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G.K VIDHYAA MANDIR MATRIC.HR.SEC.SCHOOL, KARUR**ACCOUNTANCY****UNIT 2****ACCOUNTS OF NOT FOR PROFIT ORGANISATION****STD: XII****ILLUSTRATIONS:**

1. From the following particulars of Tamil Educational Society, prepare Receipts and Payments account for the year ended 31st March, 2019.

Opening cash balance as on 1.4.2018	18,000	Building purchased	2,10,000
Rent paid	6,000	Staff salary	55,000
Scholarship given	15,200	Subscription received	2,65,000
Entrance fees received	18,500		

2. From the following particulars of Trichy Educational Society, prepare Receipts and Payments account for the year ended 31st December, 2018.

Opening cash balance as on 1.1.2018	20,000	Locker rent received	12,000
Investments made	80,000	Sale of furniture	5,000
Honorarium paid	3,000	General expenses	7,000
Donation received	80,000	Postage	1,000
Audit fees paid	2,000	Subscription received	10,000

3. From the following particulars of Chennai Sports Club, prepare Receipts and Payments account for the year ended 31st March, 2018.

Particulars	Amount	Particulars	Amount	Amount
Opening cash balance as on 1.4.2017	10,000	Subscriptions received		
Opening bank balance as on 1.4.2017	15,000	2016 – 2017	4,500	
Interest paid	5,000	2017 – 2018	65,000	
Telephone expenses	7,000	2018 - 2019	5,000	74,500
Upkeep of grounds	22,500	Tournament expenses		12,500
Life membership fees received	5,500	Tournament fund receipts		15,000
Bats and balls purchased	13,000	Closing balance of cash (31.3.2018)		5,000

4. From the following particulars of Poompuhar Literary Association, prepare Receipts and Payments account for the year ended 31st March, 2019.

Particulars	Amount	Particulars	Amount
Opening cash balance as on 1.4.2018	5,000	Subscriptions received	20,000
Bank overdraft as on 1.4.2018	4,000	Repairs and renewals	2,500
Interest paid	3,250	Conveyance paid	2,750
Purchase of refreshments	1,500	Books purchased	10,000
Outstanding salary	2,000	Insurance premium paid	4,000
Endowment fund receipts	2,000	Sundry receipts	750
Lighting charges	1,300	Government grants received	6,000
Printing and stationery	1,500	Sale of refreshments	1,500
Sale of investments	1,000	Depreciation on buildings	2,000
		Cash at bank on 31.03.2019	2,000

5. From the following particulars of Vellore Recreation Club, prepare Receipts and Payments account for the year ended 31st March, 2017.

Particulars	Amount	Particulars	Amount
Opening cash balance as on 1.4.2016	3,000	Receipts from entertainment	20,000
Opening bank balance as on 1.4.2016	12,000	Admission fees received	1,000
Furniture purchased	11,000	Municipal taxes	22,000
Sports equipment purchased	11,000	Expenses of charity show	2,000
Donation received for pavilion	8,000	Billiards table purchased	15,000
Sale of old tennis balls	1,500	Construction of new tennis court	18,000
Newspapers bought	500	Receipts from charity show	2,500
Travelling expenses	4,500	Closing balance of cash	8,000

6. From the following Receipts and Payment Account of Ooty Recreation Club, prepare Income and Expenditure Account for the year ended 31.03.2018.

Receipts	Amount	Payments	Amount
To Opening balance		By Sports materials purchased	10,000
Cash in hand	5,000	By Stationery paid	7,000
To Rent received	10,000	By Computer purchased	25,000
To Sale of investments	8,000	By Salaries	20,000
To Subscription received	54,000	By Closing balance	
		Cash in hand	15,000
	77,000		77,000

7. From the following Receipts and Payment Account of Trichy Recreation Club, prepare Income and Expenditure Account for the year ended 31.03.2018.

Receipts	Amount	Payments	Amount
To Opening balance		By Furniture purchased	10,000
Cash in hand	11,000	By Rent	2,800
To dividend received	27,600	By Secretary's honorarium	15,000
To Sale of old newspapers	3,000	By postage	1,700
To Member's Subscription	31,000	By General expenses	4,350
To locker rent	8,000	By Printing and stationery	45,000
To interest on investments	1,250	By Audit fee	5,000
To Sale of furniture (Book value ` 4,400)	5,000	By Closing balance Cash in hand	3,000
	86,850		86,850

8. From the following details calculate the amount that will be shown as subscription in Income and Expenditure Account for the year ending 31st March, 2017

Subscription received for	Amount
2015-16	7,500
2016-17	60,000
2017-18	1,500
	69000

Subscription outstanding for the year 2016-17 is 2,400. Subscription for 2016-17 received in 2015-16 was 1,000.

9. How the following items will appear in the final accounts of a club for the year ending 31st March, 2019?

Dr. Receipts and Payments Account for the year ended 31st March, 2019 Cr.

Receipts	Amount	Amount	Payments	Amount
To subscription				
2017-2018	5,000			
2018-2019	48,000			
2019-2020	3,000	56,000		

There are 300 members in the club each paying an annual subscription of 200 per annum. Subscription still outstanding for the year 2017- 2018 is 1,000.

10. How will the following items appear in the final accounts of a club for the year ending 31st March 2017? A club received subscription of 25,000 during the year 2016-17. This includes subscription of 2,000 for 2015-16 and 1,500 for the year 2017-18. Subscription of 500 is still outstanding for the year 2016-17.

