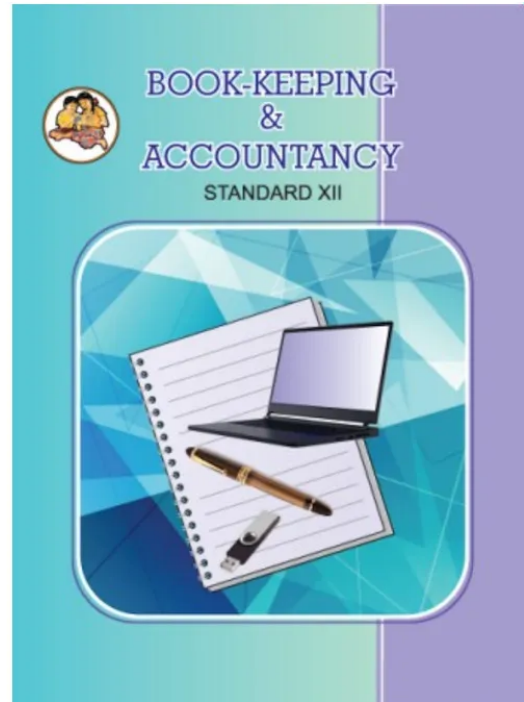


Maharashtra Board Solutions Class 12-Book Keeping & Accountancy: Chapter 2- Accounts of 'Not for Profit' Concerns

Class 12 - Chapter 2 Accounts of 'Not for Profit' Concerns



For any clarifications or questions you can write to info@indcareer.com

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Maharashtra Board Solutions Class 12-Book Keeping & Accountancy: Chapter 2- Accounts of 'Not for Profit' Concerns

Class 12: Book Keeping & Accountancy Chapter 2 solutions. Complete Class 12 Book Keeping & Accountancy Chapter 2 Notes.

Maharashtra Board Solutions Class 12-Book Keeping & Accountancy: Chapter 2- Accounts of 'Not for Profit' Concerns

Maharashtra Board 12th Book Keeping & Accountancy Chapter 2, Class 12 Book Keeping & Accountancy Chapter 2 solutions

1. Objective Type Questions:

A. Select the most appropriate alternatives from the following and rewrite the sentences:

Question 1.

Not for Profit concern renders _____ services to public at large.

- (a) commercial
- (b) social
- (c) individual
- (d) group

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Answer:

(b) social

Question 2.

Donation for Scholarship Fund is _____

(a) Capital Receipt

(b) Revenue Receipt

(c) Capital Expenditure

(d) Revenue Expenditure

Answer:

(a) Capital Receipt

Question 3.

Income and Expenditure Account is a _____ Account.

(a) Capital

(b) Real

(c) Personal

(d) Nominal

Answer:

(d) Nominal

Question 4.

Outstanding subscription at the end of the Accounting Year represents

(a) Liability

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- (b) an Expenditure
- (c) an Asset
- (d) Capital Fund

Answer:

- (c) an Asset

Question 5.

Subscription received in advance during the accounting year is

-
- (a) an Income
 - (b) an Expense
 - (c) an Asset
 - (d) a Liability

Answer:

- (d) a Liability

Question 6.

Excess of Income over Expenditure is termed as _____

- (a) Deficit
- (b) Profit
- (c) Surplus
- (d) Loss

Answer:

- (c) Surplus

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Question 7.

Not for Profit concern prepares _____ Account instead of Profit and Loss Account to know the result.

- (a) Trading
- (b) Income and Expenditure
- (c) Cash
- (d) Receipt and Payments

Answer:

- (b) Income and Expenditure

Question 8.

The closing balance of Receipts and Payments Account usually represent

- (a) Closing stock
- (b) Cash and Bank Balance
- (c) Surplus
- (d) Deficit

Answer:

- (b) Cash and Bank Balance

Question 9.

Not for Profit organization is also called _____ organization.

- (a) service
- (b) trading

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(c) profit-making

(d) commercial

Answer:

(a) service

Question 10.

Expenditure on Purchase of Building is a _____ Expenditure.

(a) Capital

(b) Revenue

(c) General

(d) Recurring

Answer:

(a) Capital

B. Write the Word/Phrase/Term, which can substitute each of the following Statements.

Question 1.

The Form of Organization providing services to the society only.

Answer:

Not for Profit concern

Question 2.

An account which is prepared by Not for Profit concern instead of Profit and Loss Account.

Answer:

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Income and Expenditure Account

Question 3.

Donations are received for a specific purpose.

Answer:

Specific donation/Capital Receipt

Question 4.

The Receipts are not recurring in nature.

Answer:

Capital Receipt

Question 5.

An Account that records only revenue items in case of Not a for-profit concern.

Answer:

Income and Expenditure Account

Question 6.

Accounts which records only cash transactions in case of Not for Profit concerns.

Answer:

Receipts and Payments Account

Question 7.

The income is earned during the year but not received during the year.

Answer:

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Outstanding income

Question 8.

The credit balance of Income and Expenditure Account.

Answer:

Surplus

Question 9.

To excess of total assets over total liabilities of a Not for Profit concern.

Answer:

Capital Fund

Question 10.

All such receipts are non-recurring in nature and not forming a part of a regular flow of income.

Answer:

Capital Receipts

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

Question 1.

Not for Profit concerns do not have a profit motive.

Answer:

This statement is True.

Not for profit concerns, the main aim is to give services to its members or to the society at large. They do not carry any Trading activity or Manufacturing activity so there is no question of having a profit motive for 'Not for Profit' concerns.

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Question 2.

Charitable Institutions prepare Profit and Loss Accounts at the end of every financial year.

Answer:

This statement is False.

