</i>			
Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d (Cash)	18,000	By Building	4,00,000
To Donations for Building	4,50,000	By Project Expenses	90,000
To Donations	50,000	(Young Talent Search and Development)	
To Government Grant	1,00,000	By Match Expenses	90,000
(Young Talent Search and Development)		By Furniture	1,21,000
To Life Membership Fees	40,000	By 10% Investments	1,60,000
To Match Fund	80,000	(Purchased on 1st July, 2018)	
To Subscriptions	52,000	By Salaries	70,000
To Locker Rent	4,000	By Insurance	3,500
To Interest on Investments	10,000	By Sundry Expenses	4,700
To Sale of Furniture	1,00,000	By Closing c/d (Cash)	4,800
(Book value ₹ 80,000)		By Bank (Young Talent Search and Development)	10,000
To Entrance Fees	50,000		
	9,54,000		9,54,000

*Additional Information:*



(i) During the year ended 31st March, 2019, the club had 550 members and each paying an annual subscription of ₹ 100.

(ii) Salaries Outstanding as at 1st April, 2018 were ₹ 10,000 and as at 31st March, 2019 were ₹ 5,000.

Prepare Income and Expenditure Account of the Club for the year ended 31st March, 2019.

**Solution:**

<b>Income and Expenditure Account as on March 31, 2019</b>					
<b>Dr.</b>			<b>Cr.</b>		
<b>Expenditure</b>		<b>₹</b>	<b>Income</b>		<b>₹</b>
To Salaries	70,000		Subscriptions (550 members × Rs 100 each)		55,000
Add: Outstanding at the end	5,000		Entrance Fees		50,000
Less: Outstanding in the beginning	(10,000)	65,000			
To Insurance		3,500	Donations		50,000
To Sundry Expenses		4,700	Locker Rent		4,000
To Match Expenses	90,000		Profit on Furniture Sale (1,00,000 – 80,000)		20,000
Less: Match Fund	(80,000)	10,000	Investment Interest	10,000	
Surplus (Balancing Figure)		1,07,800	Add: Interest	2,000	12,000
		1,91,000			1,91,000

**Working Notes:** Evaluation of Investment Interest

Investment Interest for 9 Months ( $1,60,000 \times 10\% \times 9/12$ )	12,000
Less: Interest Received	(10,000)
Accrued Interest on Investment	2,000

**Question 42**

Following is the summary of cash transactions of the Royal Club for the year ended 31st March, 2019:

<b>RECEIPTS AND PAYMENTS ACCOUNT</b>					
<i>for the year ended 31st March, 2019</i>					
<b>Dr.</b>			<b>Cr.</b>		
<b>Receipts</b>		<b>₹</b>	<b>Payments</b>		<b>₹</b>
To Balance b/d			By Rent		16,800
Cash in Hand	10,000		By Wages		24,500
Cash at Bank	21,900	31,900	By Electricity Charges		7,200
To Entrance Fees		25,500	By Honorarium		43,500

To Subscriptions	1,60,000	By Books	21,300
To Donations	16,500	By Office Expenses	45,000
To Life Membership Fees	25,000	By 3% Fixed Deposit	80,000
To Profit on Entertainment	5,600	(1st October, 2018)	
		By Balance c/d:	24,200
		By Balance c/d	2,000
		Cash in Hand	2,000
		Cash at Bank	24,200
	2,64,500		2,64,500

In the beginning of the year, the club possessed Books of ₹ 2,00,000 and Furniture of ₹ 85,000. Subscriptions in arrears in the beginning of the year amounted to ₹ 3,500 and at the end of the year ₹ 4,500 and six months Rent was due both in the beginning of the year and at the end of the year.

Prepare Income and Expenditure Account of the club for the year ended 31st March, 2019 and its Balance Sheet as at that date after writing off ₹ 5,000 and ₹ 11,300 on Furniture and books respectively.

**Solution:**

Income and Expenditure Account as on March 31, 2019				
Dr.				Cr.
Expenditure		₹	Income	₹
Rent	16,800		Entrance Fees	25,500
Less: Outstanding Rent in the beginning (WN1)	8,400		Subscriptions	1,60,000
Add: Outstanding Rent at the end	8,400	16,800	Less: Outstanding in the beginning	3,500
Wages		24,500	Add: Outstanding	4,500
Lighting Charge		7,200	Donations	16,500
Lecturer's Fee		43,500	Profit on Entertainment	5,600
Office Expenses		45,000	Interest Accrued on Fixed Deposits	1,200
Depreciation on:			(80,000 × 3% × 6/12)	
Books	11,300			
Furniture	5,000	16,300		
Surplus (Balancing Figure)		56,500		
		2,09,800		2,09,800
<b>Balance Sheet as on 31st March, 2018</b>				
Liabilities	₹		Assets	₹
Outstanding Rent	6,000		Books	2,00,000
Capital Fund (Balancing Fig.)	3,14,400		Furniture	85,000

		Subscriptions Outstanding	3,500
		Cash and Bank	31,900
	3,20,400		3,20,400

## Balance Sheet

as on 31st March 2019

Liabilities		₹	Assets		₹
Rent Outstanding		6,000	Subscriptions Outstanding		4,500
Capital Fund	3,14,400		Books	2,00,000	
Add : Life Membership Fees	25,000		Add : Purchases	21,300	
Add : Surplus	56,500	3,95,900	Less : Deprecation	(11,300)	2,10,000
			Furniture	85000	
			Less : Depreciation	(5,000)	80,000
			Fixed Deposits	80,000	
			Add : Interest	1,200	81,200
			Cash at Bank		24,200
			Cash in hand		2,000
		4,01,900			4,01,900

