

Not for Profit Organizations

AAT Level II

AFC - Advanced Financial Accounting & Costing

NOT FOR PROFIT ORGANIZATIONS



INTRODUCTION

There are many organisations which are not run with the objective of earning profit.

Examples of non-profit organisations are:

- Sports and Social Clubs
- Unions and Associations
- Co-operative Societies
- Charitable Institutions etc.

They are made to render services to the society or their members. They do not distribute any share of profit or dividend to members.

They usually conduct an Annual General Meeting of members. In Spite of having a non-profit motive, these organisations do have financial transactions which need to be accounted for. These records are then used to present summarised reports to its members at its annual general meeting.

HOW RECORDS ARE MAINTAINED IN NON- PROFIT ORGANIZATIONS

The revenue of non-profit seeking organisations is usually generated from members’ subscriptions, donations, fees etc. Expenditure is incurred in providing services to its members for participation and enjoyment.

Unless an organisation is very large, complete double entry system is not followed. Mostly, the accounting for non-profit organisations is done by maintaining a system of incomplete records (i.e. under Single Entry System).

In non-profit accounting, a Cash Book is maintained to record the receipts and payments during a period. No other books of accounts are maintained.

WHICH ACCOUNTS ARE PREPARED BY NON-PROFIT ORGANISATIONS?

In Non-Profit Accounting, generally the following accounts are prepared at period end:

1. Receipts and Payments Account (A substitute of Cash and Bank Account)
2. Income and Expenditure Account (A Substitute of Profit and Loss Account); and
3. Balance Sheet

Receipts and payments account

- It is an account which contains summary of all the Cash and Bank transactions made by the organisation during a particular financial period.
- It starts with opening balances of Cash and Bank.
- All receipts in cash and via cheques (i.e. through the bank account) are debited.
- All payments via cash and cheques are credited.
- It ends with the closing cash and bank balances.
- All cash and bank transactions are recorded in this account. No distinction is made between capital and revenue items. No adjustment is made for outstanding and prepaid amounts as per the accrual concept.

Income and expenditure account

- This account is prepared in place of Profit and Loss Account. The name Profit and Loss Account cannot be used here since the organisation does not have profit motive.
- This account is prepared on accrual basis. All revenue expenses related to the particular period are debited and revenue incomes of the same period are credited.

- All expenses and incomes of capital nature are excluded.
- If the incomes exceed the expenses, i.e. the balance is of credit nature, then it is called Surplus (instead of profit). If the expenses exceed the incomes, i.e. the balance is of debit nature, it is called Deficit (instead of Loss).
- The Surplus or Deficit is transferred to Capital Fund in the balance sheet.

Balance sheet

- The Balance Sheet is prepared in the same way as that of a trading concern. There is no notable difference.

SOME IMPORTANT POINTS TO BE NOTED

Donations

- **Specific donation:** Donation received for a specific purpose should be credited to a Special Fund. Example, if donation is received for construction of a building, it should be credited to Building Fund account.
- **General donation:** If nothing is mentioned, donations of non-recurring nature should be credited to Capital Fund. Donations of recurring nature should be credited to Income and Expenditure Account.

Entrance or admission fees

- If there are no rules, such fees may be added with Capital Fund.
- However, if such fees are of small amounts and cover the expenses of admission only, it may be credited to Income and Expenditure Account.

Subscriptions

- Members usually pay subscription to continue their membership with the concern. The subscription may be annual or lifetime.
- Annual subscription should be credited to Income and Expenditure Account on accrual basis.
- Life Membership Subscription is usually credited to a separate account and is shown as a liability. An amount is apportioned out of it every year on proportionately and credited to the Income and Expenditure Account. This amount is also deducted from the liability.
- The balance of life membership subscription of a member is carried forward till it is fully exhausted.
- If any member dies beforehand, the balance of his life membership subscription is transferred to Capital Fund.

How to prepare accounts for a non-profit organisation

As discussed above, you will have to prepare the Income and Expenditure Account and the Balance Sheet at the end of a particular period. In some cases, the Receipts and Payments Account may also have to be prepared.