Charitable Institutions, Not for Profit concerns, do not undertake any trading activities and hence instead of Profit and Loss Account prepare Income-Expenditure Account to record all revenue expenses/losses and revenue incomes/gains of the current year.

Question 3.

There is no difference between Receipts and Payments Account and Income and Expenditure Account.

Answer:

This statement is False.

In the Receipts and Payments Account, all receipts and payments transactions in cash or through the bank are recorded irrespective of the current year, previous year, or next year while in Income-Expenditure Account, only the current year's incomes and expenses (Revenue) are recorded.

Question 4.

Income and Expenditure Account represents either surplus or deficit.

Answer:

This statement is True.

In the Income and Expenditure Account, all revenue incomes and expenses are recorded and at the end of the specified period, the difference is found out which is known as 'Surplus' (Revenue incomes are more than Revenue expenses) or 'Deficit' (Revenue expenses are more than Revenue incomes).

Question 5.

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Receipts and Payments Accounts do not have any opening balance.

Answer:

This statement is False.

Receipts and Payments Account is just like a cash book of trading concern and opening balance (Cash or Bank or Cash and Bank) must be there to start recording of transactions.

Question 6.

Not for Profit concerns do not prepare a Balance Sheet.

Answer:

This statement is False.

To know the financial position of the organization, at the end of the particular period, Not for Profit concerns prepare Balance Sheet.

Question 7.

Purchases of Sports Equipments is a Capital Expenditure.

Answer:

This statement is True.

Generally, the life span of sports equipment is more than one year, so the purchase of sports equipment is considered a capital expenditure.

Question 8.

Income and Expenditure Account is a Real Account.

Answer:

This statement is False.

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In the Income and Expenditure Account, all the revenue incomes and revenue expenses are recorded and therefore it is a Nominal Account and not a Real Account.

Question 9.

The Receipts and Payments Account contains only the transactions relating to the current year.

Answer:

This statement is False.

In the Receipts and Payments Account, transactions of not only the current year but of the previous year or of the next year are also recorded.

Question 10.

Excess of Assets over liabilities is called Capital Fund.

Answer:

This statement is True.

For 'Not for Profit' concerns in the Balance Sheet, when a total of Assets is more than the total of Liabilities, the difference of amount is considered as 'Capital Fund'.

D. Fill in the blanks.

Question 1.

Not for Profit organization is never engaged in _____ activities.

Answer:

trading

Question 2.

Not for Profit organization is called _____ organization.

Answer:

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service

Question 3.

Receipts and Payments Account falls under the category of _____ Account.

Answer:

Real

Question 4.

In Receipts and Payment Account the summary of _____ transactions are recorded.

Answer:

cash

Question 5.

Income and Expenditure Account is similar to the _____ Account of Trading concern.

Answer:

Profit and Loss

Question 6.

Credit side of Receipts and Payments Account shows cash _____

Answer:

payments

Question 7.

Income and Expenditure Account is a _____ Account.

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Answer:

Nominal

Question 8.

Mumbai University prepares _____ Account instead of a Profit and Loss account.

Answer:

Income and Expenditure

Question 9.

Subscription received from the members is considered as _____ receipts.

Answer:

revenue

Question 10.

The transactions recorded in the Income and Expenditure Account related only to the _____ year.

Answer:

current

E. Answer in one sentence only.

Question 1.

What do you mean by 'Not for Profit' Concern?

Answer:

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A concern or organization which is formed and established to serve its members and society or the general public by undertaking various activities without any profit motive is called a 'Not for Profit' concern.

Question 2.

Which organizations prepare Income and Expenditure Account?

Answer:

'Not for profit' concern prepares Income and Expenditure Account.

Question 3.

What is Receipts and Payments Account?

Answer:

An account that is prepared by a 'Not for Profit Concern' to record a summary of all types of cash receipts and cash payments inclusive of bank transactions is called Receipts and Payments Account.

Question 4.

Why Income and Expenditure Account is prepared?

Answer:

Income and Expenditure Account is prepared to ascertain, whether the concern has sufficient income to meet its expenses, or not.

Question 5.

What is Capital Fund?

Answer:

Excess of Assets over Liabilities is known as Capital Fund which also consists of contributions, subscription, entrance fees, surplus income, etc.

Question 6.

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What is a Subscription?**Answer:**

Subscription is the periodical payment made by the members to the 'Not for Profit' concern for maintaining their membership.

Question 7.**What is 'Legacy'?****Answer:**

Any asset, property, or amount of cash which 'Not for Profit' concern receives as per the provisions made in the will of the donor after his death is called Legacy.

Question 8.**What is Surplus?****Answer:**

Excess of income over expenditure shown by Income and Expenditure Account represents Surplus for the financial year.

Question 9.**What do you mean by Non-recurring Expenses?****Answer:**

Non-recurring expenses are the expenses that are made for the acquisition of fixed assets that gives benefits for a long period.

Question 10.**To which account 'Surplus' or 'Deficit' is transferred?****Answer:**

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‘Surplus’ or ‘Deficit’ is transferred to the Balance Sheet by adding it or subtracting it from Capital Fund.

F. I. Complete the Table:

Question 1.

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

Solution:

Sr.No	Income (₹)	Expenditure (₹)	Surplus/Deficit (₹)
.			
1	10,000	15,000	5,000 (Deficit)
2	8,000	4,000	4,000 (Surplus)
3	23,000	15,000	8,000 (Surplus)
4	7,500	9,000	1,500 (Deficit)
5	15,000	11,300	3,700 (Surplus)

II. Salaries paid during the year:

Question 1.