## Question 43

From the following Receipts and Payments Account of Social Club and the information supplied, prepare Income and Expenditure Account for the year ended 31st March, 2019 and Balance Sheet as at that date:

RECEIPTS AND PAYMENTS ACCOUNT					
for the year ended 31st March ,2019					
Dr.			Cr.		
Receipts		(₹)	Payments		(₹)
To Balance b/d		7,000	By Salaries		28,000
To Subscriptions:			By General Expenses		6,000
2017-18	5,000		By Electricity Charges		4,000
2018-19	20,000		By Books		10,000
2019-20	4,000	29,000	By Newspapers		8,000
To Hire of Ground		14,000	By Balance c/d		4,000
To Surplus from Entertainment Events		8,000			
To Sale of Old Newspapers		2,000			

	60,000		60,000

(a) The club has 50 members each paying an annual subscription of ₹ 500. Subscriptions Outstanding on 31st March, 2018 were ₹ 6,000.

(b) On 31st March, 2019, Salaries Outstanding amounted to ₹ 2,000. Salaries paid in the year ended 31st March, 2019 included ₹ 6,000 for the year ended 31st March, 2018.

(c) On 1st April, 2018, the club owned Building valued at ₹ 2,00,000; Furniture ₹ 20,000 and Books ₹ 20,000.

(d) Provide depreciation on Furniture at 10%.

**Solution:**

Income and Expenditure Account as on March 31, 2019				
Dr.			Cr.	
Expenditure		₹	Income	₹
Salaries	28,000		Subscription (50 members × ₹ 500 each)	25,000
Add: Outstanding for 2018-19	2,000		Received Rent from the use of hall	14,000
Less: Outstanding for 2017-18	6,000	24,000	Entertainment Profit	8,000
General Expenses		6,000	Sale of Old Newspapers	2,000
Electricity Charges		4,000		
Newspapers		8,000		
Depreciation on Furniture (2,000 × 10%)		2,000		
Surplus (Balancing Figure)		5,000		
		49,000		49,000

Balance Sheet as on April 01, 2018			
Liabilities	₹	Assets	₹
Salaries Outstanding	6,000	Subscriptions Outstanding	6,000
Capital Fund	2,47,000	Building	2,00,000
(Balancing Figure)		Furniture	20,000
		Books	20,000
		Cash and Bank	7,000
	2,53,000		2,53,000

Balance Sheet as on April 01, 2019				
Liabilities	₹	Assets	₹	
Advance Subscription	4,000	Outstanding Subscription		
Outstanding Salaries	2,000	For the year 2018-19 (25,000 – 20,000)	5,000	
Capital Fund	2,47,000	For the year 2017-18 (6,000 – 5,000)	1,000	6,000
Add: Surplus	5,000	Building		2,00,000
		Furniture	20,000	

		Less: 10% Depreciation	2,000	18000
		Books	20,000	
		Add: Purchases	10,000	30,000
		Cash and Bank		4,000
	2,58,000			2,58,000

#### Question 44

From the following Receipts and Payments Account and additional information given below, prepare Income and Expenditure Account and Balance Sheet of Rural Literacy Society as on 31st March, 2019:

RECEIPTS AND PAYMENTS ACCOUNT				
<i>for the year ended 31 st March, 2019</i>				
Dr.				Cr.
Receipts		₹	Payments	₹
To Balance b/d:			By General Expenses	32,000
Cash in Hand		40,000	By Newspaper	18,500
Cash at Bank		1,55,500	By Electricity	30,000
To Subscriptions:			By Fixed Deposit with Bank	1,80,000
2017-18	12,000		(On 30th September, 2018 @ 10% p.a.)	
2018-19	2,65,000		By Books	70,000
2019-20	5,000	2,82,000	By Salary	36,000
To Legacy		12,500	By Rent	65,000
To Government Grant		1,20,000	By Postage Charges	3,000
To Sale of Old Furniture		37,000	By Furniture (purchased)	1,05,000
(Book value ₹ 50,000)			By Balance c/d:	
To Interest received on Fixed Deposit		4,500	Cash in Hand	30,000
			Cash at Bank	82,000
		6,51,500		6,51,500

Additional information:

- (i) Subscription outstanding as on 31st March, 2018 ₹ 20,000 and on 31st March, 2019 ₹ 15,000.
- (ii) On 31st March, 2019, salary outstanding ₹ 6,000 and one month rent paid in advance.
- (iii) On 1st April, 2018, society owned furniture ₹ 1,20,000 and books ₹ 50,000.

**Solution:**

### Income and Expenditure Account as on March 31, 2019

Dr.					Cr.
Expenditure		₹	Income		₹
General Expenses		32,000	Subscriptions	2,65,000	
Newspaper		18,500	Add: Current O/s	7,000	2,72,000
Electricity		30,000	Old NewsPaper Sale		12,500
Salary	36,000		Grant from Government		1,20,000
Add: Outstanding	6,000	42,000	Interest on Fixed Deposit		9,000
Rent	65,000		(18,000 for 6 months @ 10%)		
Less: Prepaid	5,000	60,000			
Postage Charges		3,000			
Loss on Sale of Furniture		13,000			
Surplus		2,15,000			
		<b>4,13,500</b>			<b>4,13,500</b>

