

CH -1: MCOs ON NOT FOR PROFIT ORGANISATION:

- Q-1 The Receipt and Payment account of a Non- Profit Organisation is a
- (a) Nominal Account
 - (b) Real Account
 - (c) Income Statement Account
 - (d) Financial Statements
- Q-2 In regard to Rent expenses paid in advance of a non- profit organisation which of the following classification is correct
- (a)Expense
 - (b) Liability
 - (c) Equity
 - (d) Assets
- Q-3 Income & Expenditure Account is based on
- (a) Cash Accounting
 - (b) Accrual Accounting
 - (c) Government Accounting
 - (d) Management Accounting
- Q-4 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
- Q-5 Which of the following is to be recorded in an income and Expenditure Account
- (a) Purchase of a fixed Asset
 - (b) Capital Expenditure incurred on a fixed asset
 - (c) Profit on the sale of a fixed asset
 - (d) Sale of a fixed asset
- Q-6 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 or loss is directly shown in the Balance Sheet
 - (b) Profit or loss is to be presented in income and expenditure account
 - (c) Profit and loss is credited in income statement.
 - (d) Profit or loss is added to accumulated fund.
- Q-7 Which of the following is the accounting equation for a non-profit organisation?
- (a) Asset= Capital + Liabilities
 - (b) Capital+ Liabilities= Assets
 - (c) Accumulated Fund+ Liabilities= Assets
 - (d) Liabilities= Assets + Accumulated Fund
- Q-8 Subscription received but not yet earned is considered as
- (a) Asset
 - (b) Liability
 - (c) Income
 - (d) Expenditure
- Q-9 On What basis receipts and payments account is made
- (a) Cash basis
 - (b) Accrual basis
 - (c) Both Cash & Accrual basis
 - (d) None of the above
- Q-10 The control of non trading concern rest in the hand of
- (a) Directors
 - (b) managing Agents
 - (c) Governing body
 - (d) Promoters
- Q-11 If debit side of receipt and payment account exceeds the credit side, it represents:
- (a) Deficit balance
 - (b) Surplus Balance

- (c) Cash at Bank
- (d) Bank Overdraft

Q-12 Deficit balance can be shown in balance Sheet as:

- (a) Liability
- (b) Assets
- (c) Owner's equity
- (d) None of the above

Q-13 Receipt and Payment account includes

- (a) Revenue items
- (b) Cash items
- (c) Revenue & Cash items
- (d) None of the above

Q-14 Which should be considered as capital receipt of a club

- (a) Donation
- (b) sale of newspaper
- (c) sale of bar items
- (d) sale of furniture

Q-15 At the beginning of an accounting year a club has assets of Rs. 19,000 and liabilities of Rs.5,000. Rs. 1,800 is the debit balance of the income & expenditures account. The opening capital fund is

- (a) Rs. 18,000
- (b) Rs.11,200
- (c) Rs.15,800
- (d) Rs. 24,800

Q-16 The opening balance of the Prize fund of a sports club was Rs.6,400. Further donations towards this fund received during the accounting year amounted to Rs.4,300. During the year, Rs. 3,500 was spent on prizes and Rs. 400 was received as interest on investment of the Prize Fund. The closing balance of the Prize fund is

- (a) Rs. 1,900
- (b) Rs.10,200
- (c) Rs.10,600
- (d) Rs.7,600

Q-17 Salaries payable for the current year amount to Rs. 8,500 at the end of the year. Outstanding salaries amounted to Rs. 300. Salaries paid in advance last year pertaining to the current year amounted to Rs.500. Prepaid salaries for the next year amount to Rs.250. total amount paid for salaries during the year is

- (a) Rs.7,550
- (b) Rs.7,500
- (c) Rs. 7,950
- (d) Rs.6,500

Q-18 Second hand furniture worth Rs. 6,000 was purchased. It was repaired for Rs.600 and installed by workmen to whom Rs. 200 was paid as wages. The furniture should be capitalised for

- (a) Rs.6,200
- (b) Rs.6,800
- (c) Rs. 6,600
- (d) Rs. 6,000

Q-19 Fixed assets fund is

- (a) Endowment Fund
- (b) Current restricted Fund
- (c) Current unrestricted fund
- (d) Meant for accounting of asses and depreciation

Q-20 Donations received for special purpose should be

- (a) Credited to a separate fund account and shown in the Balance Sheet
- (b) Treated as revenue
- (c) treated as revenue unless the amount is large
- (d) Not recorded at all

Q-21 Amount received from the sale of old furniture by a club is treated as:

- (a) Revenue Receipt
- (b) Capital Receipt
- (c) Asset

(d) liability

Q-22 Receipt & Payment Account shows

- (a) A debit balance
- (b) A credit balance
- (c) Surplus or deficit
- (d) Capital fund

Q-23 Subscription received in advance during the accounting year is

- (a) an income
- (b) an expense
- (c) Asset
- (d) Liability

Q-24 Fill in the blanks:

1. Fund based accounting is used by -----organisations.
2. restricted fund can be used for -----purpose
3. Endowment Fund is -----Fund.
4. General Fund can be transferred to ----- Fund
5. When Expenditure is paid out of current/ restricted fund, cash/bank account is credited and -----is debited.
6. ----- represents the excess of assets over liabilities.

Q-25 State whether the following statements are True or False

- (a) Not for profit concerns concentrate their efforts on maximising the profits.
- (b) Charitable institutions prepare income and expenditure account at the end of every financial year.
- (c) There is no difference between the nature of Receipt & Payment Account and Income & Expenditure account.
- (d) All receipts are the items of revenue nature.
- (e) In the income and Expenditure Account, all incomes received during the year irrespective of the year for which they are received, are to be recorded.
- (f) Income & expenditure account do not have opening balance.

ANSWERS-

MULTIPLE CHOISE

(1) b, (2) d, (3) b, (4) c, (5) c (6) b, (7) c, (8) b, (9) a, (10) c, 11 (c) , (12) b, (13) c, (14) (d), (15) c, (16) d , (17) c, (18) b, (19) d, (20) a, (21)b, (22) a, (23)d .

FILL IN THE BLANKS

(24)

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|--------------------|--------------------|------------------|
| 1. Not for profit, | 2. Specific, | 3. General fund, |
| 4. Any other, | 5. Restricted fund | 6. Capital fund. |

TRUE AND FALSE

(25)

- (a) False; (b) True; (c) False; (d) False; (e) False; (f) True.