

ACCOUNTANCY**Accounting For Not For Profit Organisations****MULTIPLE CHOICE QUESTIONS**

- 1)** Which of the following is/are account(s) in NPO where outstanding expenses, prepaid expenses, etc are not recorded?
- (a) Receipt and payment account
 - (b) Income and Expenditure account
 - (c) Balance Sheet
 - (d) All of these
- 2)** What is the source of income for a not-for-profit organization?
- (a) Subscriptions from members
 - (b) Donations
 - (c) Legacies
 - (d) All of these
- 3)** Non-profit organization provide it's services in the field of
- (a) education
 - (b) healthcare
 - (c) Both (a) and (b)
 - (d) manufacturing of goods
- 4)** Receipt and payment account is
- (a) personal account
 - (b) real account
 - (c) capital account
 - (d) final account
- 5)** Which of the following cannot be recorded in receipt and payment account?
- (a) Subscription received in advance
 - (b) Last year subscription received
 - (c) Current year outstanding subscription
 - (d) All of the above
- 6)** Specific donations appearing on the receipts side of the receipt and payment account are to be carried to
- (a) debit side of income and expenditure account
 - (b) assets side of the balance sheet
 - (c) liabilities side of the balance sheet
 - (d) credit side of income and expenditure account
- 7)** Income and expenditure account is
- (a) Personal account
 - (b) Real account
 - (c) Nominal account

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- (d) None of these
- 8) Income and expenditure account records transactions of**
- (a) capital nature
- (b) revenue nature
- (c) Both (a) and (b)
- (d) None of these

SHORT QUESTIONS (2-3 LINES)

- Q.1**What is a Not-for Profit Organization? Give two examples.
- Q.2** Explain any three features of Not-for-Profit Organizations?
- Q.3** Difference between Not-for Profit Organization and Commercial Organization?
- Q.4** What are the financial statements prepared in the final accounts of Not-for Profit Organizations?
- Q.5** What is a Receipt and Payments Account?
- Q.6** Difference between Payment and Expenditure
- Q.7** What are the features of Receipts and Payments Account.
- Q.8** What is Income and Expenditure Account?
- Q.9** What is the limitations of Receipt and Payments Account?
- Q.10** What are the main features of Income and Expenditure Account?
- Q.11** Difference between Income and Expenditure Account and Profit & Loss Account.
- Q.12** What is Fund Based Accounting?
- Q.13** Name the Items that not considered in Income and Expenditure Account.
- Q.14**What is entrance fees?
- Q.15**What is Subscription?
- Q.16**What is Legacy?
- Q.17** What is Non-Fund Based Accounting?
- Q.18** What are the main sources of income of Not-for-Profit Organizations?
- Q.19** Why depreciation on fixed assets is not recorded in Receipts and payments Account?
- Q.20**What do you mean by Restricted Fund?
- Q.21** What do you mean by Unrestricted Fund?
- Q.22** What do you mean by general donation?
- Q.23** What do you mean by Specific donation?
- Q.24** How is legacy dealt with in the final accounts of not-for profit organization?
- Q.25** Which items do not appear in the Receipts and Payments Account but are shown in the Income and Expenditure Account.