### Balance Sheet as on March 31, 2019

Liabilities		₹	Assets		₹
Capital Fund			Books	50,000	
Opening Balance	3,85,500		Add: Purchases	70,000	1,20,000
Add: Surplus	2,15,000	6,00,500	Rent Prepaid		5,000
Salary Outstanding		6,000	Furniture	1,20,000	
Received Subscription in Advance		5,000	Add: Purchases	1,05,000	
			Less: Sale	50,000	1,75,000
			Fixed Deposit	1,80,000	
			Add: Interest	4,500	1,84,500
			Subscriptions Outstanding		15,000
			Cash		30,000
			Bank		82,000
		<b>6,11,500</b>			<b>6,11,500</b>

### Working Notes 1: Ascertainment of Capital Fund

Balance Sheet as on March 31, 2018			
Liabilities	₹	Assets	₹
Capital Fund	3,85,500	Outstanding Subscriptions	20,000
		Books	50,000
		Furniture	1,20,000
		Cash	40,000
		Bank	1,55,500
	3,85,500		3,85,500

### Question 45

Glaxo Club's Balance Sheet as at 1st April, 2018 was as under:

Liabilities	(₹)	Assets	(₹)
Capital Fund	2,00,000	Sports Equipments	50,000
Tournament Fund	60,000	Grounds	1,20,000
Subscriptions in Advance	6,000	Billiards Tables	60,000
Salaries Unpaid	11,000	Subscriptions Outstanding	8,000
		Cash and Bank Balances	39,000
	2,77,000		2,77,000

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

RECEIPTS AND PAYMENTS ACCOUNT			
<i>for the year ended 31st March, 2019</i>			
Dr.			Cr.
Receipts	(₹)	Payments	(₹)
To Opening Balance	39,000	By Wages and Salaries	60,000
To Subscriptions	1,81,000	By Upkeep of Grounds	10,000
To Sale of Old Materials	1,500	By Stationery	15,000
To Sale of Sports Equipment	6,000	By Audit Fee	2,000
(Book value ₹ 10,000)		By Expenses on Tournament	65,000
To Entrance Fees	2,000	By Sports Equipments	20,000
To Life Membership Fees	50,000	By 5% Investments	40,000
To Donations for Tournament	20,000	(On 1st October, 2018)	
		By Cash and Bank Balances	87,500
	2,99,500		2,99,500

Subscriptions still to be received are ₹ 5,500 but subscriptions already received include ₹ 4,000 for next year. Salaries still unpaid are ₹ 6,000. Sports Equipments are now valued at ₹ 45,000. Prepare Income and Expenditure Account and the Balance Sheet, after charging 10% depreciation on Billiards Tables.

**Answer:**

Dr.	Income and Expenditure A/c as on 31st March, 2019		Cr.
Expenditure	₹	Income	₹

To Loss on Sale of Sports Equipment	4,000	By Subscriptions	1,81,000	
To Sports Equipments used (WN1)	15,000	Add: Advance Subscriptions (Prev. Year)	6,000	
To Wages and Salaries [60,000 – 5,000 (Prev. Year)]	55,000	Less: Advance Subscriptions (Next Year)	4,000	
To Upkeep of Ground	10,000	Subscriptions Received (Prev. Year)	2,500	1,80,500
To Stationery	15,000	By Sale of Old Materials		1,500
To Audit Fees	2,000	By Entrance Fees		2,000
To Depreciation on Billiards Table (60,000 × 10/100)	6,000	By Interest Accrued on 5% Investments		1,000
To Surplus	78,000	(40,000 × 5/100 × 6/12)		
	1,85,000			1,85,000

### Working Notes:

<b>Sports Material Consumed</b>	=	<b>Opening Stock + Purchases – Closing Stock – Sales</b>
	=	₹ (50,000 + 20,000 – 45,000 – 10,000) = ₹ 15,000

<b>Balance Sheet of Glaxo Club as at 31st March, 2019</b>					
<b>Liabilities</b>		<b>₹</b>	<b>Assets</b>		<b>₹</b>
Capital Fund	2,00,000		Sports Equipment		45,000
Add: Life Membership fee	50,000		Grounds		1,20,000
Add: Surplus	78,000	3,28,000	Billiards Table	60,000	
			Less: Depreciation	6,000	54,000
Tournament Fund	60,000				
Add: Donations	20,000		Investments 5%		40,000
Less: Tournament Expenses	65,000	15,000	Investments Interest		1,000
			Outstanding Subscriptions		5,500
Advance Subscriptions Received		4,000	Cash and Bank Balances		87,500
Unpaid Salaries		6,000			
		3,53,000			3,53,000

### Question 46

From the following Receipts and Payments Account and additional information relating to the star Cricket Club, prepare Income and Expenditure Account for the year ended 31st March, 2019 and Balance Sheet as at that date:

<b>RECEIPTS AND PAYMENTS ACCOUNT</b>					
<b>Dr.</b>				<b>Cr.</b>	
Receipts	(₹)		Payments	(₹)	
To Balance b/d:			By Upkeep of Fields		20,000
Cash in Hand 1st April, 2018	10,000		By Tournament Expenses		7,000



Cash at Bank as per Pass Book	20,000	30,000	By Rates and Insurance	2,000
To Members' Subscriptions		50,000	By Telephone	500
To Admission Fee		3,000	By Stationery	1,000
To Sale of Old Bats, etc.		500	By General Charges	500
To Hire of Ground		3,000	By Secretary's Honorarium	2,000
To Subscriptions for Tournament		10,000	By Bats, Balls, etc.	7,000
To Donations		75,000	By Balance c/d:	
To Legacy Donations		25,000	Cash in Hand 31st March, 2019	1,00,000
			Cash at Bank as per Pass Book	56,500
				1,56,500
		1,96,500		1,96,500
Assets on 1st April, 2018:				₹
	Stock of Bats and Balls			15,000
	Stationery			2,000
	Subscriptions Due			5,000

Subscriptions due on 31st March, 2019 amounted to ₹ 7,500. Write off 50% of Bats, Balls (not considering sale) and 25% of Stationery.

