

### Do it yourself 1.21

From the following Receipt and Payment Account for the year ending March 31, 2020 of Negi's Club, prepare Income and Expenditure Account for the same period:

Dr. **Receipt and Payment Account for the year ending March 31, 2020**

Receipts		Amount (₹)	Payments		Amount (₹)
To Balance c/d (Bank)		25,000	By Purchase of furniture (1.7.19)		5,000
To Subscriptions			By Salaries		2,000
2019	1,500		By Telephone expenses		300
2020	10,000		By Electricity charges		600
2021	500	12,000	By Postage and Stationery		150
To Donation		2,000	By Purchase of books		2,500
To Hall rent		300	By Entertainment expenses		900
To Interest on bank deposits		450	By 5% government papers (1.7.19)		8,000
To Entrance fees		1,000	By Miscellaneous expenses		
			By Balance c/d:		
			Cash		600
			Bank		300
		40,750		20,400	
				40,750	

*Additional information:*

- (i) Salaries outstanding ₹ 1,500; Entertainment expenses outstanding ₹ 500.
- (ii) Bank interest receivable ₹ 150; Subscriptions accrued ₹ 400.
- (iii) 50 per cent of entrance fees is to be capitalised.
- (iv) Furniture is to be depreciated at 10 per cent per annum.

[Ans. Surplus = ₹ 7,075]

From the following Receipt and Payment Account of a club, prepare Income and Expenditure Account for the year ended March 31, 2020 and the Balance Sheet as on that date.

### Receipt and Payment Account for the year ending March 31, 2020

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	3,500	By General expenses	900
To Subscription:		By Salary	16,000
2018-19	2,000	By Postage	1,300
2019-20	70,000	By Electricity charges	7,800
2020-21	<u>3,000</u>	By Furniture	26,500
To Sale of old Books (costing ₹3,200)	75,000	By Books	13,000
To Rent from use of hall	2,000	By Newspapers	600
To Sale of newspapers	17,000	By Meeting expenses	7,200
To Profit from entertainment	400	By T.V. set	16,000
	7,300	By Balance c/d	15,900
	<b>1,05,200</b>		<b>1,05,200</b>

*Additional Information:*

- (a) The club has 100 members each paying an annual subscription of ₹900. Subscriptions outstanding on March 31, 2019 were ₹3,600.
  - (b) On March 31, 2020, salary outstanding amounted to ₹1,000, Salary paid included ₹1,000 for the year 2018-19.
  - (c) On April 1, 2020 the club owned land and building ₹25,000, furniture ₹2,600 and books ₹6,200.
- [Ans: Surplus ₹79,700; Opening Capital Fund = ₹39,900; Total of Closing Balance Sheet ₹1,23,600]



From the following receipts and payments and information given below, Prepare Income and Expenditure Account and Balance Sheet of Adult Literacy Organisation as on December 31, 2020.

### Receipt and Payment Account for the year ending as on December 31, 2020

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d		By General Expenses	3,200
Cash in hand	4,000	By Newspaper	1,850
Cash at Bank	15,550	By Electricity	3,000
To Subscriptions		By Fixed deposit @ 10% p.a. with bank (on 30.06.2020)	18,000
2019	1,200	By Books	7,000
2020	26,500	By Salary	3,600
2021	<u>500</u>	By Rent	6,500
To Sale of old newspapers	28,200	By Postage charges	300
To Govt. grant	1,250	By Furniture (purchased)	10,500
To Sale of old furniture (book value ₹5000)	12,000	By Balance c/d	
To Interest received on Fixed Deposit	3,700	Cash in hand	3,000
	450	Cash at bank	8,200
	<b>65,150</b>		<b>65,150</b>

#### Additional Information:

- (i) Subscription outstanding as on 31.12.2019 ₹2,000 and for the year ending December 31, 2020 ₹1,500.
- (ii) On December 31, 2020 Salary outstanding ₹600, and one month Rent paid in advance.
- (iii) On Jan. 01, 2019 organisation owned Furniture ₹12,000, Books ₹5,000.

[Ans: Surplus ₹22,300; Opening Capital Fund = ₹38,550; Total of Closing Balance Sheet ₹61,950]

**Illustration 1.26:** Following is the Receipt and Payment Account of Women's Welfare Club for the year ended December 31, 2020:

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	7,250	By Salary	12,500
To Subscriptions	81,750	By Stationery	1,700
To Donations	3,000	By Electricity charges	9,550
To Grant from Government	15,000	By Insurance	7,500
To Sale of newspapers	300	By Equipments	30,000
To Proceeds of charity show	16,500	By Petty expenses	500
To Interest on investments @ 10% for full year	7,000	By Expenses on charity show	12,900
To Sundry incomes	400	By Newspapers	1,000
		By Lectures fee	16,500
		By Honorarium to Secretary	12,000
		By Balance c/d	27,050
	<b>1,31,200</b>		<b>1,31,200</b>

*Additional Information:*

Particulars	01.01.2020 (₹)	31.12.2020 (₹)
Outstanding salaries	1,200	1,800
Insurance prepaid	700	300
Subscription outstanding	3,750	2,500
Subscription received in advance	1,750	1,000
Electricity charges outstanding	—	1,250
Stock of stationery	2,250	700
Equipments	25,600	50,200
Building	1,20,000	1,14,000

Prepare Income and Expenditure Account for the year ended December 31, 2020 and Balance Sheet as on date.