However, in most of the cases the Receipts and Payments Account would be provided with information about Assets and Liabilities and other adjustments. This is because all concerns generally maintain records of all cash and bank transactions.

So, preparation of Receipts and Payments Account is not an issue. The main task is to prepare an Income and Expenditure Account and a Balance Sheet from the given Receipts and Payments Account.

EXAMPLES

Example – 01

A Club has received Rs 185 000 as subscription. Subscription in arrears at the beginning and at the end of the year were respectively Rs 13 000 & Rs 15 000. The Subscription money received in advance at the beginning and at the end of the year were Rs 1 500 & Rs 2 000.

What is the amount to be shown as subscription in the Income & Expenditure A/C?

- a. Rs 183 500
- b. Rs 186 500
- c. Rs 187 500
- d. None of the above

Example – 02

Subscription received for the year 2010 is Rs 15 500. As at 01st of January and 31st of December 2010, subscription in arrears is Rs 3 250 & Rs 4 100. As at 01st of January and 31st of December 2010, Subscription received in advance is Rs 750 & Rs 850. How much to be shown as Subscription income?

- a. Rs 14 750
- b. Rs 18 000
- c. Rs 16 250
- d. Rs 15 500

Example – 03

There are 500 members in a sports club. The subscription per member for a year is Rs 20/. Followings is the particulars regarding subscription for year 2010.

- a. 20 Members have paid the subscription money for this year in year 2009.
- b. 10 members have not paid their subscription money for year 2009.
- c. Subscription for year 2004 has received as follows:

For 2009	Rs.	120
For 2010	Rs.	8,600
For 2011	Rs.	<u>70</u>
	Rs	<u>8,790</u>

- d. In 2008, 6 have paid Rs 200 per person as life membership fees for 10 years.
- e. Rs 40 which was written off was received during the year. This amount is in the subscription received for year 2009.
- f. Subscription in arrears for year 2009 Rs 80 is to be written off.

Prepare Subscription account for the year 2010.



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AAT - PAST PAPERS

1. 2018 JAN AAT II Q7

Happy Sports Club is a club providing sports facilities to its members while running a restaurant and renting its sports equipment for external events:

Receipts and payments account of **Happy Sports Club** for the year ended 31st December 2017 was as follows:

Receipts and Payments Account (Rs.'000)			
B/B/F 01 st January 2017	6,000	Payments to suppliers of the restaurant	7,200
Donations	7,500	Other expenses of the restaurant	1,200
Rent income on sport equipment	8,200	Secretarial expenses	600
Membership subscriptions	26,300	Stationery, printing and advertising expenses	1,500
Sales of restaurant	14,700	Sports equipment (Purchased on 31 st December 2017)	18,000
		Sundry expenses	5,100
		B/C/F 31 st December 2017	29,100
	62,700		62,700

Assets and liabilities were as follows:

	(Rs.'000)	
	01 st January 2017	31 st December 2017
Trade payables (suppliers) of the restaurant	1,200	1,400
Membership subscriptions received in advance for the subsequent year	400	200
Membership subscriptions in arrears	600	300
Sports equipment	54,000	57,000
Inventories at Restaurant (at cost)	3,200	2,600
Accrued expenses (stationery, printing and advertising)	500	800

Donations should be recognized as an income for the period. There were no additions or disposals of the Property, Plant and Equipment during the year, except the sports equipment purchased on 31st December 2017.

You are required to:

Prepare the following:

- (a) Restaurant trading account for the year ended 31st December 2017. (03 marks)
 - (b) Income and expenditure account for the year ended 31st December 2017 for the **Happy Sports Club**. (07 marks)
- (Total 10 marks)

2. 2017 JUL AAT II Q9

Rainbow Swimming Club commenced its operations on 01st January 2016 after completing the construction of the swimming pool.