### Solution

Dr.		Income and Expenditure A/c for the year ended 31st March, 2019		Cr.	
Expenditure	₹	Income		₹	
To Upkeep of fields	20,000	By Member's Subscriptions	50,000		
To Rates and Insurance	2,000	Add: Outstanding Subscriptions (7,500 – 5,000)	2,500	52,500	
To Telephone	500	By Admission fee		3,000	
To General Charges	500	By Donations		75,000	
To Secretary's Honorarium	2,000	By Legacy Donations		25,000	
To Bats and Balls written off (WN1)	11,000	By Hire of Ground		3,000	
To Stationery written off (WN2)	750	By Sale of Old bats, etc.		500	
To Surplus	1,22,250				
	1,59,000				1,59,000

### Working Note

1) Bats and Balls Amount	=	Opening Stock + Purchases
	=	₹ (15,000 + 7,000) = ₹ 22,000
Bats and Balls written off	=	₹ (22,000 × 50/100) = ₹ 11,000
2) Stationery Amount	=	Opening Stock + Purchases

	=	₹(2,000 + 1,000)= ₹3,000
Stationery written off	=	₹(3,000×25/100)= ₹750

3)

Balance Sheet as on 1st April, 2018			
Liabilities	₹	Assets	₹
Capital Fund (Balancing Figure)	52,000	Bats and Balls	15,000
		Stationery	2,000
		Subscriptions due	5,000
		Cash in Hand	10,000
		Cash at Bank	20,000
	52,000		52,000

Balance Sheet as on 31st March, 2019					
Liabilities		₹	Assets		₹
Capital Fund (WN3)	52,000		Bats and Balls stock	15,000	
Add: Surplus	1,22,250	1,74,250	Add: Purchases	7,000	
			Less: Written off	11,000	11,000
Tournament Subscriptions	10,000				
Less: Expenses of Tournament	7,000	3,000	Stationery	2,000	
			Add: Purchases	1,000	
			Less: Written off	750	2,250
			Outstanding Subscriptions		7,500
			Cash in Hand		1,00,000
			Cash at Bank		56,500
		1,77,250			1,77,250

### Question 47

From the following Receipts and Payments Account of Mumbai Theatre Club, prepare Income and Expenditure Account for the year ended 31st March, 2019 and Balance Sheet as at that date:

RECEIPTS AND PAYMENTS ACCOUNT			
Dr.			Cr.
Receipts	(₹)	Payments	(₹)
To Balance b/d:		By Salary	20,000
Cash and Bank	1,40,000	By Repair Expenses	5,000
To Donations	50,000	By Furniture	60,000
To Subscriptions	1,20,000	By Miscellaneous Expenses	5,000
To Entrance Fees	10,000	By Investments	60,000

To Interest on Investments	1,000	By Insurance Premium	2,000
To Interest Received from Bank	4,000	By Billiard Table	80,000
To Sale of Old Newspapers	1,500	By Paper, Ink, etc.	1,500
To Sale of Drama Tickets	10,500	By Drama Expenses	5,000
		By Balance c/d:	
		Cash and Bank	98,500
	3,37,000		3,37,000

**Additional Information:**

- (i) Subscriptions in arrear for the year ended 31st March, 2019 ₹ 9,000 and subscriptions in advance for the year ending 31st March, 2020 ₹ 3,500.
- (ii) Insurance Premium outstanding ₹ 400.
- (iii) Miscellaneous expenses prepaid ₹ 900.
- (iv) 8% interest has accrued on investment for five months.
- (v) Billiard Table costing ₹ 3,00,000 was purchased during last year and ₹ 2,20,000 were paid for it.

**Solution:**

Dr.		Income and Expenditure A/c fas on 31st March, 2019		Cr.	
Expenditure		₹	Income	₹	
To Salary		20,000	By Donations	50,000	
To Repair Expenses		5,000	By Subscriptions	1,20,000	
To Miscellaneous Expenses	5,000		Add: Subscriptions Outstanding	9,000	
Less: Prepaid Expenses	900	4,100	Less: Advance Subscriptions	3,500	1,25,500
To Insurance Premium	2,000		By Entrance Fees	10,000	
Add: Outstanding Premium	400	2,400	By Interest on Investments	1,000	
To Paper, Ink, etc.		1,500	Add: Accrued Interest (WN1)	2,000	3,000
To Drama Expenses		5,000	By Interest received from Bank	4,000	
To Surplus- Excess of Income over Expenditure		1,66,500	By Sale of Old Newspapers	1,500	
			By Sale of Drama Tickets	10,500	
		2,04,500		2,04,500	

**Working Notes 1:**

--	--	--

5 months Interest on Investments	=	₹ (60,000 × 8/100 × 5/12)
	=	₹ 2,000

## Working Notes 2:

<b>Balance Sheet as on 1st April, 2018</b>			
<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Capital Fund (Balancing Figure)	3,60,000	Billiard Table	3,00,000
		Cash and Bank	1,40,000
Billiard Table Creditors	80,000		
	4,40,000		4,40,000
<b>Balance Sheet as on 31st March, 2019</b>			
<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Capital Fund (WN2)	3,60,000	Furniture	60,000
Add: Surplus	1,66,500	Investments	60,000
		Billiard Table	3,00,000
Insurance Premium			
Outstanding	400	Prepaid Miscellaneous Expenses	900
Advance Subscriptions	3,500	Investments Interest	2,000
		Subscriptions Outstanding	9,000
		Cash and Bank	98,500
	5,30,400		5,30,400