11. Compute income from subscription for the year 2018 from the following particulars relating to a club.

Particulars	1.1.2018	31.12.2018
Outstanding subscription	10,000	7,000
Subscription received in advance	3,000	5,000

Subscription received during the year 2018: 1,50,000.

12. From the following particulars, show how the item 'subscription' will appear in the Income and Expenditure Account for the year ended 31-12-2018?
Subscription received in 2018 is 16,000 which includes 3,000 for 2017 and 5,000 for 2019. Subscription outstanding for the year 2018 is 4,000. Subscription of 2,000 was received in advance for 2018 in the year 2017.

13. How will the following items appear in the final accounts of a sports club?

Particulars

Stock of sports materials (01.04.2018)	3,000
Sports materials purchased during current year	9,000
Sale of old sport materials during current year	500
Stock of sports materials (31.03.2019)	4,000

14. From the following details calculate the printing and stationery to be debited to Income and Expenditure Account for the year ending 31st March, 2018 and also show how it will appear in the Balance Sheet as on 31st March, 2018.

Amount paid for stationery during 2017- 2018	1,500
Stock of stationery on 1 st April, 2017	300
Stock of stationery on 31 st March, 2018	200

15. How will the following appear in the final accounts of a club for the year 2017 – 2018?

Particulars

Prize fund on 1.4.2017	60,000
Prize fund investment on 1.4.2017	60,000
Interest received on prize fund investment	6,000
Prizes distributed	8,000
Donation received for prize fund	12,000

16. Compute capital fund of Karur Social Club as on 31.03.2018.

Particulars as on 31.03.2018

Furniture	50,000
Buildings	40,000
Subscription outstanding for 2017-18	10,000
Subscription received in advance for 2018-19	5,000
Loan borrowed	10,000
Investments	20,000
Cash in hand	4,000
Cash at bank	6,000

17. From the following Receipts and Payments Account of Friends Football club, for the year ending 31st March, 2017, prepare Income and Expenditure Account for the year ending 31st March, 2017 and the Balance sheet as on that date.

In the books of Friends Football Club

Income and Expenditure Account for the year ended 31st March, 2017

Receipts	Amount	Amount	Payments	Amount	Amount
To Balance b/d			By Furniture		7,000
Cash	1,000		By Sports material purchased		800
Bank	10,000	11,000	By Special dinner expenses		1,500
To Subscriptions		5,000	By Electricity charges		900
To Legacies		6,000	By Balance c/d		
To Collection for special dinner		2,000	Cash in hand	1800	
			Cash at bank	12000	13,800
		24,000			24,000

Additional information:

- (i) The club had furniture of 12,000 on 1st April 2016. Ignore depreciation on furniture.
- (ii) Subscription outstanding for 2016-2017 600.
- (iii) Stock of sports materials on 31.03.2017 100.
- (iv) Capital fund as on 1st April 2016 was 23,000.

18. Following is the Receipts and Payments Account of Salem Recreation Club for the year ended 31st March, 2019.

In the books of Salem Recreation Club

Dr. Receipts and Payments Account for the year ended 31st March, 2019 Cr.

Receipts	Amount	Amount	Payments	Amount
To Balance b/d			By Furniture	15,000
Cash in hand		9,000	By Stationery	2,400
To Subscriptions			By Investment	12,500
2018 – 2019	12,500		By Postage	1,000
2019 – 2020	400	12,900	By Balance c/d	
To Proceeds from entertainment		12,000	Cash in hand	3,500
To Sundry receipts		500		
		34,400		34,400

Additional information:

- (i) There are 450 members each paying annual subscription of 30.
- (ii) Stock of stationery on 31st March, 2018 ` 300 and on March 31, 2019 500.
- (iii) Capital fund as on 1st April 2018 was 9,300.

Prepare income and expenditure account for the year ended 31st March, 2019 and the balance sheet as on that date.

19. From the following Receipts and Payments account of Coimbatore Cricket Club for the year ending 31st March 2016, prepare income and expenditure account for the year ending 31st March, 2016 and a balance sheet as on that date.

In the books of Coimbatore Cricket Club

Receipts and Payments Account for the year ending 31st March, 2016

Receipts	Amount	Payments	Amount
To Balance b/d		By Maintenance	5,000
Cash at bank	8,000	By Furniture	15,000
To Subscriptions	11,000	By Tournament expenses	1,400
To Sale of old bats and balls	100	By Secretary's honorarium	4,500
To Subscription for tournament	2,000	By Bats and balls	7,400
To Legacies	20,000	By Balance c/d	
		Cash at bank	7,800
	41,100		41,100

Additional information:

On 1st April, 2015 the club had stock of balls and bats 3,000 and an advance subscription of 500. Surplus on account of tournament should be kept in reserve for permanent pavilion. Subscription due on 31.03.2016 was 2,000. Stock of bats and balls on 31.3.2016 was 1,000.

20. The following is the summary of cash transactions of Delhi Literary Club for the year ending 31st March, 2019.

Delhi Literary Club
Receipts and Payments Account for the year ending 31st March, 2019

Receipts	Amount	Payments	Amount
To Balance b/d		By Rents and Rates	21,000
Cash in hand	3,200	By Lecture fees	4,500
To Entrance fees	2,300	By Sundry expenses	7,200
To Subscriptions	46,000	By Fixed deposit	40,000
To Life membership fees	2,500	By Balance c/d	
To Interest received on fixed deposit	500	Cash in hand	4,300
To Sale of furniture (on 1.4.2018) (Book value ` 25,000)	22,500		
	77,000		77,000

Additional information

(a) At the beginning of the year the club possessed books worth 20,000 and furniture worth 40,000.