The following information was extracted from the books of accounts:

(1) Receipt and Payments Account:

(Rs.'000)

Donations for club	10,000	Electricity	712
Pool daily admission fee	5,500	Water	535
Membership fee	780	Wages - Cleaners	648
Donations for swimming sports meet	215	Total cost of construction of swimming pool	13,200
Swimming sports meet entrance fee	75	Swimming sport meet expenses	92
Swimming Class Fees	325	Rent - Office	240
		Printing and stationery expenses	94
		Coaches' fee	565
		Sundry expenses	265
		Balance C/F as at 31.12.2016	544
	16,895		16,895

- (2) The annual membership fee of the club is Rs.6,000/- per member.
- (3) 120 members have joined the club during the year 2016 and their membership fee payments details are as follows:

Number of members who paid the membership fee only for the year 2016	110
Number of members who paid the membership fee for both the years, 2016 and 2017	10

- (4) The management of the club has decided to depreciate the swimming pool under the straight-line basis at cost over 10 years.
- (5) Daily admission fee should be paid by non-members of the swimming club.
- (6) The following expenses are accrued as at 31st December 2016:

	Rs.
Electricity bill for the month of December 2016	60,000
Water bill for the month of December 2016	30,000

You are required to:

Prepare the Statement of Income and Expenditure for the year ended 31st December 2016 for the **Rainbow Swimming Club.** (10 marks)

3. 2017 JAN AAT II Q7

The Receipts and Payments Account of **United Football Club** for the year ended 31st December 2016 is as follows:

Balance B/F as at 01 st January 2016	6,800	Rent for the year 2016	1,000
Donations	700	Telephone Bills	450
Membership Subscriptions	7,700	Electricity Bills	1,400
Dance Night 2016 Ticket Sales	2,100	Coaching Fees	2,100
		Dance Night 2016 General Expenses	850
		Dance Night 2016 Prizes	300
		Sports Equipment (31 st December 2016)	3,400
		Balance C/F as at 31 st December 2016	7,800
	17,300		17,300

The following additional information is available:

Other assets and liabilities of the club are as follows:

	As at 01 st January 2016	As at 31 st December 2016
Sports Equipment	11,000	12,500
Subscriptions in Arrears	600	400
Subscriptions in Advance	200	300
Accrued Electricity	200	400
Dance Night 2016 Ticket Sales Receivables	-	200
Dance Night 2016 General Expenses Payable	-	140

Donations received should be recognized as an income in the year of receipt. There were no additions and disposals to the fixed assets during the year except the sports equipment purchased on 31st December 2016.

You are required to:

Prepare the Income and Expenditure Account for the year ended 31st December 2016 for United Football Club. (10 marks)

4. 2017 JAN AAT II Q6

The following information is relevant for the **Rural Cricket Club** for the year ended 31st December 2016:

- (1) The assets and liabilities of the club were as follows: (Rs.'000)

	as at 31 st December 2015	as at 31 st December 2016
Land	15,000	15,000
Cricket equipment	4,400	4,100
Cash in hand and at bank	5,500	6,480
Membership Subscriptions in arrears	475	?
Membership Subscriptions Received in advance for the subsequent year	200	?

During the year, no additions or disposals of fixed assets have taken place.

- (2) Members' Subscriptions:

- The annual subscription per member is Rs.25,000/-.
- As per records, there were 50 members in the cricket club as at 31st December 2016.
- During the year ended 31st December 2016, the club received membership subscriptions of Rs.1,550,000/-. This includes an amount of Rs.150,000/- representing the subscriptions received for the year 2017.

You are required to:

- (a) **Calculate** the Accumulated Fund as at 31st December 2015. (02 marks)
- (b) **Prepare** the Subscriptions Account of the **Rural Cricket Club** for the year ended 31st December 2016. (03 marks)
- (Total 05 marks)

5. 2016 JUL AAT II Q5

The statement of Income and Expenditure of **Green Sports Club** for the year ended 31st December 2015 was as follows:

Income	Rs.'000
Subscriptions	720
Donations	300
Total Income	1,020
Less: Expenses	
Rent	300
Salaries	140
Other expenses	120
Total Expenditure	560
Surplus	460

Assets and liabilities of the Sports Club were as follows: (Rs.'000)

	As at 01 st January 2015	As at 31 st December 2015
Subscriptions received in advance	500	320
Subscriptions in arrears	350	230
Salaries payable	70	120
Cash at Bank	2,500	?