## Question 48

Following Receipts and Payments Account was prepared from the Cash Book of Delhi Charitable Trust for the year ending 31st March, 2019:

<b>Receipt and Payment A/c as on 31st March, 2019</b>			
<b>Dr.</b>			<b>Cr.</b>
<b>Receipts</b>	<b>₹</b>	<b>Payments</b>	<b>₹</b>
To Balance b/d:		By Charity	1,15,000
Cash in Hand	1,15,000	By Rent and Taxes	32,000
Cash at Bank	1,26,000	By Salary	60,000
To Donations	90,000	By Printing	6,000
To Subscriptions	4,28,000	By Postage	3,000
To Legacies Donations	1,80,000	By Advertisements	45,000

To Interest on Investment	45,000	By Insurance	20,000
To Sale of old Newspaper	2,000	By Furniture	2,16,000
		By Investment	2,30,000
		By Balance c/d:	
		Cash in Hand	99,000
		Cash at Bank	1,60,000
	9,86,000		9,86,000

Prepare Income and Expenditure Account for the year ended 31st March, 2019, and Balance Sheet as on that date after the following adjustments:

- (i) Insurance premium was paid for insurance taken w.e.f. 1st July, 2018.
- (ii) Interest on investment ₹ 11,000 accrued was not received.
- (iii) Rent ₹ 6,000; Salary ₹ 9,000 and advertisement expenses ₹ 10,000 outstanding as on 31st March, 2019.
- (iv) Legacy Donation is towards construction of Library Block.

**Solution:**

Income and Expenditure Account as on March 31st, 2019				
Dr.			Cr.	
Expenditure		₹	Income	₹
Charity		1,15,000	Donation	90,000
Rent	32,000		Subscription	4,28,000
Add: Outstanding	6,000	38,000	Interest on Investments (45,000 + 11,000)	56,000
Salary	60,000		Sale of Old Newspapers	2,000
Add: Outstanding	9,000	69,000		
Advertisement	45,000			
Add: Outstanding	10,000	55,000		
Insurance	20,000			
Less: Prepaid	5,000	15,000		
Printing		6,000		
Postage		3,000		
Surplus		2,75,000		
		5,76,000		5,76,000

  

Balance Sheet as on March 31, 2019				
Liabilities		₹	Assets	
Capital Fund			Cash	99,000
Opening Balance	2,41,000		Bank	1,60,000
Add: Legacy	1,80,000		Insurance Prepaid	5,000
Add: Surplus	2,75,000	6,96,000	Furniture	2,16,000
Rent Outstanding		6,000	Investment	2,30,000

		Add: Interest	11,000	2,41,000
	7,21,000			7,21,000

### Working Notes 1: Ascertainment of Capital Fund

Balance Sheet as on March 31, 2018			
Liabilities	₹	Assets	₹
Capital Fund	2,41,000	Cash	1,15,000
		Banks	1,26,000
	2,41,000		2,41,000

### Question 49

Given Below is the Receipts and Payments Account of a Mayur Club for the year ended 31st March, 2019:

Receipt and Payment A/c			
Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d		By Salaries	60,000
To Subscriptions:		By Expenses	7,500
2017-18	4,000	By Drama Expenses	45,000
2018-19	2,05,000	By Newspapers	15,000
2019-20	6,000	By Municipal Taxes	4,000
To Donations	54,000	By Charity	35,000
To Proceeds of Drama Tickets	95,000	By Investments	2,00,000
To Sale of Waste Paper	4,500	By Electricity Charges	14,500
		By Balance c/d	90,000
	4,71,000		4,71,000

Prepare club's Income and Expenditure Account for the year ended 31st March, 2019 and Balance Sheet as at that date after taking the following information into account:

(i) There are 500 members, each paying an annual subscription of ₹ 500, ₹ 5,000 are still in arrears for the year ended 31st March, 2018.

(ii) Municipal Taxes amounted to ₹ 4,000 per year is paid up to 30th June and ₹ 5,000 are outstanding of salaries.

(iii) Building stands in the books at ₹ 5,00,000.

(iv) 6% interest has accrued on investments for five months.

### Solution:

Income and Expenditure Account as on March 31, 2019			
Dr.			Cr.

Expenditure		₹	Income		₹
Municipal Taxes	4,000		Subscription (500 members × Rs 500)		2,50,000
Add: Prepaid in 2017-18	1,000		Interest Accrued on Investment (2,00,000 X 6100 X 512)		5,000
Less: Prepaid in 2018-19	1,000	4,000	Profit from Drama:		
Salaries	60,000		Proceeds	95,000	
Add: Outstanding	5,000	65,000	Less: Drama Expenses	45,000	50,000
Expenses		7,500	Sale of Waste Paper		4,500
Newspapers		15,000	Donations		54,000
Charity		35,000			
Electricity Charges		14,500			
Surplus (Balancing Figure)		2,22,500			
		3,63,500			3,63,500

#### Balance Sheet as on April 01, 2018

Liabilities		₹	Assets		₹
			Subscriptions Outstanding (4,000 + 5,000)		9,000
Capital Fund (Balancing Figure)	6,12,500		Municipal Taxes Prepaid		1,000
			Building		5,00,000
			Cash and Bank		1,02,500
		6,12,500			6,12,500