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

Solution:

Sr. No.	Total (₹)	Prepaid/Outstand ing	₹	Expenditure for the year
1	1,100	Prepaid	100	1,000
2	2,700	Prepaid	700	2,000
3	8,250	Prepaid	1,600	6,650
4	1,200	Outstanding	200	1,400
5	4,500	Outstanding	600	5,100
6	1,800	Outstanding	400	2,200

III. Rent received during the year:

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Question 1.

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

Solution:

Sr.No	Total Received (₹)	Rent received in Advance/Accrued	₹	Income for the year (₹)
1	1,300	Received in Advance	200	1,100
2	1,800	Received in Advance	400	1,400
3	2,650	Received in Advance	650	2,000
4	2,900	Accrued	29	3,190

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			0	
5	1,700	Accrued	45	2,150
			0	
6	2,600	Accrued	50	3,100
			0	

G. Calculate the following:

Question 1.

10 % p.a. Depreciation on Furniture ₹ 50,000 (for three months)

Solutions:

Depreciation = Cost of Asset × Rate × Period

= 50,000 × 10/100 × 3/12

= ₹ 1250 Depr. for 3 months

Thus, Depreciation on furniture @ 10 % on ₹ 50,000 for 3 months = ₹ 1250.

Question 2.

12 % p.a. Interest on Bank loan ₹ 80,000 for 1 year.

Answer:

I = $\frac{P \times R \times T}{100}$

= 80,000 × 12/100 × 1

= ₹ 9600.

Thus, interest on a Bank loan ₹ 80,000 for 1 year = ₹ 9600.

Question 3.

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Opening stock of stationery ₹ 5,000, purchases of stationery ₹ 7000, outstanding stationery bill ₹ 12,000, closing stock ₹ 1000. What is the amount of stationery consumed?

Answer:

To consumption of stationery :	₹
Opening stock	5,000
Add : Purchases	7,000
Add : Outstanding stationery bill	<u>12,000</u>
	24,000
Less : Closing stock	<u>1,000</u>
Consumption of stationery	<u>23,000</u>

Question 4.

Salary ₹ 10,000, outstanding salary ₹ 5,000. Calculate the salary to be debited to the Income and Expenditure Account.

Answer:

Dr.		Income and Expenditure Account		Cr.	
Particulars	Amount (₹)	Amount (₹)	Particulars	Amount (₹)	Amount (₹)
To Salary	10,000				
Add : Outstanding Salary	<u>5,000</u>	15,000			

Question 5.

Library Books ₹? Less 10% Depreciation ₹ 5,000 = ₹ 45,000.

Answer:

Library books ₹ 50,000. Less 10% Depreciation ₹ 5,000 = ₹ 45,000

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$$\left[\begin{array}{cc} \% & \text{Depr. ₹} \\ 10 & 5,000 \\ 100 & ? (\text{cost}) \end{array} = ₹ 50,000 \right]$$

H. Find odd one:

Question 1.

Trading Account, Profit and Loss Account, Receipts and Payments Account, Balance Sheet.

Answer:

Receipts and Payments Account

Question 2.

Machinery, Furniture, Computers, Salaries.

Answer:

Salaries

Question 3.

Subscription, Stationery, Interest Received, Locker Rent received.

Answer:

Stationery

Question 4.

Reliance Industries, Venna Vidya Mandir, Laxmi Hospital, Manoj Sports club.

Answer:

Reliance Industries

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Question 5.

Surplus, Deficit, Net Profit, Capital fund.

Answer:

Net Profit

Practical Problems

Question 1.

Calculation of stationery consumed during the year

Balance Sheet as on 01.04.2018

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

Receipts and Payments Account for the year ending 31.03.2019

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

Adjustments:

1. ₹ 1,000 outstanding for the stationery bill.
2. Stock of Stationery as of 31 – 03 – 2019 was valued at ₹ 1,800.

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

Solution:

In the books of _____

Dr. Income and Expenditure Account for the year ended 31st March, 2019 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Stationery Consumed during the Year					
Opening Stock	400				
Add : Stationery Purchased during the Year	6,300				
Add : Credit Purchase of Stationery (Outstanding bill)	1,000				
	7700				
Less : Closing Stock of Stationery	1800	5,900			

Balance Sheet as of 31 – 03 – 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
O/s Stationery Expenses	1000	Closing Stock of Stationery	1800

Question 2.

Presentation of Subscription only

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Balance Sheet as on 01.04.2018

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

Receipts and Payments Account for the year ending 31.03.2019.

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

Adjustments:

The outstanding subscription for 2018-19 is ₹ 32,000.

With the above information, present the item Subscription in Income and Expenditure Account for the year ended 31 -03-2019 and Balance Sheet as on the date.

Solution:

In the books of _____

Dr. **Income and Expenditure Account for the year ended 31st March, 2019** Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
			By Subscription	4,10,000	
			Add : Outstanding Subscription for Current Year 2018-19	32,000	
				4,42,000	
			Add : Subscription of Current Year Received in Advance in the Previous Year 2017-18	20,000	4,62,000

Balance Sheet as of 31st March 2019

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Subscription Received in Advance for the Year 2019-20		21,000	Outstanding Subscription for Add : Year 2018-19 (Current year)	32,000	
			Add : Year 2016-17 (26,000 – 23,000)	3,000	
			Add : Year 2017-18 (35,000 – 30,000)	5,000	40,000

Working Note:

Outstanding subs, given in the balance sheet as on 01-04-2018 are ₹ 26,000 (for 2016-17) and ₹ 35,000 (for 2017-18). Against that, as shown in Receipt – Payment A/c ₹ 23,000 and ₹ 30,000 are received respectively. Means ₹ 3,000 and ₹ 5,000 are still outstanding which are known in the current year balance sheet.

Question 3.

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Receipts and payments Account for the year ending 31.03.2018.

