



FINANCIAL STATEMENTS (Not For Profit Organisations)

You have learnt that Not for Profit Organisations (NPOs) such as Clubs, Hospitals, Blood Banks, Schools, Non-Governmental Organisations (NGOs) creating awareness among people about HIV/AIDs also involve in financial activities. They also maintain books of account to record them and also prepare financial statements at the close of the year. These statements are Receipts and Payments Account, Income and Expenditure Account and Balance Sheet. In the previous lesson, you have learnt the meaning and need for preparing Receipts and Payments Account, items to be taken and also its preparation. In this lesson you will learn about Income and Expenditure Account and Balance Sheet of Not for Profit Organisations (NPOs).



OBJECTIVES

After studying this lesson you will be able to :

- explain the meaning and need of Income and Expenditure Account;
- draw the format of Income and Expenditure Account;
- identify and explain the items exclusive to Income and Expenditure Account;
- prepare Income and Expenditure Account from the given information;
- explain the various adjustments and their incorporation while preparing Income and Expenditure Account;
- distinguish between Receipts and Payments Account and Income and Expenditure Account;
- prepare the Balance Sheet of a Not for Profit Organisation (NPOs).

17.1 INCOME AND EXPENDITURE ACCOUNT : MEANING, NEED AND ITEMS



Notes

Meaning

It is the summary of incomes and expenditures of the organisation of a particular year and is prepared at the end of the year. This account is similar to the Profit and Loss Account of the Business Organisations. In this account revenue expenditure and revenue income of the year for which Income and Expenditure A/c is prepared are taken. That means any amount of these items pertaining to either previous year or next year are not considered. The balance amount of this account is either surplus or deficit. If the income side of this account exceeds the expenditure side, the difference is 'surplus'. In case the expenditure side exceeds the income side, the difference is 'deficit'.

Need of preparing Income and Expenditure Account

Even the Not for Profit Organisations would like to know the net result of their activities of a particular period which generally is one year. Though such organisations do not engage in trading activities and their objective is not earning profits, yet they would like to know whether income exceeds expenditure or vice a versa. The amount of the such difference is not termed as Net Profit or Net Loss as it is so termed in case of business organisations. In case of Not for Profit organisations the net result is termed as 'surplus' or 'deficit' as the case may be. Moreover of a preparation of Income and Expenditure Account is a legal requirement. It helps the organisations to control their expenditure.

**Income and Expenditure A/c of
for the year ended 31st March**

Dr

Cr

Particulars	Amount Rs	Particulars	Amount Rs
Rent		Subscriptions received	
Less paid for last years outstanding		during the year	
Less paid for next year		Less received on account	
Add current year		of last year	
outstanding		Less received on account	
		of next year	

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Add received last year On account of current year Salaries Newspaper expenses Loss on sale of furniture Depreciation Any other item of revenue expenses Expenses on consumable material say stationery Surplus-excess of income or expenditure	Add subscription outstanding for current year Add subscription received last year on account of current year Donations Grant in aid Sale of Grass Interest on Investment Miscellaneous Receipts Sale of old newspapers Revenue incomes Deficit : excess of expenditure over income
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Relevant Items of income and Expenditure

Following are the relevant items of income of a Not for Profit Organisations (NPOs).

- 1. Subscription.** It is a periodic contribution by members of the organization
- 2. Entrance fees/Admission fees.** It is received from members at the time of their admission to the organisation.
- 3. Donations.** Donation is the amount received from person, firm, company etc. by way of gift. But only general donation that too of smaller amount and of recurring nature is treated an item of revenue income.
- 4. Sale of old newspapers, sports material, etc.** Sale of old newspapers or condemned books, sports material etc. is treated as an item of revenue income.
- 5. Interest receipt.** The surplus funds may be kept in a fixed deposit account in a bank or invested else where. Interest received thereon is an item of revenue income.
- 6. Grant-in-Aid.** Local, state and central government and some government agencies give money as grant-in-aid to Not-for-Profit Organisations (NPOs).

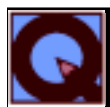
Apart from these, there are numerous other items like rent of hall, sale of grass, income from entertainment, etc.