#### Balance Sheet as on April 01, 2018

Liabilities		₹	Assets		₹
Subscription Advance	6,000		Outstanding Subscriptions		
Outstanding Salaries	5,000		For 2018-19 (2,50,000 – 2,05,000)	45,000	
			For 2017-18	5,000	50,000
Capital Fund	6,12,500		Prepaid Municipal Taxes		1,000
Add: Surplus	2,22,500	8,35,000	Building		5,00,000
			Investments	2,00,000	
			Add: Accrued Interest	5,000	2,05,000
			Cash at Bank		90,000
		8,46,000			8,46,000

#### Question 50

From the following Receipts and Payments Account of Kapil Dev Club and from the given additional information, prepare Income and Expenditure Account for the year ending 31st December, 2019 and the Balance Sheet as at that date:

Receipt and Payment A/c as on 31st March, 2019			
Dr.		Cr.	
Receipts	₹	Payments	₹
To Balance b/d	1,90,000	By Salaries	3,30,000
To Subscriptions	6,60,000	By Sports Material	4,00,000
Investment Interest	40,000	By Balance c/d	1,60,000
@ 8% p.a. for full year			
	8,90,000		8,90,000

Additional Information:

(i) The club had received ₹ 20,000 for subscription in 2017-18 for 2018-19.

(ii) Salaries had been paid only for 11 months.

(iii) Stock of sports materials on 31st March, 2018 was ₹ 3,00,000 and on 31st March, 2019 ₹ 6,50,000.

**Solution:**

Income and Expenditure Account as on 31st March, 2019					
Dr.			Cr.		
Expenditure		₹	Income		₹
Salary	3,30,000		Subscription	6,60,000	
Add: Outstanding Salaries (WN3)	30,000	3,60,000	Add: Advance in the beginning	20,000	6,80,000
Sports Materials Consumed		50,000	Investments Interest		40,000
Surplus		3,10,000			
		7,20,000			7,20,000

Balance Sheet as on 31st March,2019				
Liabilities		₹	Assets	₹
Outstanding Salaries		30,000	Investments (WN4)	5,00,000
Capital Fund	9,70,000		Stock of Sports Material	6,50,000
Add: Surplus	3,10,000	12,80,000	Cash	1,60,000
		13,10,000		13,10,000

### Working Notes 1: Sports Material Consumed Evaluation

Particulars	₹
Sports Material Purchased	4,00,000
Add: Opening Stock of Sports Material	3,00,000
Less: Closing Stock of Sports Material	6,50,000
Sports Material Consumed	50,000

### Working Notes 2: Capital Fund Evaluation



Balance Sheet as on April 01,2018			
Liabilities	₹	Assets	₹
Subscription Received in Advance	20,0000	Investments	5,00,000
Capital Fund (Balancing Figure)	9,70,000	Stock of Sports Material	3,00,000
		Cash	1,90,000
	9,90,000		9,90,000

### Working Notes 3: Outstanding Salaries Evaluation

Outstanding Salaries = 3,30,000 X 111 = ₹ 30,000

### Working Notes 3: Investments Evaluation

Investments = 40,000× 1008 = ₹ 5,00,000

### Question 51

From the following information and Receipts and Payments Account of Delhi Medical Society, prepare Income and Expenditure Account for the year ended 31st March, 2019 and Balance Sheet as at that date.

Receipt and Payment A/c as on 31st March, 2019			
Dr.			Cr.
Receipts	₹	Payments	₹
To Balance b/d	31,900	By Rent	16,800
To Entrance Fees	5,500	By Wages	24,500
To Subscriptions	1,80,000	By Lighting Charges	7,200
To Donations	16,500	By Books	24,800
To Life Membership Fees	25,000	By Medicines	1,00,000
To Government Grant	2,00,000	By Doctors Salaries	80,000
To Proceeds of Seminar	23,200	By Office Expenses	45,000
To Interest on Deposits	2,400	By 8% Fixed Deposits	1,20,000
		(On 1st October, 2018)	
		By Seminar Expenses	20,200
		By Cash in Hand	26,000
		By Bank A/c	20,000
	4,84,500		4,84,500

Other information:

On 31st March, 2018, the Club possessed books of ₹ 2,00,000 and Furniture of ₹ 85,000. Provide depreciation on these assets @ 10% including the purchases during the year.

Subscriptions in arrears in the beginning of the year amounted to ₹ 3,500 and at the end of the year ₹ 5,500 were outstanding.

The Club paid three months' rent in advance both in the beginning and at the end of the year.

**Solution:**

<b>Income and Expenditure Account as on March 31, 2019</b>					
<b>Dr.</b>			<b>Cr.</b>		
<b>Expenditure</b>		<b>₹</b>	<b>Income</b>		<b>₹</b>
Rent	16,800		Entrance Fees		5,500
Add: Advance in the beginning	4,200		Subscriptions	1,80,000	
Less: Advanced at the end	(4,200)	16,800	Add: Arrears at the end	5,500	
Wages		24,500	Less: Arrears in the beginning	(3,500)	1,82,000
Lighting Charges		7,200	Donations		16,500
Office Expenses		45,000	Deposits Interest	2,400	
Depreciation on:			Add: Interest	2,400	4,800
Furniture	8,500		Profit from Seminar:		
Books	22,480	30,980	Proceeds	23,200	
Surplus (Balancing Figure)		87,320	Less: Expenses	(20,200)	3,000
		2,11,800			2,11,800

<b>Balance Sheet as on April 01, 2018</b>			
<b>Liabilities</b>		<b>₹</b>	<b>Assets</b>
			Advance Rent
			Subscription-in-Arrears
			Books
Capital Fund (Balancing Figure)		3,24,600	Furniture
			Cash in Hand
		3,24,600	

