

TOPICS : Average Due Date and Account Current, & Final accounts for Not for Profit Organizations

NOTES: (1) WORKING NOTES SHOULD FORM PART OF ANSWERS.

(2) NEW QUESTION SHOULD BE ON NEW PAGE

QUESTION NO.1

(5*2 = 10 MARKS)

- A. Two Traders Yogesh and Yusuf buy goods from one another, each allowing the others, one month's credit. At the end of 3 months the accounts rendered are as follows:

	Goods sold by Yogesh to Yusuf (Rs.)		Goods sold by Yusuf to Yogesh (Rs.)
April, 18	12,000	April, 23	10,600
May, 15	14,000	May, 24	10,000
June, 16	16,000		

Calculate the date upon which the balance should be paid so that no interest is due either to Yogesh or Yusuf.

- B. From the following transactions in the books of Mr. Perfect, **prepare an Account Current**, by means of product to be sent by him to Mr. Smart for the quarter ending 31st March, 2019. Interest is to be charged and/or allowed @ 12% p.a. (Take 365 days in year)

2019		Rs.
January 1	Balance in Smart's Account (Credit)	3,500
January 12	Sold goods to Smart (due 1st February)	30,000
January 31	Sold goods to Smart (due 15th February)	27,500
February 15	Cash received	40,000
February 20	Cash received	7,500
March 10	Goods returned by Smart	7,000
March 25	Cash received	6,500

QUESTION NO.2**(10 MARKS)**

The Receipts and Payments account of Trustwell Club prepared on 31st March, 2018 is as follows :

Receipts and Payments Account

Receipts	Rs.	Amt.	Payments	Amt.
		Rs.		Rs.
To Balance b/d		450	By Expenses (including Payment for sports material Rs. 2,700)	6,300
To Annual Income from Subscription	4,590		By Loss on Sale of Furniture (cost price Rs. 450)	180
Add : Outstanding of last year received this year	180		By Balance c/d	90,450
	4,770			
Less : Prepaid of last year	90	4,680		
To Other fees		1,800		
To Donation for Building		90,000		
		96,930		96,930

Additional Information :

Trustwell club had balances as on 1.4.2017 :

Furniture Rs. 1,800; Investment at 5% Rs. 27,000;

Sports material Rs. 6,660;

Balance as on 31.3.2018; Subscription Receivable Rs. 270;

Subscription received in advance Rs. 90;

Stock of sports material Rs. 1,800.

Do you agree with above Receipts and Payments account ? If not, prepare correct Receipts and Payments account and Income and Expenditure account for the year ended 31st March, 2018 and Balance Sheet on that date.

QUESTION NO.3**(5*2 = 10 MARKS)**

A. Mehnaaz accepted the following bills drawn by Shehnaaz.

On 8th March, 2018 Rs. 4,000 for 4 months.

On 16th March, 2018 Rs. 5,000 for 3 months.

On 7th April, 2018 Rs. 6,000 for 5 months.

On 17th May, 2018 Rs. 5,000 for 3 months.

He wants to pay all the bills on a single day. Find out this date. Interest is charged @ 18% p.a. and Mehnaaz wants to save Rs. 157 by way of interest. **Calculate the date on which he has to effect the payment to save interest of Rs. 157.**

- B. Mr. A owed Rs. 4,000 on 1st January, 2016 to Mr. X. The following transactions took place between them. It is agreed between the parties that interest @10% p.a. is to be calculated on all transactions.

	Rs.
15 January, 2016 Mr. X sold goods to Mr. A	2,230
29, January, 2016 Mr. X bought goods from Mr. A	1,200
10 February, 2016 Mr. A paid cash to Mr. X	1,000
13 March, 2016 Mr. A accepted a bill drawn by Mr. X for one month	2,000

They agree to settle their complete accounts by one single payment on 15th March, 2016.

Prepare Mr. A in Account Current with Mr. X and ascertain the amount to be paid. Ignore days of grace.

QUESTION NO.4

(10 MARKS)

Smith Library Society showed the following position on 31st March, 2017 :

Balance sheet as on 31st March, 2017

Liabilities	Rs.	Assets	Rs.
Capital Fund	7,93,000	Electrical fittings	1,50,000
Expenses payable	7,000	Furniture	50,000
		Books	4,00,000
		Investment in securities	1,50,000
		Cash at bank	25,000
		Cash in hand	25,000
	8,00,000		8,00,000

The receipts and payment account for the year ended on 31st March, 2018 is given below :

	Rs.		Rs.
To Balance b/d		By Electric charges	7,200
Cash at bank	25,000	By Postage and stationary	5,000
Cash in hand	25,000	By Telephone charges	5,000
To Entrance fee	30,000	By Books purchased	60,000
To Membership subscription	2,00,000	By Outstanding expenses paid	7,000
To Sale proceeds of old papers	1,500	By Rent	88,000
To Hire of lecture hall	20,000	By Investment in securities	40,000
To Interest on securities	8,000	By Salaries	66,000
		By Balance c/d	

	Cash at Bank	20,000
	Cash in hand	11,300
3,09,500		3,09,500

You are required to prepare income and expenditure account for the year ended 31st March, 2018 and a balance sheet as at 31st, March, 2018 after making the following adjustments :

Membership subscription included Rs. 10,000 received in advance.

Provide for outstanding rent Rs. 4,000 and salaries Rs. 3,000.

Books to be depreciated @ 10% including additions. Electrical fittings and furniture are also to be depreciated at the same rate.

75% of the entrance fees is to be capitalized.

Interest on securities is to be calculated @ 5% p.a. including purchases made on 1.10.2017 for Rs. 40,000.

QUESTION NO.5

(10 MARKS)

From the following receipts and payments account of Mumbai Club, prepare income and expenditure account for the year ended 31.12.2018 and its balance sheet as on that date:

Receipts	Rs.	Payments	Rs.
Cash in hand	4,000	Salary	2,000
Cash at bank	10,000	Repair expenses	500
Donations	5,000	Purchase of furniture	6,000
Subscriptions	12,000	Misc. expenses	500
Entrance fees	1,000	Purchase of investments	6,000
Interest on investments	100	Insurance premium	200
Interest received from bank	400	Billiard table	8,000
Sale of old newspaper	150	Paper, ink etc.	150
Sale of drama tickets	1,050	Drama expenses	500
		Cash in hand (closing)	2,650
		Cash at bank (closing)	7,200
	33,700		33,700

Information:

1. Subscriptions in arrear for 2018 Rs. 900 and subscriptions in advance for 2019 Rs. 350.
2. Insurance premium outstanding Rs. 40.
3. Misc. expenses prepaid Rs. 90.
4. 50% of donation is to be capitalized.
5. Entrance fees are to be treated as revenue income.
6. 8% interest has accrued on investment for five months.
7. Billiard table costing Rs. 30,000 was purchased during the last year and Rs. 22,000 were paid for it.