Items of revenue expenses

Some important items are as follows

1. Salaries, wages, rent, stationery, postage, telephone charges, electricity charges are some items of revenue expenses which are common to all Not for Profit Organisations (NPOs).
2. **Honorarium.** It is the amount paid to the person who looks after the functioning of the organisation but is not the employee of the company.
3. **Depreciation.** Depreciation is provided on the fixed assets such as furniture, building and books, etc.
4. Expenses on tournament, fair, etc.
5. Other items

There are numerous other items depending upon the nature of organisation. For example, upkeep of ground if it is a sports club, medicines, laundry if it is a hospital and so on.



INTEXT QUESTIONS 17.1

- I. Classify the following items into income and expenditure :
 - (a) Honorarium
 - (b) grant-in-aid
 - (c) Sale of old newspapers
 - (d) Subscription
 - (e) Lockers rent
 - (f) Insurance Premium
- II. Write 'R' if the statement is correct and 'W' if it is incorrect :
 - (i) The excess of the income over expenditure is called Net Profit
 - (ii) All items of receipts are entered on income side of Income and Expenditure Account and all items of payments are written on the expenditure side of Income and Expenditure Account.
 - (iii) Income and expenditure account is prepared to know the net result of the activities of Not for Profit organisations involving finance.
 - (iv) Entrance fees is an item of income.
 - (v) Specific donation is an item of revenue income

17.2 PREPARATION OF INCOME AND EXPENDITURE ACCOUNT

In the previous section the format of Income and Expenditure Account and the items that are usually entered in the account have been explained. Now



Notes



Notes

you will learn how to prepare Income and Expenditure Account from the given items. This account is prepared from Receipts and Payments account and additional information if any. While preparing an Income and Expenditure account, the following important points have to be kept in mind :

A. Steps for Expenditure side

The payment column of Receipts and Payments Account contains both revenue items as well as capital items. Revenue items such as rent paid salary, telephone charges etc. will be entered on the expenditure side of Income and Expenditure Account.

If necessary, adjustments will be made in these items for expenses that are outstanding at the end of the current year and/or were outstanding at the end of the previous year. Adjustment will also be made for prepaid expenses at the end of previous year as well as those at the end of current year.

B. Steps for Income side

The receipt column contains items of revenue receipts as well as capital receipts. Revenue receipts are entered in the income column of the Income and Expenditure Account. Example of such items are subscription, interest on investment, entrance fees etc.

These items need to be adjusted for the amount received for the previous year or for the next year. Similarly, adjustment should be made for outstanding income both at the current year and at the end of the previous year.

There may be other adjustments such as bad debts, depreciation, etc. will also be entered in the expenditure column.

C. Surplus or Deficit

Finally, this account is balanced i.e. difference of the totals of two amount columns is worked out. If credit side is more than the debit side the difference amount is written on its debit side as surplus and if debit side exceeds the credit side, the difference is deficit is written on the credit side of the account.

Illustration 1

Prepare Income and Expenditure A/c of the following information of Promising Sportsmen's club, Delhi for the year ending 31st December, 2006



	Rs.
Cash balance as on 1.1.2006	7000
Subscriptions	30000
Interest received	2500
Sports material	24000
Match fund	15000
Donations	2000
Sale of grass	300
Newspaper expenses	600
Investments purchased	10000
Salaries paid	16000
Rent paid	5400
Miscellaneous receipts	600
Telephone charges	1200
Cash balance as on 31.12.2006	200

Notes

Solution :

**Books of Promising Sportmen club
Income & Expenditure A/c
for the year ending 31st Dec., 2006**

Dr.			Cr
Expenditure	Amount Rs	Income	Amount Rs
Salaries	16000	Subscriptions	30000
Rent	5400	Interest Received	2500
Newspaper Expense	600	Sale of grass	300
Telephone charges	1200	Miscellaneous receipts	600
Surplus excess of income expenditure	12200	Donation	2000
	35400		35400



Notes

Illustration 2

Prepare Income and Expenditure Account from the Receipts and Payments Account of Youngsters Health club, Jhansi for the year ending 31st December, 2006.