<b>Balance Sheet as on April 01, 2018</b>				
<b>Liabilities</b>		<b>₹</b>	<b>Assets</b>	
			Subscription-in-Arrears	5,500
			Advance Rent	4,200
			Books	2,00,000
Government Grant	2,00,000		Add: Purchase	24,800
Less: Medicines	1,00,000			2,24,800
Less: Salaries	80,000	20,000	Less: Depreciation @ 10%	(22,480)
Capital Fund	3,24,600		Furniture	85,000
Add: Surplus	87,320		Less: 10% Depreciation	8,500
Add: Life Membership	25,000	4,36,920	Cash in Hand	26,000
			Cash at Bank	20,000
			Fixed Deposit @ 8%	1,20,000

		Add: Interest on deposit	2,400	1,22,400
	4,56,920			4,56,920

Working Note: Fixed Deposits Interest Evaluation

Interest on Fixed Deposits (1,20,000 × 8% × 612)	4,800
Less: Received Interest	(2,400)
Interest on Fixed Deposits	2,400

## Question 52

Receipts and Payments Account of Shankar Sports Club is given below for the year ended 31st March, 2019:

Receipt and payment A/c as on 31st March, 2019			
Dr.			Cr.
Receipts	₹	Payments	₹
To Cash in Hand (Opening)	2,600	By Rent	18,000
To Entrance Fee	3,200	By Wages	7,000
To Donation for Building	23,000	By Billiard Table	14,000
To Locker Rent	1,200	By Furniture	10,000
To Life Membership Fee	7,000	By Interest	2,000
To Profit from Entertainment	3,000	By Postage	1,000
To Subscription	40,000	By Salary	24,000
		By Cash In Hand (Closing)	4,000
	80,000		80,000

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

Subscription outstanding on 31st March, 2018 is ₹ 1,200 and ₹ 2,300 on 31st March, 2019; opening stock of postage stamps is ₹ 300 and closing stock is ₹ 200; Rent ₹ 1,500 related to the year ended 31st March, 2018 and ₹ 1,500 is still unpaid. On 1st April, 2018 the club owned furniture ₹ 15,000, Furniture valued at ₹ 22,500 on 31st March, 2019. The club has a loan of ₹ 20,000 (@ 10% p.a.) which was taken, in the year ended 31st March, 2018.

## Solution:

Dr.	Income and Expenditure A/c as on 31st March, 2019		Cr.
	Amount		Amount
Expenditure	(₹)	Income	(₹)
To Rent	18,000	By Entrance Fess	3,200
To Wages	7,000	By Locker Rent	1,200

To Interest	2,000	By Profit from Entertainment	3,000	
To Postage Consumed (WN1)	1,100	By Subscriptions	40,000	
To Depreciation on Furniture (WN2)	2,500	Less: Outstanding Sub. (31st March, 2018)	1,200	
To Salary	24,000	Add: Outstanding Sub. (31st March, 2019)	2,300	41,100
		By Deficit- Excess of Expenditure over Income	6,100	
	54,600			54,600

### Working Notes :

<b>1. Postage Consumed</b>	=	Opening Stock + Purchases – Closing Stock – Sales
	=	₹ (300 + 1,000 – 200) = ₹ 1,100

<b>2. Depreciation on Furniture</b>	=	Opening Value + Purchases – Closing Value
	=	₹ (15,000 + 10,000 – 22,500) = ₹ 2,500

<b>3.</b>			
<b>Balance Sheet of Shankar Sports Club as at 1st April, 2018</b>			
<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Loan @ 10% p.a.	20,000	Furniture	15,000
Outstanding Rent	1,500	Postage	300
		Outstanding Subscriptions	1,200
		Cash in Hand	2,600
		Capital Fund Deficit (Balancing Figure)	2,400
	21,500		21,500

<b>Balance Sheet of Shankar Sports Club as at 1st April, 2019</b>			
<b>Liabilities</b>	<b>₹</b>	<b>Assets</b>	<b>₹</b>
Loan @10% p.a.	20,000	Capital Fund Deficit	2,400
Donation for Building	23,000	Add: Deficit	6,100
Rent Outstanding	1,500	Furniture	22,500
Fees for Life Membership	7,000	Billiard Table	14,000
		Postage	200
		Outstanding Subscriptions	2,300
		Cash in Hand	4,000
		Furniture	22,500
	51,500		51,500

### Question 53

From the following particulars relating to the Ramakrishna Mission Charitable Hospital, prepare Income and Expenditure Account for the year ended 31st March, 2019 and Balance Sheet as at that date.

Receipt and Payment A/c as on 31st March, 2019				
Dr.				Cr.
Receipts	₹	Payments		₹
To Cash in Hand on 1st April, 2018	71,300	By Medicines		3,05,900
To Subscriptions	4,79,960	By Doctor's Honorarium		90,000
To Donations	1,45,000	By Salaries		2,75,000
To Interest Investment @ 7%	70,000	By Petty Expenses		4,610
To Proceeds from Charity Show	1,04,500	By Equipments		1,50,000
		By Expenses on Charity Show		7,500
		By Cash in Hand on 31st March, 2018		37,750
	8,70,760			8,70,760
Additional Information:		As at 1st April, 2018	As at 31st March, 2019	
		(₹)	(₹)	
Subscriptions Due		2,400		2,800
Subscriptions Received in Advance		640		1,000
Stock of Medicines		88,100		97,400
Estimated value of Equipments		2,12,000		3,16,000
Building (cost less depreciation)		4,00,000		3,80,000