You are required to:

- Prepare** receipts and payments account of **Green Sports Club** for the year ended 31st December 2015. (05 marks)

6. 2016 JUL AAT II Q8

Sikuru Club is a sports club. In addition, a drama is organized by this sports club annually. Receipts and Payments Account of the **Sikuru Club** for the year ended 31st December 2015 is as follows:

Receipts		Payments	
Balance B/F 01 st January 2015	7,500	Rent on Office Premises	3,600
Donations	6,300	Drama Production Costs - 2015	3,800
Drama Ticket Sales	6,800	Fees of Guest Artists for the drama	1,200
Membership subscriptions	50,400	Stationery, Printing & Advertising	2,100
		Other Expenses	7,100
		Purchase of Theatre Equipment	15,000
		Balance C/F 31 st Dec. 2015	38,200
	71,000		71,000

Other assets and liabilities of **Sikuru Club** as at 01st January 2015 and 31st December 2015 were as follows:

	As at 01 st January 2015	As at 31 st December 2015
Assets:		
Theatre Equipment	-	15,000
Membership subscriptions in Arrears	500	300
Rent Paid in Advance	2,800	2,200
Liabilities:		
Payables to Guest Artists	1,200	1,400
Drama Production Costs Payable	1,200	2,200

The following additional information is also provided:

- Donations received should be recognized as an income in the year of receipt.
- Theatre Equipment has been purchased on 31st December 2015.

You are required to,

Prepare the following for the Sikuru Club:

(a) Income and Expenditure Account for the year ended 31st December 2015.

(b) Statement of Financial Position as at 31st December 2015.

(10 marks)

7. 2016 JAN AAT II Q9

The Receipts and Payments Account of the **Royal Tennis Club** for the year ended 31st December 2015 is as follows:

Receipts and Payments Account (Rs.'000)

01.01. 2015 B/B/F	2,300	Cleaner's wages	430
Donations	3,400	Building maintenance	200
Tournament fees	1,880	Payables of Tennis Consumables	930
Subscriptions	2,360	Invested in bank deposit account	2,400
		Ground person's wages	950
		Tournament expenses	2,150
		31.12.2015 B/C/F	2,880
	9,940		9,940

Other assets and liabilities of **Royal Tennis Club** as at 01st January 2015 and 31st December 2015 were as follows:

	01 st January 2015 (Rs.'000)	31 st December 2015 (Rs.'000)
Assets:		
Land	4,000	4,000
Buildings	6,500	6,000
Tennis Equipment	4,400	?
Subscriptions in Arrears	0	280
Inventories of Tennis Consumables	950	835
Tournament Expenses Prepaid	100	130
Liabilities:		
Payable for Tennis Consumables	(2,270)	(1,960)
Subscriptions in Advance	(480)	(350)

The following additional information is also provided:

- (1) The entire donation should be recognized as an income for the period.
- (2) No additions or disposals have been made to the buildings during the year.
- (3) Remaining useful life of Tennis Equipment as at 01st January 2015 is 10 years and it is assumed that the equipment will have no residual value at the end of the 10th year.

You are required to,

Prepare following for the Royal Tennis Club:

(a) Income and Expenditure Account for the year ended 31st December 2015.

(b) Statement of Financial Position as at 31st December 2015.

(10 marks)

8. 2015 JUL AAT II Q8

Silver Star Sports Club, formed in the year 2004, had 75 ordinary members and 25 life members as at 01st January 2014. Ordinary members are charged an annual subscription of Rs.250/- per member while the life members are charged a life membership fee of Rs.5,000/-.