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

Adjustments:

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

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

The outstanding subscription of 2016-17 is ₹ 2,500.

With the help of the above information present the item Subscription in Income and Expenditure Account for the year ending 31-03-2018 and Balance Sheet as on that date.

Solution:

In the books of _____

Dr.		Income and Expenditure Account for the year ended 31st March, 2018		Cr.	
Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
			By Subscription (Year 2017-18)	60,000	
			Add : Outstanding Subscription of Current Year 2017-18	6,000	
			Add : Subscription Received in Advance of Current Year in Previous Year	2,000	68,000

Balance Sheet as of 31st March 2018

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Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Subscription Received in Advance in the Current Year for the Year 2018-19		4,500	Outstanding Subscription for Current Year (2017-18)		6,000
			Outstanding Subscription for the Year 2016-17 (2,500 - 2,000)		500

Question 4.

Preparation of Income and Expenditure Account only

Following is the Receipts and Payments Account of “Satara Sports Club” Satara.

Prepare Income and Expenditure Account for the year ending 31-03-2019.

Receipts and Payments Account for the year ending 31.03.2019.

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

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Adjustments:

1. Outstanding subscription for the current year is ₹ 4,500.
2. Outstanding rent for the current year amounted to ₹ 1,000.
3. Entrance fees are to be treated as Revenue Income.
4. Stock of sports material as of 01-04-2018 ₹ 6,000 and on 31 – 03 – 2019 ₹ 14,000.

Solution:

In the books of 'Satara Sports Club' Satara

Dr. Income and Expenditure Account for the year ended on 31st March, 2019 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Salaries		5,000	By Subscription Received for 2018-19	44,500	
To Rent	5,000		Add : Outstanding Subscription for Current Year	4,500	49,000
Add : Outstanding Rent of Current Year	1,000		By Entrance Fees		8,000
Less : Rent Received for the Year 2017-18	2,000	4,000	By Interest		600
To Electricity Charges		1,450			
To Printing and Stationery		750			
To General Expense	5,500				
Less : Amount Paid for Next Year	500	5,000			
To Sports Material Consumed					
Opening Stock	6,000				
Add : Sports Material Purchased in Current Year	40,000				
	46,000				
Less : Closing Stock of Sports Material	14,000	32,000			
To Loss due to Sale of Furniture (8,000 – 4,500)		3,500			
To Surplus (Excess of income over expenditure)		5,900			
		57,600			57,600

Working Notes:

1. Entrance fees are to be treated as Revenue income. Therefore entire amount is recorded on the income side.
2. Since the selling price of Furniture ₹ 4,500 is lower than its cost price of ₹ 8,000, there is a Loss in the sale of furniture.

It is calculated as follows:

Loss on sale of furniture = Book value (cost) – Selling price

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

$$= 8,000 - 4,500$$

$$= ₹ 3,500$$

It is debited to Income and Expenditure A/c.

Question 5.

“Bhartiya Kala Kendra”, Solapur gives you the following information for the year ended on 31-03-2018. Prepare Income and Expenditure Account for the year ending 31-03-2018.

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

Additional Information:

1. Legacies are to be capitalized.
2. Outstanding salary ₹ 200.
3. 50% of Entrance fees are to be capitalized.

Solution:

In the books of Bhartiya Kala Kendra, Solapur

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Dr. Income and Expenditure Account for the year ended 31st March, 2018 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Stationery		600	By Locker Rent		400
To Expenses of Drama		3,000	By Entrance Fees	2,900	
To Postage		450	Less : 50 % Capitalised	1,450	1,450
To Magazine and Newspaper		600	By Sale of Old Newspapers		250
To Salaries	4,400		By Receipts from Drama		9,000
Add : Outstanding Salaries	200	4,600	By Interest on Govt. Securities		400
To Surplus (Excess of income over expenditure)		2,650	By Miscellaneous Receipts		400
		11,900			11,900

Question 6.

Accounts of a Charitable Hospital

From the following particulars relating to “Radha-Krishna Charitable Hospital”, Pune.

Prepare Income and Expenditure Account for the year ending 31-03-2020 and Balance Sheet as of that date.

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Receipts and payments Account for the year ending 31.03.2020.

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

Additional Information:

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

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

Solution:

In the Books of Radha-Krishna Charitable Hospital, Pune

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Dr. Income and Expenditure Account for the year ended 31st March, 2020 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Medicines Consumed			By Subscriptions	52,000	
Opening Stock	8,000		Add : Outstanding of		
Add : Purchases	41,000		Current Year	350	
	49,000		Add : Received in Advance		
Less : Closing Stock	11,000	38,000	in Previous Year	600	
To General Expenses		1,050		52,950	
To Salaries		23,500	Less : Received in Current		
To Stationery		2,000	Year of the Previous		
To Expenses on charity			Year	150	
show		550	Less : Subscription due of		
To Surgery and Dispensary			Previous Year	310	52,490
Expense		4,200	By Donations (General)		17,500
To Depreciation			By Interest on Investments		10,000
Equipments	1,900		By Proceeds from Charity		
Building	1,500	3,400	Show		8,530
To Surplus		15,820			
(Excess of income over					
expenditure)					
		88,520			88,520

Balance Sheet as of 31st March 2020

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital Fund	1,70,940		Outstanding Subscription		350
Add : Surplus	15,820	1,86,760	Closing Stock of Medicines		11,000
Subscription Received in Advance		150	Equipments opening Balance	15,000	
			Add : Purchases	10,000	
				25,000	
			Less : Depreciation	1,900	23,100
			Buildings	40,000	
			Less : Depreciation	1,500	38,500
			10 % Investments		1,00,000
			Cash in Hand		960
			Cash at Bank		13,000
		1,86,910			1,86,910

Working Notes:

1. To find medicines consumed, here in the opening stock, purchases are added and the closing stock of medicine is subtracted.
2. For equipment, in opening balance, add equipment purchased during the year and subtract depreciation to get the closing balance of equipment.
3. Interest ₹ 10,000 is received on 10% investments means there is no outstanding interest.

