

2019 -2020

+2 ACCOUNTANCY - UNIT – II
ACCOUNTS OF NOT-FOR-PROFIT ORGANISATION

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CHOOSE THE CORRECT ANSWER

- 1) **Receipts and Payments account is a**
 a) Nominal A/c b) Real A/c c) Personal A/c d) Representative personal A/c
- 2) **Receipts and payments account records receipts and payments of**
 a) Revenue nature only b) Capital nature only c) Both revenue and capital nature d) None of the above
- 3) **Balance of receipts and payments account indicates the**
 a) Loss incurred during the period
 b) Excess of income over expenditure of the period
 c) Total cash payments during the period
 d) Cash and bank payments during the period
- 4) **Income and expenditure account is a**
 a) Nominal A/c b) Real A/c c) Personal A/c d) Representative personal account
- 5) **Income and expenditure account is prepared to find out**
 a) Profit or Loss b) Cash and Bank balance c) Surplus or deficit d) Financial position
- 6) **Which of the following should not be recorded in the income and expenditure account?**
 a) Sale of old news papers
 b) Loss on sale of asset
 c) Honorarium paid to the secretary
 d) Sale proceeds of furniture
- 7) **Subscription due but not received for the current years is :**
 a) An asset b) A liability c) An expenses d) An item to be ignored
- 8) **Legacy is a**
 a) Revenue expenditure b) Capital expenditure c) Revenue receipt d) Capital receipt
- 9) **Donations received for a specific purpose is :**
 a) Revenue receipt b) Capital receipt c) Revenue expenditure d) Capital expenditure
- 10) **There are 500 members in a club each paying Rs.100 as annual subscription. Subscription due but not received for the current year is Rs.200. Subscription received in advance is Rs.300. Find out the amount of subscription to be shown in the income and expenditure account.**
 a) Rs.50,000 b) Rs.50,200 c) Rs.49,900 d) Rs.49,800

ADDITIONAL QUESTIONS

- 11) **The institutions, which deal in activities other than trade are called:**
 a) Trading Concerns b) Non-trading Concerns c) Manufacturing Concern d) None of them
- 12) **The record of cash kept by the non-trading concerns is shown by:**
 a) Receipt & Payment A/c b) Income & Expenditure A/c c) Profit & Loss A/c d) Manufacturing A/c
- 13) **The balance sheet of a hospital does not contain the item of:**
 a) Cash b) Building c) Owner's equity d) Stock
- 14) **A fee paid by the members of club at the time of becoming the member is called:**
 a) Grant b) Subscription c) Entrance fee d) Donation
- 15) **Gift presented to chief guest at annual function by non-trading concern is:**
 a) Gift b) Reward c) Honorarium d) All of these
- 16) **Endowment fund is :**
 a) Liability b) Asset c) Income d) Expenditure
- 17) **Which of the following is generally considered as a non-profit oriented organization?**
 a) Corporation b) Charitable organization c) Audit firm d) Insurance companies
- 18) **Non-profit organizations prepare all of the following accounts except the:**
 a) Income and expenditure A/c b) Balance sheet c) Income statement d) Receipt and payment A/c
- 19) **Named beneficiary :**
 a) Annuity b) Loan c) Endowment d) Legacy
- 20) **Income and expenditure account is based on:**
 a) Accrual accounting b) Management accounting c) Cash accounting d) Government accounting