As per the constitution of the Club, 1/20th of the life membership fee to be recognized as an income during a period of 20 years starting from the year of joining to the life membership.

On 01st January 2014, 25 ordinary members had not yet paid their subscription for the year 2013. In the year 2013, 3 ordinary members had paid their subscriptions in advance for 2014. As at 01st January 2014, the life membership fee account shows a credit balance of Rs.87,500/-.

In the year 2014, the Club received subscriptions in cash as follows:

- (1) 20 ordinary members paid their annual subscription for the year 2013.
- (2) 65 ordinary members paid their annual subscription for the year 2014.
- (3) 5 ordinary members paid their annual subscriptions for the year 2015.
- (4) 10 new life members joined the club during the year 2014 by paying their life membership fee.

You are required to:

Prepare for the year ended 31st December 2014 the following:

- (a) Members' Subscription Account, and,
- (b) Life Membership Fee Account.

Showing clearly the workings for the calculations shown below:

- (i) Ordinary membership fee income for the year 2014.
- (ii) Ordinary membership fee received during the year 2014.
- (iii) Ordinary membership fee in arrears for 2013 and 2014 as at 31st December 2014.
- (iv) The amount of life membership fee to be recognized as an income of the year 2014.

(10 marks)

9. 2016 JAN AAT II Q1 (1.1)

The following information for the year ended 31st March 2015 was extracted from the books of a sports club which is a not for-profit organization.

- (a) Annual membership subscription for the membership is Rs.9,000/-.
- (b) On 01st April 2014, subscription in arrears was Rs.81,000/- and subscription received in advance was Rs.45,000/-.
- (c) 50 members paid subscription for the current year, out of them 8 members paid arrears of the previous year also.
- (d) 7 members paid subscription for the next year as well.
- (e) There were 60 members in the sports club as per its' records as at 31st March 2015. Full subscription per year is recognized as revenue for the year in which a member joins the club.

Prepare the Subscription Account of the Sports Club as at 31st March 2015.

(03 marks)

10. 2018 JAN AAT II Q1 (1.4)

Which one of the following statements is correct with reference to a Non-Profit Organization (NPO)?

- (1) When preparing the financial statements, Sri Lanka Accounting Standards are required to be complied with.
- (2) The main source of income is not the profit earned from sales of goods and services.
- (3) Members' subscription is accounted on accrual basis.
- (4) All of the above.

(02 marks)

11. 2009 JUN AAT II Q4

04. Following balances and information were extracted from the books of **Forty Plus Sport Club** of Golf players in Nuwara Eliya:

Description	As at 01 st January 2008 Rs.	As at 31 st December 2008 Rs.
Sports equipment	1,000,000	1,150,000
Sportswear	400,000	350,000
Fixed deposit	1,600,000	1,600,000
Members subscription receivable	400,000	150,000
Members subscription received in advance	100,000	88,000
Bar creditors	550,000	600,000
Accrued expenses - Bar	130,000	80,000
Bar equipment	-	650,000
Bar inventories	625,000	975,000

Summarized receipt and payments account for the year 2008 is given below:

	Rs.		Rs.
Balance 01 st January 2008	24,000	Rent paid - Bar	925,000
Members subscription received	1,512,000	Bar expenses paid	500,000
Bar sales	3,100,000	Sportswear	100,000
Interest received - Fixed Deposit	300,000	Sport equipment	400,000
Donation for tournament	425,000	Newspapers	70,000
Sale of old newspapers	5,000	Garden maintenance	328,000
Sale of empty bottles - bar	3,000	Tournament expenses	520,000
		Bar cash purchases	425,000
		Bar creditors	1,050,000
		Bar equipment	650,000
		Balance 31 st December 2008	401,000
	5,369,000		5,369,000

You are required to prepare,

- (a) State of Affairs of the Club as at 01st January 2008.
- (b) Income and Expenditure Account of the Club including Bar Trading Account for the year ended 31st December 2008.