(b) Subscription received in advance during the current year amounted to 1,000.

Prepare Income and Expenditure account of the club for the year ending 31st March, 2019 and the Balance sheet as on that date.

21. The following is the Receipts and Payments account of Madurai City Club for the year ending 31st March, 2018.

Madurai City Club					
Dr. Receipts and Payments Account for the year ended 31st March, 2018			Cr.		
Receipts	Amount	Amount	Payments	Amount	Amount
To Balance b/d			By Upkeep of ground		16,500
Cash	500		By Match expenses		19,000
Bank	7,000	7,500	By Sundry expenses		11,000
To Subscriptions (including 4,000 for 2016-2017)		30,000	By Furniture		20,000
To Legacies		9,000	By Balance c/d		
To Hall rent		10,000	Cash in hand	1,500	
To Receipts for match fund		22,500	Cash at bank	11,000	12,500
		79,000			79,000

Additional information:

On 1st April, 2017, the club had investment of 40,000. The club also had a credit balance of 30,000 in Match fund account. On 31st March, 2017 subscriptions in arrears were 4,000 and the subscriptions in arrears on 31st March, 2018 were 4,500. Prepare the final accounts.

EXERCISE PROBLEMS

1. From the information given below, prepare Receipts and Payments account of Kurunji Sports Club for the year ended 31st December, 2018.

Cash in hand (1.1.2018) 4,000

Salaries paid 3,000

Life membership fees received 10,000

Subscription received 15,000

Rent received 2,000

Paid for printing charges 2,500

Lockers rent received 1,000

Tournament receipts 14,000

Tournament expenses 10,500

Investments purchased 25,000

2. From the information given below, prepare Receipts and Payments account of Coimbatore Cricket Club for the year ending 31st March, 2019.

Bank overdraft (1.4.2018) 6,000

Cash in hand (1.4.2018) 1,000

Wages paid for ground maintenance 2,000

Subscription received:

Previous year 500

Current year 9,600

Subsequent year 400

Wages yet to be paid 2,200

Interest on loan paid 2,000

Honorarium paid 2,800

Water and electricity charges 700

Match expenses 2,600

Sports material purchased 1,900

Match fund receipts 5,200

Legacies received 2,000

Cash balance (31.03.2019) 300

Donation received for pavilion 2,000

3. From the information given below, prepare Receipts and Payments account of Madurai Mother Theresa Mahalir Mandram for the year ended 31st December, 2018.

Cash balance as on 1.1.2018 2,000	Fire Insurance premium paid 1,500
Bank balance as on 1.1.2018 3,000	Subscription received 8,500
Sale of old newspapers 500	Furniture purchased 6,000
Stationery purchased 6,000	Purchase of newspapers 700
Audit fees paid 2,000	Depreciation on furniture 900
Entrance fees received 3,000	Cash balance as on 31.12.2018 2,500
Sundry charges 6,000	Conveyance paid 1,000
Scholarships given 2,000	Sale of furniture 4,000
Interest on investments 2,000	

4. Mayiladuthurai Recreation Club gives you the following details. Prepare Receipts and Payments account for the year ended 31st March, 2019.

Opening cash balance 15,000	Salary of watchman 12,000
Opening bank balance 25,000	Club annual day expenses 15,000
Donations received 48,000	Lighting charges 16,500
Sale of old equipment 26,000	Entertainment expenses 13,500
Refreshment charges 13,000	Billiards table purchased 5,000
Club annual day collections 18,000	Expenses of charity show 3,000
Construction of tennis court 7,000	Sale of investments 12,000
Receipts from charity show 4,000	Closing cash balance 12,000
Rent paid 1,000	

5. From the following information, prepare Receipts and Payments account of Cuddalore Kabaddi Association for the year ended 31st March, 2019.

Opening cash balance (1.4.2018) 11,000	Interest and bank charges 250
Bank overdraft balance (1.4.2018) 20,000	Miscellaneous income 350
Stationery purchased 5,200	Upkeep of ground 550
Travelling expenses 1,800	Grant from Government 12,000
Dividend received 3,000	Telephone charges paid 2,800
General expenses 500	Endowment fund receipts 10,000
Admission fees 4,000	Insurance premium paid 2,000
Courier charges 2,000	Electricity charges paid 5,000
Municipal taxes paid 3,000	Closing cash balance (31.03.2019) 1,750

6. From the following receipts and payments account of Tenkasi Thiruvalluvar Manram, prepare income and expenditure account for the year ended 31st March, 2019.

Receipts	Amount	Payments	Amount
To Balance b/d		By Salaries	20,000
Cash in hand	14,000	By Rent	24,000
To Interest received	5,000	By Travelling expenses	2,000
To Subscription	55,000	By Printing and stationery	6,000
To Legacies	48,000	By Investments made	50,000
To Entrance fees	7,000	By Sports equipment purchased	33,000
To Sale of furniture (Book value: ` 17,000)	16,000	By Balance c/d	
		Cash in hand	10,000
	1,45,000		1,45,000

7. From the following receipts and payment account, prepare income and expenditure account of Kumbakonam Basket Ball Association for the year ended 31st March, 2018.