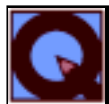
Receipt & Payment A/c

Receipts	Amount Rs	Payment	Amount Rs
Opening balance	2400	Rent	3600
Subscriptions	16000	Stationery	450
Entrance fees	200	Salary	4800
Sale of Investments	8000	Purchase of Equipments	5500
Sale of old Almirah (Book value Rs 1800)	800	Expenses on competitions	2800
Donation	2500	Miscellaneous Expenses	650
		Furniture Purchased	4000
		Closing balance	8100
	29900		29900

Solution:

**Books of Youngsters Health Clubs
Income & Expenditure A/c
for the year ending 31st Dec., 2006**

Expenditure	Amount Rs	Income	Amount Rs
Rent	3600	Subscription	16000
Stationery	450	Entrance fees	200
Salary	4800	Donations	2500
Expenses on competitions	2800		
Miscellaneous Expenditure	650		
Loss on sale of almirah	1000		
Surplus (excess of Income over expenditure)	5400		
	18700		18700

**INTEXT QUESTIONS 17.2**

Answer the following in one word :

- (i) To which side of the Income & Expenditure A/c items of revenue expenses of taken?
- (ii) What term is given to the amount by which debit side of Income and Expenditure Account exceeds its credit side?
- (iii) Which side of the Income and Expenditure A/c is the side of Income?
- (iv) From which side of Receipts and Payments A/c is taken the item of entrance fees to the credit of Income and Expenditure A/c?



Notes

17.3 ADJUSTMENT OF ITEMS IN INCOME AND EXPENDITURE ACCOUNT

Income and Expenditure A/c is prepared on the basis of Receipts and Payments A/c but there may be certain items which are not included in Receipts and Payments A/c. However these need to be incorporated in Income and Expenditure A/c. Following are some of the most common adjustments to be carried out :

1. Subscription Received

It is an item of income and is of recurring nature. It appears on the Receipts side of the Receipts and Payments account. It may include arrears of previous years which is received in the current year and may also include amount received for next year in advance. There may be an amount outstanding for the current year. Some members might have paid current year's subscription during the previous year.

For the purpose of preparing Income and Expenditure Account, subscription for the current year only is to be taken into account. Hence, there is a need for adjustment to be made for the above reasons.

Various adjustments relating to subscription are made in the following manner :

1. Subscription outstanding for current year

Journal entry

Subscriptions outstanding A/c	Dr	
To Subscriptions A/c		

(Subscription for current year due but not received)

Adjustment in Income and Expenditure A/c

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Income and Expenditure A/c

Dr		Cr	
Particulars	Amount	Particulars	Amount
		Subscription	
		Add outstanding for current year	

This amount will be added to subscriptions received in Income and Expenditure Account and will be shown on the Asset side of the Balance Sheet.

- Subscription due in the previous year but received during the current year.

Journal entry :

Subscription A/c	Dr
To Subscription Outstanding A/c	

(Adjustment of subscription due in last year but received in the current year)

Illustration 3

Subscription received during the year 2006	15000
Subscription outstanding as on 31st December 2006	1500
Subscription received in the year 2005 on account of year 2006	800
Subscription received in the year 2006 for outstanding amount of the year 2005	400
Subscription received in the year 2006 for the year 2007	600

Calculate the amount of subscription received to be shown in the Income and Expenditure Account for the year adding 31st Dec, 2006.

Solution :

Subscription received during 2006	15000
Add current years outstanding	1500
Add received in 2005 for 2006	800
Less received for 2005	400
Less advance for 2007	600
Subscription to be shown in Income & Expenditure Account for 2006	16300



Subscription Account

Dr.		Cr.	
Particulars	Amount	Particulars	Amount
Subscription outstanding A/c 2005	400	Cash	15000
Subscription received in Advance A/c 2007	600	Subscription out standing A/c	1500
Income & Expenditure A/c	16300	Subscription received in Advance A/c (2005)	800
	17300		17300

Notes

2. Rent Paid

Rent paid is an item of expenditure. It may also required some adjustments in rent. The adjustments required to made to the amount of rent paid during the year may be as follows :

- (i) Rent outstanding for the current year
- (ii) Rent paid in the current year as advance for the next year
- (iii) Rent paid in the current year on account of the outstanding amount in the previous year
- (iv) Rent paid in the previous year on account of current year.