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- Q.26** What is the alternative name of 'Accumulated Fund'?
- Q.27** How will you treat Honorarium while Preparing the accounts?
- Q.28** How Subscription is treated in Income and Expenditure account?
- Q.29** Are Subscriptions in arrear at the beginning of the period have a debit or credit balance?
- Q.30** Difference between Receipts and Payments and Cash book
- Q.31** What do you mean by 'Loan Funds'?
- Q.32** How is consumable items dealt in the final accounts of not-for-profit organization?
- Q.33** How will you treat life membership fee in final accounts of non-profit organization?
- Q.34** How do you compute income to be credited to Income and Expenditure Account From the receipt of subscription given in the Receipts and Payments Account?
- Q.35** How will you treat Sale of Old Newspapers and Periodicals while Preparing the accounts?
- Q.36** 'Receipts and payments Account' is a summarized version of Cash Book. Comment.
- Q.37** What do you mean by Endowment Fund?
- Q.38** All types of income and expenditures-revenue and capital- are recorded in Income and Expenditure Account. Do you agree? Give reason.
- Q.39** Income and Expenditure Account is prepared on cash basis. Do you agree? Give reason.
- Q.40** How will you calculate capital fund of a not-for profit organization, if it is not given in the question?
- Q.41** How do you compute expenses to be debited to Income and Expenditure Account from the Receipts and Payments Account?
- Q.42** Are subscriptions in arrear at the end of the period have a debit or a credit balance?
- Q.43** Can a Receipts and Payments Account be prepared even without preparing a cash book?
- Q.44** Can we regard the balance of Receipts and Payments Account as income from that period?
- Q.45** Difference between Receipts and Payments Account and Income and Expenditure Account.
- Q.46** What are the steps followed in the preparation of Receipts and Payments Account?
- Q.47** What do you mean by the terms 'Surplus and Deficit' with reference to Not-for-profit Organizations?
- Q.48** How will you treat Sale of Used Sports Materials while preparing the account?
- Q.49** A horse owned by a club died. It being insured, the club lodged a claim with the insurance company. The insurance company is willing to settle the claim at 75%. Do you

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think that the club should record the claim in their books of account and show the profit and loss in the Income and Expenditure Account?

Q.50 How will you treat Profit/Loss from Trading Activities while preparing the accounts?

Q.51 What is meant by Life membership fees?

Q.52 State the main aim of a not-for-profit organisation.

Q.53 Name any two financial statements required to be prepared by not-for-profit organisations at the end of the years.

Q.54 Unrestricted funds raised by non-profit organisations through various sources are credited to which account?

Q.55 What is the capital of a non-profit organisation generally known as?

Q.56 How are specific donations treated while preparing final accounts of a 'Non-for Profit' Organisation?

Q.57 State the basis of accounting of preparing 'Income and Expenditure Account' of a 'Not-for-Profit Organisation'.

Q.58 Not-for-profit organisation have some distinguishing features from that of profit organisations. State any one of them.

Q.59 Give two main sources of income of not-for-profit organisations.

Q.60 Is entrance/admission fees a revenue receipt?

Q.61 State the nature of receipts and payments account.

Q.62 Name the account which shows the classified summary of transactions of a cash book in a not-for-profit organisation.

Q.63 Why adjustments for outstanding expenses, prepaid expenses or depreciation are not made in the receipts and payments account?

Q.64 State the basis of accounting, on which a receipts and payments account is prepared in case of not-for-profit organisation.

Q.65 Can the balance in receipts and payments account be treated as income of the period?

Q.66 Every receipt and payment, whether capital or revenue and irrespective of the period is recorded in receipts and payments account. Why? Give reason.

Q.67 Where is general donation received shown in the final accounts of a non-profit organisation?

Q.68 Where will you record the life membership fees while preparing the final accounts of non-profit organisation?

Q.69 Income and expenditure account is prepared following which basis of accounting?

Q.70 State the nature of income and expenditure account.

Q.71 Write one difference between 'receipts and payments account' and 'income and expenditure account'.

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- Q.72** Receipts and payments account and income and expenditure account have a similarity between them. State the similarity.
- Q.73** How is capital fund of a non-profit organisation calculated if it is not given in the question?
- Q.74** What is the amount or property received by a non-profit organisation as stated by the will of a deceased person commonly known as?
- Q.75** Name the account which is similar to profit and loss account in case of not-for-profit organisation?
- Q.76** All the revenue items relating to the current accounting period are shown in income and expenditure account. Why?
- Q.77** Name the term used for denoting 'excess of income over expenditure' in case of non-profit organisations.
- Q.78** What is the term given to excess of expenditure over income in case of non-profit organisations?
- Q.79** Honorarium is a kind of remuneration paid to a person who is not the employee of a not-profit organisation. What kind of expenditure is it?
- Q.80** "Income and expenditure account of a not-for-profit organisation is akin to profit and loss account of a business concern". Explain the statement.
- Q.81** Show the treatment of items of income and expenditure account when there is a specific fund for those items.