Question 7.

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

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Receipts and payments Account for the year ending 31.03.2019.

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

Adjustments:

1. There are 500 members paying an annual subscription of ₹ 50 each.
2. Outstanding salary was ₹ 1,200.
3. The Assets on 01-04-2018 were as follows:
Building ₹ 50,000, Furniture ₹ 15,000
4. Provide depreciation on Building and Furniture at 5% and 10% respectively.
5. 50% Entrance fees are to be capitalized.
6. Interest on investment at 5% p.a. has accrued for 6 months.
7. Capital fund ₹ 70,000 on 01-04-2018.

Solution:

In the Books of Pavan-putra Hanuman Vyayamshala, Parbhani

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Dr. Income and Expenditure Account for the year ended on 31st March, 2019 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Salaries	6,000		By Subscription	18,000	
Add : Outstanding	1,200	7,200	Add : Outstanding		
To Entertainment Expenses		2,480	Subscription for		
To Sundry Expenses		1,300	Current Year	7,000	25,000
To Electricity Charges		1,200	By Donations		6,000
To Rent		700	By Receipts from		
To Printing and Stationery		800	Entertainment		5,400
To Postage		3,200	By Interest		400
To Depreciation			By Outstanding Interest on		
Building	2,500		Investments (6 Months)		375
Furniture	1,500	4,000	By Entrance Fees	6,200	
To Surplus		19,395	Less : 50 % capitalised	3,100	3,100
(Excess of income over expenditure)					
		40,275			40,275

Balance Sheet as of 31st March 2019

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital Fund	70,000		Building	50,000	
Add : Surplus	19,395		Less : Depreciation	2,500	47,500
Add : 50 % Entrance Fees	3,100	92,495	Furniture	15,000	
Outstanding Salary		1,200	Less : Depreciation	1,500	13,500
Subscription Received in Advance		410	Investments		15,000
			Outstanding Interest on		
			Investments		375
			Fixed Deposit		3,900
			Cash in Hand		830
			Cash at Bank		6,000
			Outstanding Subscription of		
			Current Year		7,000
		94,105			94,105

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Working Notes:

1. Interest on investment is receivable for 6 months:

$$I = \text{PRN} \times \frac{100}{100}$$

$$= 15,000 \times \frac{5100}{100} \times \frac{6}{12}$$

$$= ₹ 375 \text{ (outstanding interest on investment)}$$

2. 50 % of entrance fees (i.e. 62002 = ₹ 3100) is to be capitalised means add it to capital fund.

3. Total subscription of current year = 500 members $\times$ ₹ 50 = ₹ 25,000

But actual subscription received = ₹ 18,000

means difference (25,000 – 18,000) of ₹ 7,000 is outstanding subscription.

Question 8.**Newly Started Art Circle**

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

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Receipts and payments Account for the year ending 31.03.2018.

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

Adjustments:

1. Subscription outstanding for the year was ₹ 5,000.
2. Depreciate Furniture @ 10% p.a.
3. Full amount of admission fees and 50% donations are to be capitalized.

You are required to prepare an Income and Expenditure Account for the year ending 31-03-2018 and a Balance Sheet as of that date.

Solution:

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Dr. Income and Expenditure Account for the year ended 31st March, 2018 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Stationery		4,000	By Donations	18,000	
To Office Rent		2,600	Less : 50 % Capitalised	9,000	9,000
To Newspapers and Periodicals		300	By Subscription	40,000	
To Telephone Expenses		560	Add : Outstanding of Current Year	5,000	45,000
To Depreciation Furniture		1,200			
To Surplus (Excess of income over expenditure)		45,340			
		54,000			54,000

Balance Sheet as of 31st March 2018

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital Fund	—		Furniture	12,000	
Add : Surplus	45,340		Less : Depreciation	1,200	10,800
Add : Admission Fees (Capitalised)	22,000		Investments		23,000
Add : Donations (50 % Capitalised)	9,000	76,340	Cash in Hand		7,540
			Cash at Bank		30,000
			Outstanding Subscription		5,000
		76,340			76,340

Working Notes:

The full amount of admission fees and 50% of donations are added to the surplus amount to get capital funds. (Opening balance of the capital fund is not given.)

Question 9.

Given below is the Receipts and Payments Account of “Vithai Mahila Mandat”, Pandharpur for the year ending 31-03-2018. Prepare an Income and Expenditure Account for the year ended 31-03-2018 and Balance Sheet as of that date.

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Receipts and payments Account for the year ending 31.03.2018.

Dr.			Cr.		
Receipts	Amt. ₹	Amt. ₹	Payments	Amt. ₹	Amt. ₹
To Balance b/d			By Stationery		6,000
Cash in Hand	3,000		By Repairs to Furniture		950
Cash at Bank	20,000	23,000	By Rent		8,300
To Entrance Fees		3,500	By Salaries		15,000
To Subscription		19,000	By Miscellaneous Expenses		450
To Miscellaneous Receipts		850	By Balance c/d		
			Cash in Hand	1,650	
			Cash at Bank	14,000	15,650
		46,350			46,350

Adjustments:

1. Capital fund on 01-04-2017 was ₹ 90,000.
2. Outstanding subscription ₹ 4,000.
3. Entrance fees are to be capitalized.
4. Rent paid includes ₹ 800 paid for April 2018.
5. They have the following Assets and Liabilities as of 01-04-2017:
Furniture ₹ 9,000, Building ₹ 70,000, and Outstanding Expenses ₹ 12,000.