Receipts	Amount	Amount	Payments	Amount	Amount
To Balance b/d			By Rent of ground paid		12,000
Cash	23,000		By Printing charges		5,000
Bank	12,000	35,000	By Bank charges		1,000
To Rent of hall received		6,000	By Insurance for building		2,000
To Subscription received		9,000	By Tournament expenses		16,000
To Life membership fees		7,000	By Audit fees		3,000
To Locker rent received		2,000	By Sports materials purchased		4,000
			By Balance c/d		
			Cash in hand	2,000	
			Cash at bank	14,000	16,000
		59,000			59,000

8. From the following receipts and payments account and the additional information given below, calculate the amount of subscription to be shown in Income and expenditure account for the year ending 31st December, 2018.

Receipts	Amount	Amount	Payments	Amount
To subscription				
2017	28,000			
2018	1,72,000			
2019	12,000	2,12,000		

Additional information: Subscription outstanding for the year 2018 is 8,000.

9. How the following items will appear in the final accounts of a club for the year ending 31st March 2019?

Dr. Receipts and Payments Account for the year ended 31st March, 2019 Cr.

Receipts	Amount	Amount	Payments	Amount
To subscription				
2017-2018	10,000			
2018-2019	50,000			
2019-2020	5,000	65,000		

There are 200 members in the club each paying an annual subscription of 400 per annum. Subscription still outstanding for the year 2017- 2018 is 2,000.

10. How will the following items appear in the final accounts of a club for the year ending 31st March 2017? Received subscription of 40,000 during the year 2016-17. This includes subscription of ` 5,000 for 2015-16 and 3,000 for the year 2017-18. Subscription of 1,000 is still outstanding for the year 2016-17.

11. Compute income from subscription for the year 2018 from the following particulars relating to a club.

Particulars	1.1.2018	31.12.2018
Outstanding subscription	3,000	5,000
Subscription received in advance	4,000	7,000

Subscription received during the year 2018: 45,000.

12. From the following particulars, show how the item 'subscription' will appear in the Income and Expenditure Account for the year ended 31-12-2018?

Subscription received in 2018 is 50,000 which includes 5,000 for 2017 and 7,000 for 2019. Subscription outstanding for the year 2018 is 6,000. Subscription of 4,000 was received in advance for 2018 in the year 2017.

13. How the following items appear in the final accounts of Thoothukudi Young Pioneers Association?

There are one hundred members in the association each paying 25 as annual subscription. By the end of the year 10 members had not paid their subscription but four members had paid for the next year in advance.

14. How will the following appear in the final accounts of Marthandam Women Cultural Association?

Stock of sports materials on 1.4.2018	16,000
Sports materials purchased during the year	84,000
Stock of sports materials on 31.3.2019	10,000

15. How will the following appear in the final accounts of Vedaranyam Sports club?

Opening stock of bats and balls	3,000
Purchase of bats and balls during the year	17,000
Sale of old bats and balls	2,000
Closing stock of bats and balls	4,000

16. Show how the following items appear in the income and expenditure account of Sirkazhi Singers Association?

Stock of stationery on 1.4.2018	2,600
Purchase of stationery during the year	6,500
Stock of stationery on 31.3.2018	2,200

17. Chennai tennis club had Match fund showing credit balance of 24,000 on 1st April, 2018. Receipt to the fund during the year was 26,000. Match expenses incurred during the year was 33,000. How these items will appear in the final accounts of the club for the year ended 31st March, 2019?

18. How will the following appear in the final accounts of Karaikudi sports club for the year ending 31st March, 2019?

Tournament fund on 1 st April 2018	90,000
Tournament fund investment on 1 st April 2018	90,000
Interest received on tournament fund investment	9,000
Donation to tournament fund	10,000
Tournament expenses	60,000

19. Compute capital fund of Salem Sports Club as on 1.4.2019.

Sports equipment 30,000

Prize fund 10,000

Computer 25,000

Prize fund investments 10,000

Subscription outstanding for (2018-19) 5,000

Cash in hand 7,000

Subscription received in advance for
(2019-20) 8,000

Cash at bank 21,000

20. From the following Receipts and Payment account and from the information given below of Ramanathapuram Sports Club, prepare Income and Expenditure account for the year ended 31st December, 2018 and the balance sheet as on that date.

Receipts	Amount	Payments		Amount
To Balance b/d		By Rent		11,000
Cash in hand	5,000	By Entertainment expenses		11,200
Cash at bank	10,000	By Furniture		10,000
To Subscriptions		By Sports materials purchased		13,000
2017	12,000	By Match expenses		12,000
2018	33,000	By Investments made		28,000
2019	16,000	By Balance c/d		
To Entrance fees	6,000	Cash in hand	1,300	
To General donations	7,000	Cash at bank	4,000	5,300
To Sale of old sports materials	1,000			
To Miscellaneous receipts	500			
	90,500			90,500

Additional information:

(i) Capital fund as on 1st January 2018 30,000.

(ii) Opening stock of sports material 3,000 and closing stock of sports material 5,000.

21. From the following Receipts and Payment account of Yercaud Youth Association, prepare Income and expenditure account for the year ended 31st March, 2019 and the balance sheet as on that date.

