

ACCOUNTANCY

Accounting for Not-for-Profit Organisation

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Chapter Name: Accounting for Not-for-Profit Organisation

Concept: Illustrations on Not for Profit Organisation (NPO)

Level:

Skill:

Time:

Hard (1-4)

Evaluating

90

1. What amount will be credited the Income and Expenditure Account for the year ending 31st March, 2019 on the basis of following information?

	01-04-2018	31-03-2019
Outstanding Subscription	15,000	18,000

Subscriptions received during the year 2018 – 19 were 1,80,000.

(a)

Expenditure	Amount	Income	Amount
		Subscriptions	1,80,000
		Add : Outstanding Subscription	3,000
			1,83,000

(b)

Expenditure	Amount	Income	Amount
		Subscriptions	1,90,000
		Add : Outstanding Subscription	3,000
			1,93,000

(c)

Expenditure	Amount	Income	Amount
		Subscriptions	1,80,000

(d)

Expenditure	Amount	Income	Amount
		Subscriptions	1,77,000
		Add : Outstanding Subscription	3,000
			1,80,000

Answer: (a)

2. What amount will be credited the Income and Expenditure Account for the year ending 31st March, 2020 on the basis of following information?

	01-04-2019	31-03-2020
Outstanding Subscription	25,000	28,000

Subscriptions received during the year 2019 – 20 were 1,60,000.

(a)

Expenditure	Amount	Income	Amount
		Subscriptions	1,57,000
		Add : Outstanding Subscription	3,000
			1,60,000

(b)

Expenditure	Amount	Income	Amount
		Subscriptions	1,60,000
		Add : Outstanding Subscription	3,000
			1,63,000

(c)

Expenditure	Amount	Income	Amount
		Subscriptions	1,60,000

(d)

Expenditure	Amount	Income	Amount
		Subscriptions	1,70,000
		Add : Outstanding Subscription	3,000
			1,73,000

Answer: (b)

3. What amount will be credited the Income and Expenditure Account for the year ending 31st March, 2015 on the basis of following information?

	01-04-2014	31-03-2015
Outstanding Subscription	25,000	28,000

Subscriptions received during the year 2014 – 15 were 2,50,000.

(a)

Expenditure	Amount	Income	Amount
		Subscriptions	2,60,000
		Add : Outstanding Subscription	3,000
			2,63,000

(b)

Expenditure	Amount	Income	Amount
		Subscriptions	2,50,000
		Add : Outstanding Subscription	3,000
			2,53,000

(c)

Expenditure	Amount	Income	Amount
		Subscriptions	2,50,000

(d)

Expenditure	Amount	Income	Amount
		Subscriptions	2,70,000
		Add : Outstanding Subscription	3,000
			2,73,000

Answer: (b)

3. What amount will be credited the Income and Expenditure Account for the year ending 31st March, 2015 on the basis of following information?

	01-04-2014	31-03-2015
Outstanding Subscription	25,000	28,000

Subscriptions received during the year 2014 – 15 were 2,50,000.

(a)

Expenditure	Amount	Income	Amount
		Subscriptions	2,60,000
		Add : Outstanding Subscription	3,000
			2,63,000

(b)

Expenditure	Amount	Income	Amount
		Subscriptions	2,50,000
		Add : Outstanding Subscription	3,000
			2,53,000

(c)

Expenditure	Amount	Income	Amount
		Subscriptions	2,50,000

(d)

Expenditure	Amount	Income	Amount
		Subscriptions	2,70,000
		Add : Outstanding Subscription	3,000
			2,73,000

Answer: (b)

4. What amount will be credited the Income and Expenditure Account for the year ending 31st March, 2015 on the basis of following information?

	01-04-2014	31-03-2015
Outstanding Subscription	5,000	10,000

Subscriptions received during the year 2014 – 15 were 2,50,000.

(a)

Expenditure	Amount	Income	Amount
		Subscriptions	2,50,000
		Add : Outstanding Subscription	5,000
			2,55,000

(b)

Expenditure	Amount	Income	Amount
		Subscriptions	2,50,000
		Add : Outstanding Subscription	10,000
			2,60,000

(c)

Expenditure	Amount	Income	Amount
		Subscriptions	2,50,000

(d)

Expenditure	Amount	Income	Amount
		Subscriptions	2,60,000
		Add : Outstanding Subscription	5,000
			2,65,000

Answer: (a)

Chapter Name: Accounting for Not-for-Profit Organisation

Concept: Balance Sheet

Level:

Skill:

Time:

Easy (1)

Understanding

30

1. Which of the following is regarded as apt to show purchase of fixed asset for a non-profit organisation

(a) Income & Expenditure Account

(b) Profit & Loss Account

(c) Balance Sheet

(d) None of the above

Answer: (C)

Chapter Name: Accounting for Not-for-Profit Organisation

Concept: Accounting Treatment of Important Items of Income and Expenditure Account

Level:

Skill:

Time:

Easy (1-6)

Understanding

30

1. The surplus or deficit revealed by income and expenditure account is transferred to:

- (a) Receipts and payments account
- (b) Profit and loss account
- (c) Capital account
- (d) Capital fund

Answer: (d)

2. Which statement is true for Capital Expenditure?

- (a) Maintain earning capacity
- (b) Seeks to improve earning capacity
- (c) Not good for Earning capacity
- (d) None of these

Answer: (b)

3. M's Vinod Enterprises Limited has received Rs. 10 Lakh from an issue of further shares, the expenses of the issue being Rs. 10,000. Which of the following is the correct treatment in respect of the above transaction?

- (a) Rs. 10 Lakh is capital receipt and Rs. 10,000 is deferred revenue expenditure.
- (b) Rs. 10 Lakh is capital receipt and there is no treatment for Rs. 10,000.
- (c) Rs. 10.10 Lakh is capital receipt.
- (d) Rs. 10 Lakh is capital receipt and Rs. 10,000 is revenue expenditure.

Answer: (a)

4. Freight expenses for moving machinery to factory are?

- (a) Capital expenditure
- (b) Deferred revenue expenditue
- (c) Revenue expenses
- (d) None of the above

Answer (a)

5. Which of the following is correct?

- (a) $\text{Personal disposable income} = \text{personal income} + \text{personal tax payment} - \text{non-tax payment}$
- (b) $\text{Personal disposable income} = \text{personal income} + \text{personal tax payment} + \text{non-tax payment}$
- (c) $\text{Personal disposable income} = \text{personal income} - \text{personal tax payment} - \text{non-tax payment}$
- (d) $\text{Personal disposable income} = \text{personal income} - \text{personal tax payment} + \text{non-tax payment}$

Answer (c)

6. Which of the following statement is true in respect of Income and Expenditure account?

- (a) It does not show non-cash items.
- (b) It contains only the items of revenue nature of current accounting period only
- (c) It follows cash system of accounting
- (d) It is a real account.

Answer (b)