Journal entries in the books will be made as follows :

- (i) Rent A/c Dr.
 To Rent outstanding A/c
 (Rent due but not paid)
- (ii) Rent paid in advance A/c Dr.
 To Bank A/c
 (Rent paid in advance for for the year)
- (iii) Rent outstanding A/c Dr.
 To Bank A/c
 (Amount paid for outstanding rent of the previous year)



Notes

(iv) Rent A/c Dr.

To Rent paid in Advance

(Rent paid in advance last year being transferred to Rent A/c)

Calculation of Rent Amount to be shown for current year in the Income and Expenditure Account

Rent paid in the current year		√	
Add : Rent paid in advance in the previous year for current year	+	√	
Add : Rent due in current year but not paid	+	√	
Less : Outstanding Rent paid for previous year in current year	-	√	
Less : Advance rent paid for next year in current year	-	√	
Amount of rent to be debited to Income and Expenditure A/c	x x x x		

Illustration 4

A club has paid rent of Rs 20000 in the year 2006. Rent still to be paid amounts to Rs 2000. Amount of Rs 1500 was paid in 2005 on account of the year 2006. Calculate the amount to be taken to Income & expenditure A/c of 2006.

Solution :

	Rs
Rent paid in 2006	20000
Add Rent outstanding for 2006	2000
Add Rent paid in advance in 2005 for the year 2006	1500
Rent for 2006 to be charged to Income and Expenditure A/c	23500

Depreciation on Assets :

Depreciation is a non cash item. It is to be charged on every fixed asset such as Land & Building, Furniture, Books etc. every year as per predetermined



Notes

method. The amount of depreciation is shown on the expenditure side of the Income & Expenditure Account and is deducted from the respective value of the asset while showing it on asset side of the Balance Sheet.

Journal Entry for the same will be

1. Depreciation A/c
 To Asset A/c
2. Income and Expenditure A/c
 To depreciation A/c

Illustration 5

The following is the Receipts and Payments Account of Help AID Society of India for the year ended 31st December, 2006.

Receipts and Payments A/c

Dr.			Cr.
Receipts	Amount Rs	Payments	Amount Rs
Balance b/d	8400	Salaries	12000
Subscriptions	7800	Rent	6000
Entrance fees	600	Purchase of Vans	28000
Government Grant	30000	Expenses of Motor Vans	6400
Donation for Building Fund	25000	Laundry charges	5200
Interest Received	2400	Drugs and incidental charges	9600
		Publicity expenses	4000
		Balance c/d	3000
	74200		74200

Additional Information

1. Subscription outstanding amounted to Rs 1500
2. Interest accrued but not received Rs 600
3. Salary outstanding is Rs 1200
4. Provide depreciation on Motor Van @ 20%

Prepare Income & Expenditure A/c.



Notes

Solution

**Books of Help AID Society of India
Income & Expenditure A/c
for the year ending December 31, 2006**

Dr.			Cr.		
Expenditure	Amount Rs		Income	Amount Rs	
Salaries	12000		Subscription	7800	
Add outstanding	1200	13,200	Add outstanding	1500	9300
Rent		6000	Entrance fees		600
Expenses of Motor Van		6400	Government Grant		30000
Laundry charges		5200	Interest	2400	
Drugs and incidental charges		9600	Add Interest Accrued	600	3000
Publicity Expenses		4000	Deficit i.e. expenditure over income		7100
Depreciation on Motor Van		5600	Surplus excess of income over expenditure		2300
		50000			50000

After learning about Receipts and Payments A/c and Income Expenditure A/c in detail, we can now distinguish between the two. Following are the differences.

Table 17.1 Difference between Receipts and Payments A/c and Income and Expenditure A/c

Basis of Difference	Receipts and Payments A/c	Income and Expenditure A/c
1. Nature	It is a summary of the Cash Book.	It is the summary of Revenue Income and Revenue Expenditure.
2. Side	Debit side of this account shows receipts and credit side shows payments.	Debit side of this account shows expenses and losses and credit side shows incomes and gains.
3. Opening Balance	It starts with the opening balance of Cash in hand or cash at bank.	There is no balance in the beginning.
4. Closing Balance	Closing balance of this account shows Cash in hand or cash at Bank.	Closing balance of this account shows Surplus or deficit.