**Solution:**

Income and Expenditure Account as on March 31, 2019					
Dr.					Cr.
Expenditure		₹	Income		₹
Medicine	30,590		Subscription	47,996	
Add: Opening Stock	8,810		Add: Due for 2018-19	280	
Less: Closing Stock	(9,740)	29,660	Less: Due for 2017-18	(240)	
Doctor's Honorarium		9,000	Less: Advance for 2019-20	(100)	
Salaries		27,500	Add: Advance for 2018-19	64	48,000
Petty Expenses		461	Donations		14,500
Charity Show Expenses		750	Investments Interest		7,000
Equipments Depreciation		4,600	Proceeds from Charity Show		10,450
Building Depreciation		2,000			
Surplus (Balancing Figure)		5,979			

			79,950				79,950

### Balance Sheet as on April 01, 2018

Liabilities	₹	Assets	₹
Subscription Advance	64	Due Subscription	240
Capital Fund (Balancing Figure)	1,77,316	Medicines Stock	8,810
		Equipments	21,200
		Building	40,000
		Cash in Hand	7,130
		Investments	1,00,000
	1,77,380		1,77,380

### Balance Sheet as on April 01, 2019

Liabilities	₹	Assets	₹
Advance Subscription	100	Subscription Due	280
Capital Fund	1,77,316	Medicines Stock	9,740
Add: Surplus	5,979	Equipments	21,200
		Add: Purchases	15,000
			36,200
		Less: Depreciation	(4,600)
		Building	40,000
		Less: Depreciation	(2,000)
		Cash in Hand	3,775
		Investments @ 7%	1,00,000
	1,83,395		1,83,395

### Working Note: Investment Evaluation

= Interest X 100RateofReturn

= 7,000 X 1007 = ₹ 1,00,000

### Question 54

Following is the Receipt and Payment Account of Women's Welfare Club for the year ended 31st March, 2019:

Receipt and Payment A/c as on 31st March, 2019			
Dr.			Cr.
Receipts	₹	Payments	₹
To Cash in Hand	22,500	Salary	1,25,000
To Cash at Bank	50,000	By Stationery	17,000
To Subscriptions	8,17,500	By Electric Charges	95,500
To Donations	30,000	By Insurance	75,000
To Government Grant	1,50,000	By Equipments	3,00,000

To Sale of Newspapers	3,000	By Petty Expenses	5,000
To Proceeds of Charity Show	1,65,000	By Expenses on Charity Show	1,29,000
To Interest Investments @ 10%	70,000	By Newspapers	10,000
To Income Sundries	4,000	By Lectures Fee	1,65,000
		By Honorarium to secretary	1,20,000
		By Cash in Hand	20,500
		By Cash at Bank	2,50,000
	13,12,000		13,12,000

Additional Information:

Particulars	1st April, 2018 (₹)	31st March, 2019 (₹)
Outstanding Salaries	12,000	18,000
Insurance Prepaid	7,000	3,000
Subscription Outstanding	37,500	25,000
Subscription received in advance	17,500	10,000
Electricity Charges outstanding	...	12,500
Stock of Stationery	22,500	7,000
Equipments	2,56,000	5,02,000
Building	12,00,000	11,40,000

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

**Solution:**

Income and Expenditure Account as on March 31, 2019					
Dr.			Cr.		
Expenditure		₹	Income		₹
Stationery		32,500	Donation		30,000
Electricity Charges	95,500		Government Grant		1,50,000
Add: Outstanding	12,500	1,08,000	Sale of Old Newspapers		3,000
Salary	1,25,000		Proceeds of Charity Show (Net)		36,000
Add: Current O/s	18,000		Interest on Investments		70,000
Less: Previous O/s	12,000	1,31,000	Sundries Income		4,000
Insurance	75,000		Subscription	8,17,500	
Add: Previous	7,000		Add: Current O/s	25,000	

Less: Current	3,000	79,000	Add: Previous Adv.	17,500	
Petty Expenses		5,000	Less: Previous O/s	37,500	
Newspaper		10,000	Less: Current Adv.	10,000	8,12,500
Lectures Fees		1,65,000			
Honorarium to Secretary		1,20,000			
Depreciation on Equipment		54,000			
Depreciation on Building		60,000			
Surplus		3,41,000			
		11,05,500			11,05,500

### Balance Sheet as on March 31, 2019

Liabilities		₹	Assets		₹
Capital Fund			Prepaid Insurance		3,000
Opening Balance	22,66,000		Outstanding Subscription		25,000
Add: Surplus	3,41,000	26,07,000	Investments		7,00,000
Salary Outstanding		18,000	Equipment	2,56,000	
Received Advance Subscription		10,000	Add: Purchases	3,00,000	
Outstanding Electricity Charges		12,500	Less: Depreciation	54,000	5,02,000
			Cash		20,500
			Bank		2,50,000
			Building	12,00,000	
			Less: Depreciation	60,000	11,40,000
			Stock of Stationery		7,000
		26,47,500			26,47,500

### Working Notes 1: Capital Fund Evaluation

Balance Sheet as on March 31, 2018			
Liabilities	₹	Assets	₹
Outstanding Salary	12,000	Prepaid Insurance	7,000
Subscription Received in Advance	17,500	Subscription Outstanding	37,500
Capital Fund	22,66,000	Stock of Stationery	22,500
		Equipment	2,56,000
		Building	12,00,000
		Cash	22,500
		Bank	50,000
		Investments	7,00,000
	22,95,500		22,95,500