Receipts	Amount	Payments	Amount
To Balance b/d		By Salary	14,000
Cash in hand	9,600	By Office expenses	7,200
To Government grants for purchase of books	10,000	By Books purchased	15,000
To Subscriptions	24,800	By Stationery purchased	1,800
To Admission fees	2,000	By Newspaper purchased	2,100
To Prize fund receipts	6,000	By Prizes awarded	5,000
To Bank interest	1,500	By Balance c/d	
To Sale of newspapers	1,100	Cash in hand	9,900
	55,000		55,000

Additional information:

- (i) Opening capital fund 20,000.
- (ii) Stock of books on 1.4.2018 9,200.
- (iii) Subscription due but not received 1,700.
- (iv) Stock of stationery on (1.4.2018) 1,200 and stock of stationery on (31.3.2019), 2,000

22. Following is the Receipts and Payments account of Neyveli Science Club for the year ended 31st December, 2018.

Receipts	Amount	Payments	Amount
To Balance b/d		By Balance b/d	
Cash in hand	2,400	Bank overdraft	1,000
To Subscription	8,700	By Postage expenses	200
To Life membership fees	5,000	By Science equipments purchased	10,000
To Exhibition fund receipts	7,000	By Laboratory expenses	2,400
To Sale of science equipments (Book value 5,000)	6,000	By Secretary's honorarium	5,000
To Miscellaneous income	500	By Audit fees By Balance c/d	3,600
		By General charges	1,800
		By Exhibition expenses	5,000
		By Balance c/d	

		Cash in hand	200
		Cash at bank	400
	29,600		29,600

Additional information:

- (i) Opening capital fund 6,400
 - (ii) Subscription includes 600 for the year 2019
 - (iii) Science equipment as on 1.1.2018 5,000
 - (iv) Surplus on account of exhibition should be kept in reserve for new auditorium.
- Prepare income and expenditure account for the year ended 31st December, 2018 and the balance sheet as on that date.

23. From the following Receipts and Payments account of Sivakasi Pensioner's Recreation Club, prepare income and expenditure account for the year ended 31st March, 2018 and the balance sheet as on that date.

Receipts	Amount	Payments	Amount	Amount
To Balance b/d		By Rent and rates		18,000
Cash in hand	10,000	By Electricity charges		17,000
Cash at bank	20,000	By Furniture purchased		12,000
To Subscriptions		By Billiards table purchased		70,000
2017	5,000	By Repairs and renewals		16,000
2018	25,000	By Special dinner expenses		4,000
2019	6,000	By Sundry expenses		2,000
To Legacies	40,000	By Balance c/d		
To Rent from hall	14,000	Cash in hand		1,000
To Lockers rent	5,000			
To Collection for special dinner	12,000			
To Balance c/d				
Bank overdraft	3,000			
	1,40,000			1,40,000

Additional information:

- (i) The club had 300 members each paying 100 as annual subscription.
- (ii) The club had furniture 10,000 on 1.4.2017.
- (iii) The subscription still due but not received for the year 2016 – 2017 is 1,000.

24. Following is the Receipts and payments account of Virudhunagar Volleyball Association for the year ended 31st December, 2018.

Receipts	Amount	Payments	Amount	Amount
To Balance b/d		By Match expenses		25,000
Cash in hand	5,000	By Upkeep of pavilion		17,000
To Subscriptions		By Secretary's honorarium		18,000
2017	10,000	By Bats and balls purchased		22,000
2018	55,000	By Grass seeds		2,000
2019	5,000	By Fixed deposit		58,000
To Donations	40,000	By Sundry expenses		3,000
To Match fund receipts	30,000	By Balance c/d		
To Interest on fixed deposit	8,000	Cash in hand	7,000	
To Miscellaneous receipts	5,000	Cash at bank	6,000	13,000
	1,58,000			1,58,000

Additional information:

- (i) On 1.1.2018, the association owned investments 10,000, premises and grounds 40,000, stock of bats and balls 5,000.
- (ii) Subscription 5,000 related to 2017 is still due.
- (iii) Subscription due for the year 2018, 6,000.

Prepare income and expenditure account for the year ended 31st December, 2018 and the balance sheet as on that date.

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G.K VIDHYAA MANDIR MATRIC.HR.SEC.SCHOOL, KARUR**ACCOUNTANCY****UNIT 3****ACCOUNTS OF PARTNERSHIP FIRMS FUNDAMENTALS****STD: XII****ILLUSTRATIONS:**

1. A, B, C and D are partners in a firm. There is no partnership deed. How will you deal with the following?

- (i) A has contributed maximum capital. He demands interest on capital at 12% per annum.
- (ii) B has withdrawn ` 1,000 per month. Other partners ask B to pay interest on drawings @ 10% per annum to the firm. But, B does not agree to it.
- (iii) Loan advanced by C to the firm is ` 10,000. He demands interest on loan @ 9% per annum. A and B do not agree with this.
- (iv) D demands salary at the rate of ` 5,000 per month as he spends full time for the business. B and C do not agree with this.
- (v) A demands the profit to be shared in the capital ratio. But, B, C and D do not agree.

2. From the following information, prepare capital accounts of partners Shanthi and Sumathi, when their capitals are fixed.

Particulars	Shanthi	Sumathi
Capital on 1 st January 2018	1,00,000	80,000
Current account on 1 st January 2018 (Cr.)	5,000	3,000
Additional capital introduced on 1 st June 2018	10,000	20,000
Drawings during 2018	20,000	13,000
Interest on drawings	500	300
Share of profit for 2018	10,000	8,000
Interest on capital	6,300	5,400
Salary	9,000	Nil
Commission	Nil	1,200

3. Bragathish and Naresh are partners who maintain their capital accounts under fixed capital method. From the following particulars, prepare capital accounts of partners.