5. Capital and Revenue Items	In Receipts and payments A/c, both capital and revenue nature items are recorded.	In Income and expenditure A/c, only revenue nature items are recorded.
6. Adjustment	Adjustments are not considered while preparing it.	It is necessary to consider adjustments while preparing it.
7. Transfer of closing balance	Closing balance of this account is transferred to the Receipts and Payments A/c for the next period.	Closing balance of this account is transferred to the capital fund general fund in the Balance Sheet.



Notes



INTEXT QUESTIONS 17.3

- I. A Clubs collects from its 500 members subscription @ Rs 100 per member every year.
 - (a) It has received Rs 1500 last year on account of current year. 20 members have not paid their due for the current year. Calculate the amount received on account of subscription.
 - (b) Rent of Rs 11000 has been paid in the current year Rs 20000 is still to be paid. Rs 9000 was outstanding last year. Calculate the amount to be written as Rent paid in the current year.
- II.
 - (a) Closing balance of Receipt and Payment account is transferred to the same account for the next year where is the balance of Income and Expenditure transferred?
 - (b) Income and Expenditure Account is the summary of Revenue Income and Revenue Expenditure of Receipt and Payment Account is the summary?
 - (c) Closing Balance of receipts and Payments Account shows the cash in hand/bank what does the closing balance of Income and Expenditure Account show?
 - (d) Income and Expenditure Account does not be start with any opening balance. What is the opening balance with which Receipt and Payment Accounts started?

17.4 PREPARATION OF BALANCE SHEET

Not for Profit Organisations (NPOs) also prepare Balance Sheet at the end of the year. The Balance Sheet prepared by a Not for Profit Organisation (NPOs) is not different from that which is prepared by Profit Organisation. It has two sides (a) Assets side and (b) liabilities side. It has only capital items i.e. Assets, liabilities and Capital fund.

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Financial Statements (Not for Profit Organisations)

The objective of preparing a balance sheet by a Non for Profit Organisation is to show the financial stability, strength and soundness on the last date of the accounting year.

The format of the balance Sheet is given below

Balance Sheet of As at 31st Dec.

Liabilities	Amount Rs	Assets	Amount Rs
Rent outstanding		Cash in hand	
Salary outstanding		Cash at Bank	
Subscription Received in advance		Fixed Deposits	
Building fund		Subscription outstanding	
Capital fund/General fund		Sports material	
Add : Life membership fee		Books	
Add : Surplus		Furniture	
or Less deficit		Building	

Income and Expenditure A/c and the Balance Sheet of NPOs is prepared from the Receipts and Payments Account and the additional information. While preparing Balance Sheet of a Not for Profit organisations (NPOs) certain points are to be kept in mind which are as follows :

1. Assets appearing in the preceding years balance sheet need to be adjusted for any sale or purchase of the asset made during the year and the depreciation provided on the particular asset. Only the adjusted amount will appear in the Balance Sheet of the current year.
2. If any new asset has been purchased during the year it will appear on the payment side of Receipts & Payments A/c, therefrom it is taken to the Balance Sheet.
3. If any loan has been raised it will appear on the receipt side of Receipts and Payments A/c and repayment on its payment side. Net amount will be shown on the liability side of the balance sheet. In the same manner if any advance has been made or some repayment has been made by a person, it will be shown on the Asset side of the Balance sheet as the net amount.
4. Any adjustments made regarding expenses and/or regarding incomes such as outstanding or prepaid will be shown in the Balance Sheet.