### Do it yourself 1.27

From the following Receipts and payments Account and additional information, prepare Income and Expenditure Account and Balance Sheet of Sears Club, Noida as on March 31, 2020.

Receipts		Amount (₹)	Payments		Amount (₹)
To Balance b/d		20,000	By Stationery		23,400
To Subscriptions		1,41,200	By 12% Investments (1.4.2019)		8,000
2018-19	40,000	40,000	By Electricity expenses		10,600
2019-20	94,000	800	By Expenses on lectures		30,000
2020-21	7,200	17,400	By Sports equipment		59,000
To Donations for building		1,600	By Books		40,000
To Interest on Investments			By Balance c/d		50,000
To Government Grant					
To sale of old furniture (Book value ₹ 4,000)					
		<b>2,21,000</b>			<b>2,21,000</b>

#### Additional Information:

- The club has 200 members each paying an annual subscription of ₹ 1,000. ₹ 60,000 were in arrears for last year and 25 members paid in advance in the last year for the current year.
- Stock of stationery on 1-4-2019 was ₹ 3,000 and on 31-3-2020 was ₹ 4,000.

[Ans: Surplus ₹ 1,52,960, Opening Capital fund ₹ 62,000, Total of Closing Balance Sheet ₹ 2,62,160]

The following is the Receipts & Payments Account of Queen's Club for the year ended March 31st 2020.

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	1,82,000	By Salaries	1,66,000
To Subscriptions	1,80,000	By Stationery	32,000
To Tournament Fund	1,64,000	By Rent	48,000
To Interest on investments	65,000	By Telephone expenses	8,000
To Donations	1,12,000	(paid up to 31 July 2020)	78,000
To Sale-concert tickets	2,47,000	By Sports Material	5,00,000
		By Investments @6% p.a.	24,000
		By Miscellaneous Expenses	58,000
		By Concert Expenses	36,000
		By Balance c/d	
	<b>9,50,000</b>		<b>9,50,000</b>

*Additional information:*

- (a) Subscriptions include ₹12,000 for 2018-19 and ₹18,000 for 2020-21.
- (b) Stock of stationery on 31st March, 2019 and 2020 was ₹7,200 & ₹5,400 respectively. Stock of Sports material at the beginning and end of the year was ₹12,000 and ₹21,000 respectively.
- (c) Rent includes ₹4,000 paid for March, 2019. Rent for March, 2020 is outstanding.
- (d) The value of Building as on 31st March 2019, was ₹8,00,000 and you are required to write off depreciation at 10%. The value of investments on 31st March, 2019 was ₹10,00,000 and the club made similar additional investments during the year on 1st October, 2019.

Prepare the Income & Expenditure Account of the club for the year ended March 31st 2020 and the balance sheet on that date.

[Ans: Surplus ₹9,200; Opening Capital fund ₹20,09,200; Total of Closing Balance Sheet ₹22,94,400]



**Illustration 1.31:** Following is the Receipt and Payment Account of Friendship Club in respect of the Year on 31.3.2020.

**Receipt and Payment Account for the year ending March 31, 2020**

Liabilities	Amount (₹)	Assets	Amount (₹)
To Opening cash in hand	10,000	By Salaries	20,000
To Subscription:		By Stationery	4,500
2018-19	15,000	By Rates and Taxes	1,500
2019-20	20,000	By Telephone charges	7,500
2020-21	<u>5,000</u>	By 8% Govt. Securities at par	25,000
To Profit from sports	40,000	By Sundry expenses	500
To Interest on 8% Govt. Securities	17,800	By Courier service charges	300
	5,000	By Closing cash in hand	13,500
	<b>72,800</b>		<b>72,800</b>

**Additional Information:**

- (i) There are 500 members, each paying an annual subscription of ₹ 50, ₹ 17,500 being in arrears for 2018-19 at the beginning of 2019-20. During 2018-19, subscriptions were paid in advance by 40 members for 2019-20.
  - (ii) On March 31, 2020, the rates and taxes were prepaid to the following January 31, the annual charge being ₹ 1,500. A quarter's charge for telephone is outstanding, the amount outstanding being ₹ 1,500. There is no change in quarterly charge.
  - (iii) Stock of stationery on March 31, 2019, was ₹ 1,500 and on March 31, 2020, ₹ 2,000. Sundry expenses accruing at 31.3.2019 were ₹ 250 and at March 31, 2020 ₹ 300.
  - (iv) On March 31, 2019 Building stood in the books at ₹ 2,00,000 and it is required to write off depreciation @ 10% p.a. Value of 8% Government Securities on March 31, 2019 was ₹ 75,000 which were purchased at that date at Par. Additional Government Securities worth ₹ 25,000 are purchased on March 31, 2020.
- Prepare Income and Expenditure Account for the year ended on 31.3.2020 and Balance Sheet on that date.