Particulars	Bragathish	Naresh
Capital on 1 st April 2018	4,00,000	6,00,000
Current account on 1 st April 2018	20,000(Cr.)	15,000(Dr.)
Additional capital introduced	50,000	Nil
Drawings during 2018	45,000	60,000
Interest on drawings	2,000	3,000
Share of profit for 2018	80,000	1,20,000
Interest on capital	20,000	30,000
Commission	17,000	Nil
Salary	Nil	38,000

4. From the following information, prepare capital accounts of partners Mannan and Sevagan, when their capitals are fluctuating.

Particulars	Mannan	Sevagan
Capital on 1 st January 2018 (Cr.)	2,00,000	1,75,000
Drawings during 2018	40,000	35,000
Interest on drawings	1,000	500
Share of profit for 2018	21,000	16,500
Interest on capital	12,000	10,500
Salary	18,000	Nil
Commission	Nil	2,500

5. Mannan and Ramesh share profits and losses in the ratio of 3:1. The capital on 1st April 2017 was 80,000 for Mannan and 60,000 for Ramesh and their current accounts show a credit balance of 10,000 and 5,000 respectively. Calculate interest on capital at 5% p.a. for the year ending 31st March 2018 and show the journal entries.

6. Antony and Akbar were partners who share profits and losses in the ratio of 3:2. Balance in their capital account on 1st January 2018 was Antony 60,000 and Akbar 40,000. On 1st April 2018 Antony introduced additional capital of 10,000. Akbar introduced additional capital of 5,000 during the year. Calculate interest on capital at 6% p.a. for the year ending 31st December 2018.

7. The capital account of Arivazhagan and Srinivasan on 1st January 2017 showed a balance of 15,000 and 10,000 respectively. On 1st July 2017, Arivazhagan introduced an additional capital of 5,000 and on 1st September 2017 Srinivasan introduced an additional capital of 10,000. Calculate interest on capital at 6% p.a. for the year ending 31st December 2017.

8. From the following balance sheets of Subha and Sudha who share profits and losses equally, calculate interest on capital at 6% p.a. for the year ending 31st December 2017.

Balance sheet as on 31st December 2017

Liabilities	Amount	Assets	Amount
Capital accounts:		Fixed assets	30,000
Subha	15,000	Current assets	20,000
Sudha	20,000		
Current liabilities	15,000		
	50,000		50,000

Drawings of Subha and Sudha during the year were 2,500 and 3,500 respectively. Profit earned during the year was 15,000.

9. From the following balance sheets of Brindha and Praveena who share profits and losses in the ratio of 3:4, calculate interest on capital at 6% p.a. for the year ending 31st December 2017.

Liabilities	Amount	Assets	Amount
Capital accounts:		Sundry assets	80,000
Brindha	30,000		
Praveena	40,000		
Profit and loss appropriation A/c	10,000		
	80,000		80,000

On 1st July 2017, Brindha introduced an additional capital of 6,000 and on 1st October 2017, Praveena introduced 10,000. Drawings of Brindha and Praveena during the year were 5,000 and 7,000 respectively. Profit earned during the year was 31,000.

10. A and B contribute 4,00,000 and 2,00,000 respectively as capital. Their respective share of profit is 3:2 and the profit before interest on capital for the year is 27,000. Compute the amount of interest on capital in each of the following situations:

- (i) if the partnership deed is silent as to the interest on capital
- (ii) if interest on capital @ 3% is allowed as per the partnership deed
- (iii) if the partnership deed allows interest on capital @ 5% p.a.

11. Velan is a partner who withdrew 20,000 on 1st April 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December 2018 and pass journal entries by assuming fluctuating capital method.

12. Arun is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 12% p.a. During the year ended 31st December 2018 he drew as follows:

March 1	6,000
June 1	4,000
September 1	5,000
December 1	2,000

Calculate the amount of interest on drawings.

13. Arul is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 12% p.a. During the year ended 31st December 2018 he drew as follows:

March 1	3,000
June 1	3,000
September 1	3,000
December 1	3,000

Calculate the amount of interest on drawings.

14. Rajan is a partner who withdrew 30,000 during the year 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December, 2018.

15. Anbu is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 12% p.a. During the year ended 31st December 2018 he drew as follows:

March 1	6,000
June 1	4,000
September 1	5,000
December 1	2,000

Calculate the amount of interest on drawings by using product method.

16. John is a partner in a firm. He withdraws 1,000 p.m. regularly. Interest on drawings is charged @ 5% p.a. Calculate the interest on drawings using average period, if he draws

- (i) at the beginning of every month
- (ii) in the middle of every month
- (iii) at the end of every month

17. Priya and Kavitha are partners. Priya draws 4,000 at the end of each quarter. Interest on drawings is chargeable at 6% p.a. Calculate interest on drawings for the year ending 31st December 2018 using average period.

18. Vennila and Eswari are partners. Vennila draws 5,000 at the beginning of each half year. Interest on drawings is chargeable at 4% p.a. Calculate interest on drawings for the year ending 31st December 2018 using average period.

19. Syed, Samuel and Sudhakar are partners in a firm sharing profits and losses equally. As per the terms of the partnership deed, Samuel is allowed a monthly salary of 2,000 and Sudhakar is allowed a commission of 6,000 per annum for their contribution to the business of the firm. You are required to pass the necessary journal entry. Assume that their capitals are fluctuating.

20. Murali and Sethu are partners in a firm. Murali is to get a commission of 10% of net profit before charging any commission. Sethu is to get a commission of 10% on net profit after charging all commission. Net profit for the year ended 31st March 2019 before charging any commission was 1,10,000. Find the amount of commission due to Murali and Sethu.