- 21) **Honorarium is a kind of remuneration paid to a person who is not the employee of a non-profit organization. Which of the following statements is true about the honorarium payment?**
 a) It is not recorded in the books b) It is capital expenditure c) It is a Revenue expenditure d) None of these of accounts
- 22) **The capital of a non-profit organization is generally known as:**
 a) Accumulated fund b) Financial reserve c) Cash fund d) Equity
- 23) **When cash is received for life membership, which one of the following double entries is passed?**
 a) Investment debit and cash credit
 b) Cash debit and capital credit
 c) Cash Debit and life membership fund credit
 d) Life membership debit and cash credit
- 24) **XYZ club has a bar that maintains a separate trading account for its trading activities. Which of the following is the treatment of profit or loss on bar trading activities?**
 a) Profit and loss is added to accumulated fund
 b) Profit and loss is credit in income statement
 c) Profit and loss to be presented in Income expenditure account
 d) Profit and loss to be presented in income and expenditure account
- 25) **Which of the following statement is false regarding receipt and payment account**
 a) Give fair idea of earned position
 b) Based on accrual basis
 c) An assets account
 d) Records all transactions without distinguishing among current , previous and succeeding accounting periods
- 26) **Sale of old newspaper is**
 a) Capital Receipt b) Revenue Receipt c) Asset d) Profit
- 27) **Income and Expenses related to the prize fund is shown in**
 a) Income and Expenditure A/c b) Assets side of the Balance Sheet c) Liabilities side of the Balance Sheet d) Cash A/c
- 28) **Life membership fees of non-trading concerns is**
 a) Capital Receipt b) Revenue Receipt c) Both (a) & (b) d) None of these
- 29) **Legacies should be treated as**
 a) Liability b) Capital Receipt c) Revenue Receipt d) None of these
- 30) **Payment of Honorarium to secretary is treated as**
 a) Capital Expenditure b) Revenue Expenditure c) Cash Expenses d) None of these
- 31) **Specific donation is**
 a) Capital Receipt b) Revenue Receipt c) Asset d) None of these
- 32) **Income and Expenditure Account records**
 a) Capital items b) Revenue items c) Both (a) & (b) d) None of these
- 33) **Outstanding subscription is a /an**
 a) Income b) Asset c) Liability d) None of these
- 34) **Entrance fee, unless otherwise stated, is treated as**
 a) Revenue Receipt b) Capital Receipt c) Liability d) None of these
- 35) **Life membership received by a Club is**
 a) Revenue Receipt b) Capital Receipt c) Both (a) & (b) d) None of these
- 36) **All receipts of capital nature are shown in**
 a) Income and Expenditure A/c b) Balance Sheet c) Profit & Loss A/c d) None of these
- 37) **All items of revenue in nature are shown in**
 a) Income and Expenditure A/c b) Balance Sheet c) Both (a) & (b) d) None of these
- 38) **Which of the following is not a not-for profit organization**
 a) School b) Hospital c) Club d) Partnership Firm
- 39) **The excess of assets over liabilities in non-trading concerns is treated as**
 a) Capital Fund b) Capital c) Profit d) Net Profit
- 40) **Subscription received in advance by a Club are shown on Side of the Balance Sheet.**
 a) Asset b) Liability c) Debit d) Credit
- 41) **Which of the following is not an income**
 a) Subscription b) Donation c) Sale of Ticket d) Endowment Fund