Solution:

In the books of Vithai Mahila Mandal, Pandharpur

Dr. Income and Expenditure Account for the year ended 31st March, 2018 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Stationery		6,000	By Subscription	19,000	
To Repairs to Furniture		950	Add : Outstanding Subscription	4,000	23,000
To Rent	8,300		By Miscellaneous Receipts		850
Less : Prepaid Rent	800	7,500	By Deficit (Excess of expenses over incomes)		6,050
To Salaries		15,000			
To Miscellaneous Expense		450			
		29,900			29,900

Balance Sheet as of 31st March 2018

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital Fund	90,000		Furniture		9,000
Add : Entrance Fees (Capitalised)	3,500		Building		70,000
Less : Deficit	6,050	87,450	Outstanding Subscription		4,000
Outstanding Expenses		12,000	Cash in Hand		1,650
			Cash at Bank		14,000
			Prepaid Rent		800
		99,450			99,450

Working Notes:

1. Outstanding subscription of ₹ 4,000 is first added to subscription received on the credit side of Income and Expenditure A/c and then it is shown on the Assets side of Balance Sheet.
2. Entire amount of entrance fees ₹ 3,500 is added to the capital fund.
3. Prepaid ₹ 800 is first deducted from rent paid on the debit side of Income & Expenditure A/c and then shown on the Assets side of the Balance Sheet.

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

4. Outstanding expenses ₹ 12,000 is directly shown on the Liabilities side of the Balance Sheet.

Question 10.

From the following Receipts and Payments Account “K.B.P. Engineering College”, Nashik for the year ending on 31 – 03 – 2019 and additional information, prepare Income and Expenditure Account for the year ending 31-03-2019 and Balance Sheet as on that date.

Receipts and payments Account for the year ending 31.03.2019.

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

Additional Information:

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

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

1. 50% of donations are for the Building funds and the balance is to be treated as Revenue income.
2. Outstanding subscription ₹ 5,300.
3. Life membership fees are to capitalize.

Solution:

In the books of K.B.P. Engineering College, Nashik

Dr. Income and Expenditure Account for the year ended on 31st March, 2019 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Salaries to Teaching Staff		11,70,000	By Interest		55,000
To Electricity Charges		55,000	By Subscription	28,300	
To Stationery		21,850	Add : Outstanding Subscription	5,300	33,600
To Depreciation Furniture	70,000		By Donations	7,00,000	
Books	61,000	1,31,000	Less : 50 % for Building Fund	3,50,000	3,50,000
To Surplus (Excess of Income over expenditure)		5,59,550	By Tuition Fees		12,30,000
			By Term Fees		2,00,800
			By Sundry Receipts		8,000
			By Admission Fees		60,000
		19,37,400			19,37,400

Balance Sheet as of 31st March 2019

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital Fund	9,47,400		Outstanding Subscription		5,300
Add : Surplus	5,59,550		Books	6,00,000	
Add : Life Membership Fees (Capitalised)	25,000	15,31,950	Add : Purchases	61,000	
Building Fund	10,00,000		Less : Depreciation	61,000	6,00,000
Add : 50 % of Donations	3,50,000	13,50,000	Furniture	3,19,000	
			Add : Purchase	51,000	
			Less : Depreciation	70,000	3,00,000
			Fixed Deposits (Old)		8,50,000
			Cash in Hand		16,650
			Cash in Bank		2,00,000
			Fixed Deposits (New)		9,10,000
		28,81,950			28,81,950

Working Notes:

1. Life membership fees are to be capitalized, which means add the entire amount to the capital fund.
2. 50% of Donations of ₹ 7,00,000 i.e., ₹ 3,50,000 is to be added to the Building Fund, and the remaining amount of donation i.e., ₹ 3,50,000 is credited to Income and Expenditure A/c.
3. The depreciation on Fixed assets is calculated by using the following formula:

Depreciation = Opening balance + Purchases – Closing value

∴ Depreciation on Books = 6,00,000 + 61,000 – 6,00,000

= 6,61,000 – 6,00,000

= ₹ 61,000

∴ Depreciation on Furniture = 3,19,000 + 51,000 – 3,00,000

= 3,70,000 – 3,00,000

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

= ₹ 70,000

4. Fixed deposit: Opening balance given = ₹ 9,10,000

Fixed deposit (31-03-2019) = ₹ 8,50,000

(Newly purchased)

∴ Total fixed deposits = ₹ 17,50,000

5. Admission Fees ₹ 60,000 are recorded on the credit side of Income and Expenditure A/c because it is taken as Revenue income.

Question 11.

Account of a School

From the following Balance Sheet and Receipts and Payments Account of “New English School”, Barshi, prepare Income and Expenditure Account for the year ending 31 – 03 – 2020 and a Balance Sheet as on that date.

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Balance Sheet as on 01.04.2019

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

Receipts and Payments Account for the year ending 31.03.2020.

Dr.

Cr.

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

Additional Information:

1. Outstanding salary of ₹ 9,000.
2. Outstanding tuition fees ₹ 15,000.
3. Depreciate library books by ₹ 9,000 and Furniture by ₹ 10,000.