21. Arulappan and Nallasamy are partners in a firm sharing profits and losses in the ratio of 4:1. On 1st January 2018, their capitals were 20,000 and 10,000 respectively. The partnership deed specifies the following:

- (a) Interest on capital is to be allowed at 5% per annum.
- (b) Interest on drawings charged to Arulappan and Nallasamy are ₹ 200 and ₹ 300 respectively.
- (c) The net profit of the firm before considering interest on capital and interest on drawings amounted to 18,000.

Give necessary journal entries and prepare Profit and loss appropriation account for the year ending 31st December 2018. Assume that the capitals are fluctuating.

22. Durai and Velan entered into a partnership agreement on 1st April 2018, Durai contributing 25,000 and Velan 30,000 as capital. The agreement provided that:

- (a) Profits and losses to be shared in the ratio 2:3 as between Durai and Velan.
- (b) Partners to be entitled to interest on capital @ 5% p.a.
- (c) Interest on drawings to be charged Durai: 300 Velan: 450
- (d) Durai to receive a salary of 5,000 for the year, and
- (e) Velan to receive a commission of 2,000

During the year, the firm made a profit of 20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account.

23. Richard and Rizwan started a business on 1st January 2018 with capitals of 3,00,000 and 2,00,000 respectively.

According to the Partnership Deed

- (a) Interest on capital is to be provided @ 6% p.a.
- (b) Rizwan is to get salary of 50,000 per annum.
- (c) Richard is to get 10% commission on profit (after interest on capital and salary to Rizwan) after charging such commission.
- (d) Profit-sharing ratio between the two partners is 3:2.

During the year, the firm earned a profit of 3,00,000.

Prepare profit and loss appropriation account. The firm closes its accounts on 31st December every year.

EXERCISE PROBLEMS

1. Akash, Bala, Chandru and Daniel are partners in a firm. There is no partnership deed. How will you deal with the following?

- (i) Akash has contributed maximum capital. He demands interest on capital at 10% per annum.
- (ii) Bala has withdrawn ` 3,000 per month. Other partners ask Bala to pay interest on drawings @ 8% per annum to the firm. But, Bala did not agree to it.
- (iii) Akash demands the profit to be shared in the capital ratio. But, others do not agree.
- (iv) Daniel demands salary at the rate of ` 10,000 per month as he spends full time for the business.
- (v) Loan advanced by Chandru to the firm is ` 50,000. He demands interest on loan @ 12% per annum.

2. From the following information, prepare capital accounts of partners Rooban and Deri, when their capitals are fixed.

Particulars	Rooban	Deri
Capital on 1 st April 2018	70,000	50,000
Current account on 1 st April 2018 (Cr.)	25,000	15,000
Additional capital introduced	18,000	16,000
Drawings during 2018	10,000	6,000
Interest on drawings	500	300
Share of profit for 2018	35,000	25,800
Interest on capital	3,500	2,500
Salary	Nil	18,000
Commission	12,000	Nil

3. Arun and Selvam are partners who maintain their capital accounts under fixed capital method. From the following particulars, prepare capital accounts of partners.

Particulars	Arun	Selvam
Capital on 1 st January 2018	2,20,000	1,50,000
Current account on 1 st January 2018	4,250 (Cr.)	10,000 (Dr.)
Additional capital introduced	Nil	70,000
Drawings during 2018	10,000	20,000
Interest on drawings	750	600
Share of profit for 2018	22,000	15,000
Interest on capital	1,100	750
Commission	6,900	Nil
Salary	Nil	6,850

4. From the following information, prepare capital accounts of partners Padmini and Padma, when their capitals are fluctuating.

Particulars	Padmini	Padma
Capital on 1 st January 2018 (Cr.)	5,00,000	4,00,000
Drawings during 2018	70,000	40,000
Interest on drawings	2,000	1,000
Share of profit for 2018	52,000	40,000
Interest on capital	30,000	24,000
Salary	45,000	Nil
Commission	Nil	21,000

5. Mannan and Ramesh share profits and losses in the ratio of 3:2 and their capital on 1st April, 2018 was Mannan 1,50,000 and Ramesh 1,00,000 respectively and their current accounts show a credit balance of 25,000 and 20,000 respectively. Calculate interest on capital at 6% p.a. for the year ending 31st March, 2019 and show the journal entries.

6. Prakash and Supria were partners who share profits and losses in the ratio of 5:3. Balance in their capital account on 1st April, 2018 was Prakash 3,00,000 and Supria 2,00,000. On 1st July, 2018 Prakash introduced additional capital of 60,000. Supria introduced additional capital of 30,000 during the year. Calculate interest on capital at 6% p.a. for the year ending 31st March, 2019 and show the journal entries.

7. The capital account of Begum and Fatima on 1st January, 2018 showed a balance of 50,000 and 40,000 respectively. On 1st October, 2018, Begum introduced an additional capital of 10,000 and on 1st May, 2018 Fatima introduced an additional capital of 9,000. Calculate interest on capital at 4% p.a. for the year ending 31st December, 2018.

8. From the following balance sheets of Subha and Sudha who share profits and losses in 2:3, calculate interest on capital at 5% p.a. for the year ending 31st December, 2018.

Balance sheet as on 31st December 2018

Liabilities	Amount	Assets	Amount
Capital accounts:		Fixed assets	70,000
Subha	40,000	Current assets	50,000
Sudha	60,000		
Current liabilities	20,000		
	1,20,000		1,20,000

Drawings of Subha and Sudha during the year were ` 8,000 and ` 10,000 respectively. Profit earned during the year was 30,000.