- 42) Most transactions in non-trading concerns are
- a) Cash b) Credit c) Both (a) & (b) d) All of these
- 43) The main object of non-trading organization is
- a) To earn the Profit b) To Serve the Society c) To prepare Profit & Loss A/c d) All of these
- 44) Subscription received by an organization is
- a) Capital Receipt b) Revenue Receipt c) Both (a) & (b) d) None of these
- 45) Entrance fees received by a Club is treated as
- a) Revenue Receipt b) Capital Receipt c) Revenue Expenditure d) None of these
- 46) Subscription received during the year Rs.50,000; Subscriptions outstanding at the end of the year Rs.8,000; Subscription outstanding at the beginning of the year Rs.6,000. Net Income from subscription will be
- a) Rs.48,000 b) Rs.64,000 c) Rs.52,000 d) Rs.36,000
- 47) Subscription received during the year Rs.1,80,000; Subscriptions outstanding at the end of the year Rs.20,000; Subscriptions received in advance at the end of the year Rs.10,000; The amount of subscription to be credited to Income and Expenditure A/c will be
- a) Rs.2,10,000 b) Rs.1,90,000 c) Rs.1,70,000 d) Rs.2,00,000
- 48) In case specific fund is maintained, the expenses exceeding the amount of the funds, should be recorded on
- a) Liabilities side of the Balance Sheet
b) Debit side of the Income and Expenditure A/c
c) Credit side of the Income and Expenditure A/c
d) Assets side of the Balance Sheet
- 49) All receipts from sale of consumable item are treated as
- a) Capital Receipts b) Revenue Receipts c) Both (a) & (b) d) All of the above
- 50) Subscriptions received in cash during the year Rs.5,000; Amount received in advance for the next year is Rs.300; Amount outstanding for current year was Rs.400. The amount to be credited to the Income and Expenditure A/c is
- a) Rs.4,000 b) Rs.5,100 c) Rs.4,200 d) Rs.4,600
- 51) If income is Rs.16,000 and 'deficit' debited to capital fund is Rs.4,300, then expenditure is
- a) Rs.16,000 b) Rs.4,300 c) Rs.20,300 d) None of the above
- 52) Balance of Income and Expenditure A/c shows
- a) Cash in hand b) Capital Fund c) Net Profit d) Excess of Income over Expenditure or vice-versa
- 53) Property received as a result of the will of the deceased person is called
- a) Legacy b) Honorarium c) Donation d) Subscription
- 54) Legacies should be treated as
- a) A Liability b) A Revenue Receipts c) An Income d) None of the above
- 55) Income and Expenditure Account is prepared
- a) By Business Organization b) By Industrial Organization c) By Not-for-profit Organization d) By All Organizations
- 56) Receipt and Payments Account usually indicates
- a) Surplus b) Capital Fund c) Debit Balance d) Credit Balance
- 57) In non-trading concerns, excess of income over expenditure is called
- a) Profit b) Surplus c) Loss d) Deficit
- 58) In not-for-profit organizations, excess of expenditure over income is called
- a) Profit b) Surplus c) Deficit d) Loss
- 59) Find out the Stationery consumed. Stock of stationery on 1.4.2018 is Rs.2,600; Purchase of stationery during the year is Rs.6,500; Stock of stationery on 31.3.2019 is Rs.2,200.
- a) Rs.6,900 (Dr.) b) Rs.6,900 (Cr.) c) Rs.2,600 (Dr.) d) Rs.6,500 (Dr.)
- 60) Subscription received in 2018 is Rs.50,000 which includes Rs.5,000 for 2017 and Rs.7,000 for 2019. Subscription outstanding for the year 2018 is Rs.6,000. Subscription of Rs.4,000 was received in advance for 2018 in the year 2017.
- a) Rs.58,000 b) Rs.50,000 c) Rs.48,000 d) Rs.38,000

ANSWERS

1	B	Real A/c	31	A	Capital Receipt
2	C	Both revenue and capital nature	32	B	Revenue items
3	D	Cash and bank balance as on the date	33	B	Asset
4	A	Nominal A/c	34	A	Revenue Receipts
5	C	Surplus or deficit	35	B	Capital Receipt
6	D	Sale proceeds of furniture	36	B	Balance Sheet
7	A	An asset	37	A	Income and Expenditure A/c
8	D	Capital receipt	38	D	Partnership Firm
9	B	Capital receipt	39	A	Capital Fund
10	A	Rs.50,000	40	B	Liabilities
11	B	Non-trading Concerns	41	D	Endowment Fund
12	A	Receipt & Payment A/c	42	C	Both (a) & (b)
13	C	Owner's equity	43	B	To Serve the Society
14	C	Entrance Fee	44	B	Revenue Receipt
15	C	Honorarium	45	A	Revenue Receipt
16	A	Liability	46	C	Rs.52,000
17	B	Charitable organization	47	B	Rs.1,90,000
18	C	Income statement	48	B	Debit side of the Income & Expenditure A/c
19	A	Annuity	49	B	Revenue Receipts
20	A	Accrual accounting	50	B	Rs.5,100
21	D	It is a revenue expenditure	51	C	Rs.20,300
22	A	Accumulated fund	52	C	Excess of Income over Expenditure or vice-versa
23	C	Cash Debit and life membership fund credit	53	A	Legacy
24	D	Profit and loss to be presented in income and expenditure A/c	54	A	A Liability
25	B	Based on accrual basis	55	C	By Not-for-profit Organization
26	B	Revenue Receipt	56	C	Debit Balance
27	A	Income and Expenditure A/c	57	B	Surplus
28	A	Capital Receipts	58	C	Deficit
29	C	Capital Receipts	59	A	Rs.6,900 (Dr.)
30	B	Revenue Expenditure	60	C	Rs.48,000