**Notes**

5. Any item of liability appearing in the previous years Balance Sheet will be shown at its net value i.e. after deducting from it the amount paid against them.
6. Special receipts like donations for Building etc. will not be treated as income. It will be shown as a fund meant for a special purpose on the liability side of the Balance Sheet.
7. Capital General fund taken from the last balance sheet will be shown after adjusting for the current years 'surplus' or 'deficit'

One important point regarding preparing balance sheet is that before preparing Income and Expenditure Account and Balance sheet of a Not for Profit organisation (NPOs) for the current year. Capital General fund carried forward from the last year should be considered. Besides this, other items of liabilities and assets carried from last year are also need to be adjusted. For this Balance Sheet of the previous year will be drawn with the help of given information. This is termed as opening Balance Sheet. An opening Balance Sheet will be prepared as per following illustration.

Illustration 6

Information as on 31st December, 2006 of 'All Green Ever Green' an NGO working for the preservation of forests is given as under :

Details	Amount Rs
Cash in hand	1400
Cash at Bank	21800
Books	78000
Furniture	16000
Computer	24000
Subscription outstanding	2600
Fixed deposit with Bank	100000
Subscription Received for 2007	3800
Rent outstanding	4000
Publicity fund	35000
Building fund	80000

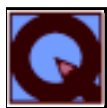


Notes

Solution

**Balance Sheet of ‘All green Ever Green’
as on 31st December, 2006**

Liabilities	Amount Rs	Assets	Amount Rs
Subscription received in advance	3800	Cash in hand	1400
Rent outstanding	4000	Cash at Bank	21800
Publicity fund	35000	Subscription outstanding	2600
Building fund	80000	Books	78000
Capital General fund	21000	Furniture	16000
(Balancing figure)		Computer	24000
		Fixed Deposit with Bal	100000
	243800		243800



INTEXT QUESTION 17.4

Answer the following Questions

1. For what the assets need to be adjusted before showing then in the Balance Sheet?
2. On which side of the Balance Sheet loan item appear in the Receipts side of Receipt and Payment Account will be shown?
3. For what items the capital fund for the years Balance Sheet will be adjusted?
4. At what value the liability of last years balance sheet will be shown in the current years balance Sheet?



WHAT YOU HAVE LEARNT

- Income and Expenditure Account is similar to Profit and Loss Account
Income and Expenditure Account is the summary of Incomes and Expenditures of a Not for Profit Organization (NPO) of a particular year.
- Income and Expenditure Account is prepared to know the net result of the financial activities of Not for Profit organisations (NPOs) which may be either surplus or Deficit.

- Important items of expenditure are revenue expenses such as salary, postage, stationery, honorarium, depreciation etc. Main items of incomes are subscription, entrance fees etc.
- All adjustments such as outstanding, prepaid etc. are incorporated before arriving at the surplus or deficit.
- Receipts and Payments Account and Income and Expenditure Account can be differentiated on the basis of nature, side, opening balance, closing balance, capital and Revenue items adjustments and transfer of closing balance.
- Every Not for Profit organization (NPO) prepares Balance Sheet at the end of the year. It also has the asset side and the liability side. Opening balance sheet is required to prepare Balance sheet for the current year.



TERMINAL QUESTIONS

1. What is an Income and Expenditure Account?
2. Explain the objectives of preparing Income and Expenditure Account.
3. List the various items of income and expenditure of a Not for Profit Organisations (NPOs).
4. Describe in brief the steps taken to prepare Income and Expenditure Account.
5. Differentiate between Receipt and payment Account and Income and Expenditure Account on the basis of
 1. Nature
 2. Adjustment
 3. Side
 4. transfer of closing balance.
6. Prepare Receipts and Payments Account from the information given below:

	Rs.
Cash in hand on 1. 1.2006	3,600
Cash at bank on 1.1.2006	10,000
Subscription	6000
Entrance Fees	1000
Wages paid to labourers	800
Salaries paid to clerks	3000
Electricity	1500
Conveyance	600
Honorarium to Secretary	1200
Printing and Stationery	500
Fixed Deposit made with bank	10000



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7. What amount will you post to Income and Expenditure Account from the information given below?