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Solution:

In the books of New English School, Barshi

Dr. Income and Expenditure Account for the year ended 31st March, 2020 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Salary	90,000		By Tuition Fees	90,000	
Add : Outstanding Salary	9,000	99,000	Add : Outstanding tuition		
To Office Rent		10,000	Fees	15,000	1,05,000
To Printing and Stationery		22,000	By Term Fees		3,000
To Sundry Expenses		12,000	By Admission Fees		12,000
To Insurance		10,200	By Interest Received		2,000
To Sport Expenses		8,000	By Government Grant		1,20,000
To Annual Gathering Expenses		9,000	By Sundry Receipts		11,000
To Repairs		15,000			
To Depreciation					
Library Books	9,000				
Furniture	10,000	19,000			
To Surplus (Excess of income over expenditure)		48,800			
		2,53,000			2,53,000

Balance Sheet as of 31st March 2020

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital Fund	6,43,000		Building		4,50,000
Add : Surplus	48,800		Furniture	72,000	
Add : Donation	61,000	7,52,800	Add : Purchases	50,000	
Outstanding Salary		9,000		1,22,000	
			Less : Depreciation	10,000	1,12,000
			Library Books	45,000	
			Add : Purchases	14,000	
				59,000	
			Less : Depreciation	9,000	50,000
			Computer Laboratory		60,000
			Cash in Hand		4,800
			Cash at Bank		70,000
			Outstanding Tuition Fees		15,000
		7,61,800			7,61,800

Working Notes:

1. Donation (Capital) is added to the Capital fund.
2. Government Grant ₹ 1,20,000 is recorded on the credit side of Income & Expenditure A/c because it is the revenue income of the organization.
3. Outstanding tuition fees ₹ 15,000 and outstanding salary ₹ 9,000 are added to the respective head of Account and then they are shown separately on the Assets side and Liabilities side of the Balance Sheet respectively.

Question 12.

Account of a Library

Following is the Receipts Payments Account of “Dhananjay Library”, Mumbai for the year ending 31-03-2020.

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Receipts and payments Account for the year ending 31.03.2020.

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

You are required to prepare an Income and Expenditure Account for the year ended 31-03-2020 and a Balance Sheet as of that day.

The following information is also made available to you.

1. On 31 -03-2019, the library had the following Assets also; Books ₹ 50,000, Furniture ₹ 6,500, and Machinery of ₹ 30,000.
2. Subscription received in advance amounted to ₹ 500.
3. Outstanding salaries ₹ 1300 and Rent ₹ 950.
4. 50% of the admission fees should be capitalized.
5. Furniture to be depreciated at 10% p.a.
6. Library books were purchased on 1st April 2019 charge depreciation at 10% p.a.
7. The Investments were purchased on 01-04-2019 and they carry interest at 20% p.a.

Solution:

In the books of Dhananjay Library, Mumbai

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Dr. Income and Expenditure Account for the year ended 31st March, 2020 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Salaries	9,000		By Subscription	20,000	
Add : Outstanding Salary	1,300	10,300	Less : Subscription Received in Advance	500	19,500
To Rent	7,500		By Admission Fees	4,500	
Add : Outstanding Rent	950	8,450	Less : 50 % Capitalised	2,250	2,250
To Stationery		1,350	By Lecture Hall Hire Charges		4,200
To Electricity Charges		850	By Miscellaneous Income		250
To Depreciation			By Interest on Investments	900	
Furniture	650		Add : Outstanding Interest	300	1,200
Library Books	5,500	6,150			
(5000 + 500)					
To Surplus		300			
(Excess of Income over expenditure)					
		27,400			27,400

Balance Sheet as of 31st March 2020

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital Fund	91,000		Machinery		30,000
Add : 50 % Admission Fees (Capitalised)	2,250		Books	50,000	
Add : Surplus	300	93,550	Add : Purchases	5,000	
Outstanding Salaries		1,300		55,000	
Outstanding Rent		950	Less : Depreciation (5000 + 500)	5,500	49,500
Subscription Received in Advance		500	Furniture	6,500	
			Less : Depreciation	650	5,850
			Investments	6,000	
			Add : Outstanding Interest	300	6,300
			Cash in Hand		4,650
		96,300			96,300

Working Notes:

1. Opening Balance Sheet is prepared to find out opening capital fund:

Balance Sheet as of 31st March 2019

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Liabilities	Amount (₹)	Assets	Amount (₹)
Outstanding Expenses	500	Books	50,000
Capital Fund	91,000	Furniture	6,500
(Balancing figure)		Machinery	30,000
		Cash in Hand	5,000
		(Op. bal. of Receipt – Payment A/c)	
	91,500		91,500

2. Outstanding expenses of the previous year, paid in the current year so no entry for outstanding expenses (2018-19)

3. Interest on Investment @ 20% on ₹ 6,000 = ₹ 1,200

Interest on Investment received = ₹ 900

Outstanding interest on investment = ₹ 300

4. Depreciation on library books at 10% p.a.

On opening balance of ₹ 50,000 (for whole year) = ₹ 5,000

On purchases on 01-04-2019 (for whole year) = ₹ 500

Total Depreciation = ₹ 5,500

5. Subscriptions received in advance ₹ 500 is deducted from subscription received on the credit side of Income and Expenditure A/c and then subscription received in advance is shown separately on the Liabilities side of Balance Sheet.

6. Outstanding salaries and outstanding rent are added to the respective head of Account on the debit side of the Income & Expenditure Account and both the outstanding items are recorded on the Liabilities side of the Balance Sheet.

Question 13.

Outstanding Expenses and Prepaid Expenses

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

From the following information supplied to you, prepare Income and Expenditure Account for the year ending 31-03-2020 and Balance Sheet as on that date for “Morya Sports Club”, Thane.

Balance Sheet as on 01-04-2019

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

Receipts and Payments Account for the year ended 31.03.2020

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

Adjustments:

- Subscription received includes ₹ 3,000 for 2018-19 and outstanding subscription for 2019-20 was ₹ 14,000.
- On 31-03-2020, the Prepaid insurance premium was ₹ 2,500.
- Depreciate Furniture by ₹ 3,000.