**Illustration 1.30:** Prepare Income and Expenditure Account and Balance Sheet for the year ended March 31, 2020 from the following information.

**Receipt and Payment Account for the year ending March 31, 2020**

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	41,000	By Salaries and Wages:	
To Subscriptions:		2018-19	4,800
2018-19	7,200	2019-20	<u>83,200</u>
2019-20	3,37,600	By Sundry expenses	37,000
2020-21	<u>12,000</u>	By Freehold land	60,000
To Entrance fees	3,56,800	By Stationery	16,000
To Locker rent	16,000	By Rares	24,000
To Revenue from refreshment	58,000	By Refreshment expenses	37,500
To Income from investments	48,000	By Telephone charges	4,000
	56,000	By Investments	2,50,000
		By Audit fee	6,000
		By Balance c/d	53,300
	<b>5,75,800</b>		<b>5,75,800</b>

**Additional information:**

- (i) There are 1800 members each paying an annual subscription of ₹ 200, ₹ 8,000 were in arrears for 2018-19 as on April 1, 2019.
- (ii) On March 31, 2020 the rates were prepaid to June 2020; the charge paid every year being ₹ 24,000. There was an outstanding telephone bill for ₹ 1,400 on March 31, 2020. Outstanding sundry expenses as on March 31, 2019 ₹ 2,800.
- (iii) Stock of stationery as on March 31, 2019 was ₹ 2000; on March 31, 2020, it was ₹ 3,600.
- (iv) On March 31, 2019 Building stood at ₹ 4,00,000 and it was subject to depreciation @ 2.5% p. a. Investment on March 31, 2019 stood at ₹ 8,00,000. On March 31, 2020, income accrued on investments purchased during the year amounted to ₹ 1,500.



**Illustration 1.27:** Receipt and Payment Account of Shankar Sports club is given below, for the year ended March 31, 2020

**Receipt and Payment Account for the year ending March 31, 2020**

Receipts	Amount (₹)	Payments	Amount (₹)
To Opening Cash in hand	2,600	By Rent	18,000
To Entrance fees	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 on Loan	2,000
To Profit from entertainment	3,000	By Postage stamps	1,000
To Subscription	40,000	By Salary	24,000
		By Closing Cash in hand	4,000
	<b>80,000</b>		<b>80,000</b>

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

- Subscription outstanding on March 31, 2019 is ₹1,200 and ₹2,300 on March 31, 2020.
- Opening stock of postage stamps is ₹300 and closing stock is ₹200
- Rent ₹1,500 related to 2018-19 and ₹1,500 is still unpaid.
- On April 1, 2019 the club owned furniture ₹15,000, Furniture valued at ₹22,500 on March 31, 2020. On March 31, 2019, the club took a loan of ₹20,000 @ 10% p.a.

From the following Receipt and Payment Account prepare final accounts of a Unity Club for the year ended March 31, 2020:

### Receipt and Payment Accounts for the year ending March 31, 2020

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d	15,000	By Furniture	18,000
To Sale of Old furniture (costing ₹6,000)	4,000	By Library books	10,000
To Subscriptions:		By Salaries	72,000
2018-19	18,000	By General expenses	18,000
2019-20	60,000	By Electric charges	12,000
2020-21	<u>12,000</u>	By Newspapers	33,800
To Sale of old newspapers	90,000	By Postage	3,000
To Profit from entertainment	10,800	By Stationery	40,000
To Rent	44,000	By Audit fee	8,000
	84,000	By Balance c/d	33,000
	<b>2,47,800</b>		<b>2,47,800</b>



### Balance Sheet as on March 31, 2019

Liabilities	Amount (₹)	Assets	Amount (₹)
Outstanding Salary	6,000	Cash	15,000
Capital Fund	6,94,000	Outstanding subscription	18,000
		Library Books	30,000
		Furniture	37,000
		Land and Building	6,00,000
	<b>7,00,000</b>		<b>7,00,000</b>

*Additional Information:*

1. The Club had 500 members each paying an annual subscription of ₹150.
2. On 31.3.2019 salaries outstanding amounted to ₹1,200 and salaries paid included ₹6,000 for the year 2018-19.
3. Provide 5% depreciation on Land and Building.

[Ans: Deficit ₹200; Total of Closing Balance Sheet ₹7,07,000]