

# ACCOUNTANCY

Time : 1 hrs

Max. Marks : 25

## SOLUTIONS

- |  |   |
|--|---|
| 1. (b) ₹ 450                           | 1 |
| 2. (d) Depreciation                    | 1 |
| 3. Fund                                | 1 |
| 4. Income and Expenditure Account      | 1 |
| 5. <b>Computation of Subscriptions</b> |   |

| Particulars   |              | Amount (₹) |
|---|--------------|------------|
| Subscription received during the year                               | ₹            | 50,000     |
| Add : (i) Outstanding at the end<br>(6,000 + 9,000)                 | 15,000       |            |
| (ii) Received in advance on 31 <sup>st</sup> March, 2018            | <u>8,000</u> | 23,000     |
|   |              | 73,000     |
| Less : (i) Outstanding subscription on 31 <sup>st</sup> March, 2018 | 20,000       |            |
| (ii) Received in advance on 31 <sup>st</sup> March, 2019            | <u>9,000</u> | (29,000)   |
| Subscription transferred to Income and Expenditure A/c              |              | 44,000     |

$1\frac{1}{2} \times 1\frac{1}{2} = 3$

6. (i) **Legacy** : Legacy is the amount received by an organization from a deceased person, as his will. It is shown on the debit side of Receipts and Payments Account and liabilities side of Balance Sheet.
- (ii) **Specific Donation** : If the donation is for a specific purpose, say for the construction of a building, it is known as specific donation. It is shown on liabilities side of Balance Sheet.
- (iii) **Honorarium** : Honorarium is a payment made to a person who has voluntarily undertaken a service which would normally command a fee. It is an expression of gratitude rather than a payment for the services. It is treated as revenue expenditure. It is shown in debit side of Income and Expenditure Account.
- (iv) **Entrance Fees** : Entrance Fees or Admission Fees is the amount paid by a person at the time of becoming a member of a Not-for-Profit Organization. Entrance Fee or Admission Fee is a revenue receipt and therefore, is accounted as an income and credited to Income and Expenditure Account.  $1 \times 4 = 4$

7. **In the Books of Youth Club**

**Income And Expenditure Account**  
for the year ended 31<sup>st</sup> March, 2018

| Dr.                               |            | Cr.                            |               |
|-----------------------------------|------------|--------------------------------|---------------|
| Expenditure                       | Amount (₹) | Income                         | Amount (₹)    |
| To Salaries                       | 31,500     | By Subscription :              | 60,000        |
| To Postage                        | 1,250      | Add : Outstanding Subscription | <u>15,000</u> |
| To Rent                           | 9,000      | By Entrance Fees               | 1,100         |
| To Printing and Stationery        | 14,000     | By Sale of old magazines       | 450           |
| To Miscellaneous Expenses         | 3,100      | By Interest on investment      | 3,500         |
| To Consumption of Sports Material | 10,000     |                                |               |
| To Depreciation on Furniture      | 1,000      |                                |               |
| To Surplus (balancing figure)     | 10,200     |                                |               |
|                                   | 80,050     |                                | 80,050        |

**Working Notes :**

- (i) Consumption of Sports Material = Opening stock of sports material + Purchases of sports material during the year – Closing stock of sports material  
= ₹ 3,000 + ₹ 11,500 – ₹ 4,500 = ₹ 10,000
- (ii) Depreciation of Furniture = ₹ 20,000 × (6/12) × (10/100) = ₹ 1,000
- (iii) Interest on Investment = ₹ 70,000 × (10/100) × (6/12) = ₹ 3,500  $4 + 1 + \frac{1}{2} + \frac{1}{2}$

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**In the Books of Himanshu Club  
Income and Expenditure Account  
for the year ending 31<sup>st</sup> Dec., 2018**

Dr.

Cr.

| Expenditure  | Amount (₹)        | Income                         | Amount (₹)      |
|--|-------------------|--------------------------------|-----------------|
| To Salaries  | 3,30,000          | By Subscription :              |                 |
| Add : Outstanding  | <u>30,000</u>     | Total Subscription             |                 |
|  | 3,60,000          | received during the year       | 6,60,000        |
| To Depreciation on Sports Equipment :                    |                   | Add : Subscription received in |                 |
| Opening Balance  | 3,00,000          | advance during 2017            | <u>20,000</u>   |
| Add : Purchase during 2018                               | <u>4,00,000</u>   |                                | 6,80,000        |
|  | 7,00,000          | By Interest on Investment      | 40,000          |
| Less : Closing Balance                                   | <u>(6,50,000)</u> |                                |                 |
|  | 50,000            |                                |                 |
| To Surplus of Income over Expenditure (balancing figure) | 3,10,000          |                                |                 |
|  | <u>7,20,000</u>   |                                | <u>7,20,000</u> |

**Balance Sheet  
as at 31<sup>st</sup> Dec., 2018**

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| Liabilities        | Amount (₹)       | Assets           | Amount (₹)       |
|--------------------|------------------|------------------|------------------|
| Outstanding Salary | 30,000           | Cash-in-hand     | 1,60,000         |
| Capital Fund       | 9,70,000         | Sports Equipment | 6,50,000         |
| Add : Surplus      | <u>3,10,000</u>  | Investment       | 5,00,000         |
|                    | <u>13,10,000</u> |                  | <u>13,10,000</u> |

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**Working Notes :**(i) **Investment :** Let the Investment be ₹ x. Rate of Interest 8%

∴ 8% of x = ₹ 40,000

$$x = \frac{40,000 \times 100}{8} = ₹ 5,00,000$$

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(ii) **Outstanding Salary :**

Salary paid for 11 months = ₹ 3,30,000

$$\text{Salary O/s for one month} = \frac{3,30,000}{11} = ₹ 30,000$$

**Opening Balance Sheet  
as at 31<sup>st</sup> Dec., 2017**

| Liabilities                    | Amount (₹)      | Assets           | Amount (₹)      |
|--------------------------------|-----------------|------------------|-----------------|
| Subscription received for 2018 | 20,000          | Cash-in-hand     | 1,90,000        |
| Capital Fund (Balance figure)  | 9,70,000        | Sports Equipment | 3,00,000        |
|                                |                 | Investment       | 5,00,000        |
|                                | <u>9,90,000</u> |                  | <u>9,90,000</u> |

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