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4. Locker rent outstanding for 2019-20 is ₹ 400.

Answer:

In the books of 'Morya Sports Club' Thane

Dr. Income and Expenditure Account for the year ended 31st March, 2020 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Salary	17,500		By Subscription	1,05,000	
Less : Outstanding salary of 2018-19	4,000	13,500	Add : Outstanding Subscription for Current Year	14,000	
To Insurance Premium	11,000			1,19,000	
Less : Prepared Insurance Premium	2,500		Less : Subscription Received of 2018-19	3,000	1,16,000
Add : Prepaid Insurance premium of current year Paid in previous year	8,500		By Locker Rent	1,500	
	2,000	10,500	Add : Outstanding Locker Rent	400	
To Depreciation Furniture		3,000		1,900	
To Interest		1,400	Less : Outstanding Locker Rent of Previous Year	500	1,400
To Refreshment Expenses		4,200			
To Surplus (Excess of income over Expenditure)		84,800			
		1,17,400			1,17,400

Balance Sheet as of 31st March 2020

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital Fund	64,500		Machinery		69,000
Add : Surplus	84,800		Outstanding Subscription (2018-19)		5,000
Add : Entrance fees (Capitalised)	9,300		(8,000 – 3,000)		
Add : Donations (Capitalised)	800	1,59,400	Outstanding Subscription (2019-20)		14,000
			Prepaid Insurance Premium		2,500
			Furniture	15,000	
			Add : Purchases	30,000	
				45,000	
			Less : Depreciation	3,000	42,000
			Outstanding Locker Rent (2019-20)		400
			Cash in Hand		6,500
			Cash at Bank		20,000
		1,59,400			1,59,400

Working Notes:

1. Outstanding subscription (2018-19) ₹ 8,000 given in b/s against that ₹ 3,000 received in 2019-20.

Means still receivable subscription = ₹ 5,000 (8,000 – 3,000).

2. Prepaid insurance premium (2018-19) ₹ 2,000 is for the current year. Therefore, in the current year's insurance premium, ₹ 2,000 is to be added and then subtract the current year's prepaid insurance premium.

3. Outstanding salary of (2018-19), ₹ 4,000 of the previous year is to be subtracted from current year's salary.

4. Total amount of donations and entrance fees are to be capitalized so add the entire amount of both the items to Capital fund.

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5. Outstanding locker's rent (2018-19) ₹ 500 is given in the Balance Sheet. It is to be subtracted from the current year's locker's rent and then adds the current year's outstanding locker rent.

Question 14.

Charitable Hospital

Following information has been provided by “Vivekanand Charitable Hospital”, Latur. You are required to prepare an Income and Expenditure Account for the year ending 31-03-2019 and the Balance Sheet as of that date.

Balance Sheet as on 01.04.2018.

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

Receipts and Payments Account for the year ended 31.03.2019

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

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Adjustments:

1. On 31-03-2019 stock of drugs was valued at ₹ 22,000.
2. Depreciation on Building at 5% p.a. and on Ambulance ₹ 30,000.
3. Life membership fees are to be capitalized.

Answer:

In the books of Vivekanand Charitable Hospital, Latur

Dr. Income and Expenditure Account for the year ended 31st March, 2019 Cr.

Expenditure	Amount (₹)	Amount (₹)	Income	Amount (₹)	Amount (₹)
To Salary to Staff		85,000	By Subscription		2,22,000
To Honorarium to Doctors		4,00,000	By Hospital Receipts		5,10,400
To Repairs and Maintenance		18,000	By Deficit		49,100
To General Expenses		16,000	(Excess of expenditure over income)		
To Depreciation					
Building	52,500				
Ambulance	30,000	82,500			
To Drugs Consumed					
Opening Stock	42,000				
Add : Purchases	1,60,000				
(2,00,000 – 40,000)					
	2,02,000				
Less : Closing stock	22,000	1,80,000			
		7,81,500			7,81,500

Balance Sheet as of 31st March 2019

<https://www.indcareer.com/schools/maharashtra-board-solutions-class-12-book-keeping-accountancy-chapter-2-accounts-of-not-for-profit-concerns/>

Liabilities	Amount (₹)	Amount (₹)	Assets	Amount (₹)	Amount (₹)
Capital Fund	11,00,000		Building	10,50,000	
Add : Life Membership Fees (Capitalised)	30,000		Less : Depreciation	52,500	9,97,500
	11,30,000		Ambulance	4,00,000	
Less : Deficit	49,100	10,80,900	Less : Depreciation	30,000	3,70,000
Outstanding Bill for Drugs (50,000 – 40,000)		10,000	Hospital Equipments		3,04,000
Bank Loan		6,50,000	Closing stock of Drugs		22,000
		17,40,900	Furniture		45,000
			Cash in Hand		2,400
					17,40,900

Working Notes:

1. Purchase of drugs ₹ 2,00,000 includes ₹ 40,000 of 2017-18 and in the Balance Sheet of 2017-18, the outstanding bill of drugs is ₹ 50,000 given. So, ₹ 10,000 is still outstanding.

2. Consumption of drugs:

Opening stock (2017-18) = ₹ 42,000

Add: Purchase of drugs = ₹ 1,60,000

Total = 1,60,000 + 42,000 = ₹ 2,02,000

Less: Closing stock of drugs = ₹ 22,000

Consumption of drugs = 1,80,000



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- Chapter 5- Reconstitution of Partnership (Death of Partner)
- Chapter 6- Dissolution of Partnership Firm
- Chapter 7- Bills of Exchange
- Chapter 8- Company Accounts – Issue of Shares
- Chapter 9- Analysis of Financial Statements
- Chapter 10- Computer in Accounting

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