9. From the following balance sheets of Rajan and Devan who share profits and losses 2:1, calculate interest on capital at 6% p.a. for the year ending 31st December, 2018.

Balance sheet as on 31st December 2018

Liabilities	Amount	Assets	Amount
Capital accounts:		Sundry assets	2,20,000
Rajan	1,00,000		
Devan	80,000		
Profit and loss appropriation A/c	40,000		
	2,20,000		2,20,000

On 1st April, 2018, Rajan introduced an additional capital of 40,000 and on 1st September, 2018, Devan introduced 30,000. Drawings of Rajan and Devan during the year were 20,000 and 10,000 respectively. Profit earned during the year was 70,000.

10. Ahamad and Basheer contribute 60,000 and 40,000 respectively as capital. Their respective share of profit is 2:1 and the profit before interest on capital for the year is 5,000. Compute the amount of interest on capital in each of the following situations:

- (i) if the partnership deed is silent as to the interest on capital
- (ii) if interest on capital @ 4% is allowed as per the partnership deed
- (iii) if the partnership deed allows interest on capital @ 6% per annum.

11. Mani is a partner, who withdrew 30,000 on 1st September, 2018. Interest on drawings is charged at 6% per annum. Calculate interest on drawings on 31st December, 2018 and show the journal entries by assuming that fluctuating capital method is followed.

12. Santhosh is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 6% per annum. During the year ended 31st December, 2018 he withdrew as follows:

February 1	2,000
May 1	10,000
July 1	4,000
October 1	6,000

Calculate the amount of interest on drawings.

13. Kumar is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 6% per annum. During the year ended 31st December, 2018 he withdrew as follows:

March 1	4,000
June 1	4,000
September 1	4,000
December 1	4,000

Calculate the amount of interest on drawings.

14. Mathew is a partner who withdrew 20,000 during the year 2018. Interest on drawings is charged at 10% per annum. Calculate interest on drawings on 31st December 2018.

15. Santhosh is a partner in a partnership firm. As per the partnership deed, interest on drawings is charged at 6% per annum. During the year ended 31st December, 2018 he withdrew as follows:

February 1	2,000
May 1	10,000
July 1	4,000
October 1	6,000

Calculate the amount of interest on drawings by using product method.

16. Kavitha is a partner in a firm. She withdraws 2,500 p.m. regularly. Interest on drawings is charged @ 4% p.a. Calculate the interest on drawings using average period, if she draws

- (i) at the beginning of every month
- (ii) in the middle of every month
- (iii) at the end of every month

17. Kevin and Francis are partners. Kevin draws 5,000 at the end of each quarter. Interest on drawings is chargeable at 6% p.a. Calculate interest on drawings for the year ending 31st March 2019 using average period.

18. Ram and Shyam were partners. Ram withdrew 18,000 at the beginning of each half year. Interest on drawings is chargeable @ 10% p.a. Calculate interest on the drawings for the year ending 31st December 2018 using average period.

19. Janani, Kamali and Lakshmi are partners in a firm sharing profits and losses equally. As per the terms of the partnership deed, Kamali is allowed a monthly salary of 10,000 and Lakshmi is allowed a commission of 40,000 per annum for their contribution to the business of the firm. You are required to pass the necessary journal entry. Assume that their capitals are fluctuating.

20. Sibi and Manoj are partners in a firm. Sibi is to get a commission of 20% of net profit before charging any commission. Manoj is to get a commission of 20% on net profit after charging all commission. Net profit for the year ended 31st December 2018 before charging any commission was ` 60,000. Find the commission of Sibi and Manoj. Also show the distribution of profit.

21. Anand and Narayanan are partners in a firm sharing profits and losses in the ratio of 5:3. On 1st January 2018, their capitals were 50,000 and 30,000 respectively. The partnership deed specifies the following:

- (a) Interest on capital is to be allowed at 6% per annum.
- (b) Interest on drawings charged to Anand and Narayanan are 1,000 and 800

respectively.

(c) The net profit of the firm before considering interest on capital and interest on drawings amounted to 35,000.

Give necessary journal entries and prepare profit and loss appropriation account as on 31st December 2018. Assume that the capitals are fluctuating.

22. Dinesh and Sugumar entered into a partnership agreement on 1st January 2018, Dinesh contributing 1,50,000 and Sugumar 1,20,000 as capital. The agreement provided that:

(a) Profits and losses to be shared in the ratio 2:1 as between Dinesh and Sugumar.

(b) Partners to be entitled to interest on capital @ 4% p.a.

(c) Interest on drawings to be charged Dinesh: 3,600 and Sugumar: 2,200

(d) Dinesh to receive a salary of 60,000 for the year, and

(e) Sugumar to receive a commission of 80,000

During the year ended on 31st December 2018, the firm made a profit of 2,20,000 before adjustment of interest, salary and commission. Prepare the Profit and loss appropriation account.

23. Antony and Ranjith started a business on 1st April 2018 with capitals of 4,00,000 and 3,00,000 respectively. According to the Partnership Deed, Antony is to get salary of 90,000 per annum, Ranjith is to get 25% commission on profit after allowing salary to Antony and interest on capital @ 5% p.a. but after charging such commission. Profit-sharing ratio between the two partners is 1:1. During the year, the firm earned a profit of 3,65,000.

Prepare profit and loss appropriation account. The firm closes its accounts on 31st March every year.

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