

FUND BASED ACCOUNTING

- means the accounting where by
- receipts of donations and incomes are added or credited to the fund
 - payments and expenses are deducted or debited to the fund.

Eg.

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Prize Fund £1,00,000
 Interest on Prize fund £10,000
 Investment
 Prizes paid £20,000

(PFI) Prize fund investment £80,000

Balance Sheet

Liabilities	£	Assets	£
Prize Fund			
Opening Balance	1,00,000	Prize Fund Investment	80,000
Add-Int. on	10,000		
PFI	1,00,000		
Less-Prizes paid	20,000		
	90,000		

Spiral

Prize Fund	₹ 1,00,000
10% Prize Fund Investment	₹ 1,00,000
Prizes awarded	₹ 50,000
Interest on Prize Fund Investment	₹ 8500
Prizes expenses	₹ 5000
Donations for Prize fund	₹ 25,000

Balance Sheet.

Liabilities	₹	Assets	₹
<u>Prize Fund</u>			
Opening Balance	1,00,000	10% Prize Fund Investment	1,00,000
Add-Donations	25,000		
Add-Interest on PFI	8500	Accrued Interest on 10% PFI	1500
Add-Accrued Interest on PFI	1500		
<u>1,35,000</u>			
Less-Prize Exp.	5000		
Less-Prizes awarded	50,000		
	80,000		

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Prize Fund ₹ 1,00,000

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10% Prize Fund Investment	₹ 1,00,000
Donations for Prize Fund	₹ 25,000
Interest on PFI	₹ 8,000
Prizes awarded	₹ 60,000
Prize Expenses	₹ 80,000

Solution-

Income & Expenditure A/c

Expenditure	₹	Income	₹
To Prizes awarded	5,000*		

* Note - Expenses on prizes awarded not covered by Fund will be shown in Income and Expenditure Account on Expenditure side (1,35,000 - 1,40,000 = 5000*)

Balance Sheet

Liabilities	₹	Assets	₹
<u>Prize Fund -</u>			
Opening Balance	1,00,000	10% Prize Fund Investment	1,00,000
Add-Donations for Prize fund	25,000	Accrued Interest on PFI	2,000
Add-Interest on PFI	8,000		
Add-Accrued Int. on PFI	2,000		
	<u>1,35,000</u>		
Less- Prizes awarded	60,000		
Less- Prize Exp.	80,000		
	<u>NIL</u>		

Spiral