	Rs.
Subscription received during 2006	10,000
Subscription due in 2005	2,000
Subscription received in 2005 for 2006	400
Subscription received in 2006 for 2007	600
Subscription due for 2006	1000

8. How will you show the followings in the Income and Expenditure Account?

- Rent paid in the Current year Rs. 6000
- Rent due in Current year Rs. 800
- Rent paid last year for this year Rs.600
- Rent due of last year paid in this year Rs.2000
- Advance rent paid for next year in this year. Rs.1600

9. From the Receipts and Payments Account and the information given, prepare Income and Expenditure Account and Balance Sheet of Shrey Blue Star Club:

Receipts and Payment Account for the year ended 31 st December, 2006

Receipts	Amount Rs.	Payments	Amount Rs.
Balance b/d	1500	Electricity	1500
Subscriptions:		General Expenses	1250
2005	500	Honorarium to Secretary	1250
2006	8000	Books	2250
2007	450	Newspapers	500
Sale of Newspapers	250	Furniture (Purchased)	1,000
Sale of old Furniture (Book value Rs. 300)	200	Fixed Deposit made with bank on 1.1.2006 @ 5%p.a.	4000
Rent received for the use of Hall	1750	Balance c/d	2400
To Profit from Entertainment	1500		
	14150		14150

Information

- The club has 160 members each paying annual subscription of Rs.100.
- Subscription outstanding on 31.12.2005 Rs 1350
- On 31.12.2006 General Expenses outstanding amounted to Rs.50.
- On 1.1.2006 the club owned Building valued at Rs 40,000, Furniture Rs.2,000 and Books Rs 6000.



Notes

10. How will you show the following in the Income and Expenditure Account?

- (i) Rent paid in the Current year Rs.1,000
- (ii) Rent due in Current year Rs.200
- (iii) Rent paid last year for this year Rs.300
- (iv) Rent due of last year paid in this year Rs.500
- (v) Advance rent paid for next year in this year. Rs.400

11. From the Receipts and Payments Account and the information given, prepare Income and Expenditure Account and Balance Sheet of Sports Club:

**Receipts and Payment Account
for the year ended 31st December, 2006**

Receipts	Amount Rs.	Payments	Amount Rs.
Balance b/d	5100	Purchase of sport equipment	5000
Subscriptions:		Electricity	1500
2005	800	General Expenses	2250
2006	3000	Honorarium to Secretary	3250
2007	1250	Books	4,250
Sale of newspapers	250	Newspapers	600
Life membership	6000	Furniture (Purchased)	4,000
Sale of old Furniture (Book value Rs 600)	400	Fixed Deposit made with bank on 30.6.2006 @ 8%	10000
Rent received for the use of Hall	2750	By Balance c/d	2,200
Govt. Grant	10000		
Profit from Entertainment	3500		
	32450		32450

Additional Information

- (i) The club has 100 members each paying annual subscription of Rs.100.
- (ii) On 31.12.2006 General Expenses outstanding amounted to Rs.250.
- (iii) On 1.1.2006, the club owned Building valued at Rs.10,000, Furniture Rs 12,000 and Books Rs 6000
- (iv) Sports equipments Rs 2400 as on 1.1.2006. Depreciation was to be allowed on furniture @ 5%. Sports equipment at the end of the year were Rs 3600.

**Notes****ANSWER TO INTEXT QUESTIONS****Intext Questions 17.1**

- I. Income : Grant-in-aid, sale of old newspapers, subscription, locker rent
Expenditure : Honorarium, Insurance premium
- II. (i) W (ii) W (iii) R (iv) R (v) W

Intext Questions 17.2

- (i) Expenditure (debit) (ii) Surplus
(iii) Credit (iv) Receipts

Intext Questions 17.3

- I. (a) Rs 46500 (b) Rs 12000
(c) Surplus/Deficit (d) Cash or Cash/Bank

Intext Questions 17.4

1. Sale/purchase in the current year and depreciation provided
2. Liability side
3. For surplus/deficit
4. At net value i.e. after deducting from it the amount paid against them.

Answer to Terminal Questions

6. Closing cash in hand Rs 3000
7. Subscription Rs 8800 to posted
8. Rent to be Rs 3800 posted
9. Surplus Rs 15050, Capital fund (opening) Rs 50850
Total Balance Sheet Rs 64400
10. Rent : Rs 600
11. Surplus Rs 14250 Capital fund (opening Rs 36300
Total Balance Sheet Rs 58050