(Total 10 marks)

12. 2008 Dec AAT II Q3

On 01.01.2007 the state of affairs of **Rising Stars Sport Club** was as follows:

Liabilities	Rs.	Assets	Rs.
Accumulated fund	440,000	Equipment – Gymnasium	250,000
Trainers fees accrued	20,000	Subscription due	70,000
		Cash at bank	140,000
	460,000		460,000

Receipts and Payments during the year ended 31.12.2007 were as follows:

Receipts	Rs.	Payments	Rs.
Balance at bank	140,000	Painting for tournament	160,000
Subscriptions for previous year	40,000	Stationery & postage	46,000
Subscriptions for current year	280,000	New equipment – Gym	36,000
Subscriptions in advance for the following year	50,000	Building rent	100,000
Sports Club Gym entrance fees	288,000	Trainers fees (including Rs.20,000/- for 2006)	80,000
Receipts from advertisement for Tournament	137,500	General Expenses	72,000
		Referees/Judges fees for tournament	200,000
		Balance	241,500
	935,500		935,500

The following additional information is given:

- (1) Rs.36,000/- is due as subscriptions for the current year.
- (2) The equipment on 01st January are to be depreciated at 20% per annum for the year.
- (3) The subscriptions due over one year are to be written off.
- (4) New equipments were purchased on 31.12.2007.

You are required to prepare an Income and Expenditure Account of the **Sports Club** for the year ended 31st December 2007. (08 marks)

13. 2009 JUN AAT I Q3

Receipts and Payments Account of **Sunshine Sport Club (SSC)** for the period ending 31st March 2009 was as follows:

Receipts	Rs.	Payments	Rs.
Balance as at 01 st April 2008	30,000	Purchase of Fancy items (Payment to creditors)	176,500
Subscriptions	175,000	Electricity	4,500
Registration fees	90,000	Meeting expenses	6,350
Entrance fees	18,000	Rent of building	9,000
Receipts from sale of Fancy items	600,000	Sales promotions	1,500
Interest income	15,000	Sales commissions	2,100
		Salaries	39,500
		Balance c/f	688,550
	928,000		928,000
Balance b/f	688,550		

The following additional information is available:

(1)

	As at 31.03.2008 Rs.	As at 31.03.2009 Rs.
Stock of fancy items	13,500	18,900
Furniture & Fittings	15,000	15,000
Sports equipment	100,000	100,000
Accounts Receivable (debtors) - Fancy items	155,100	35,100
Accounts Payable (creditors) - Fancy items	90,000	312,000
Accumulated depreciation - Furniture	1,500	3,000
- Sports equipment	10,000	20,000

(2) Subscriptions received were as follows:

- 150 members paid fees for the current year only.
- Remaining 100 members paid fees both for the current year and the succeeding year.

(3) $\frac{2}{3}$ rd of Electricity and $\frac{2}{3}$ rd of Rent of Building are applicable to the Fancy shop.

(4) Salaries are applicable to the Fancy shop.

You are required to prepare,

(a) Income and Expenditure Account of **Sunshine Sports Club** for the year ended 31st March 2009. (10 marks)

(b) Balance Sheet as at 31st March 2009. (10 marks)
(Total 20 marks)

14. 2009 DEC AAT I Q5

SAC Sports Club was a Sports Club of a multinational company in Sri Lanka. All the employees of the company were members of the sport club and they paid a monthly contribution to the club. The transactions for the year ended 31st December 2009 were as follows:

- (1) Opening balance of the bank account as at 01st January 2009 was Rs.270,000/-.
- (2) Receipts:

Particulars	Rs.
Grant received from the company	300,000
Contributions from employees	302,000

- (3) The Club had a fund raising project of staging "Charitha Hathak", stage drama, in December 2009 the transactions of which were as follows:

Particulars	Rs.
Value of tickets sold	300,000
Collection from ticket sales as at 31 st December 2009	278,000
Collection from banners display	250,000
Payments made for hall charges & other expenses	65,000
Payments made for printing cost of tickets	12,000
Payment to artistes	80,000

- (4) Club had purchased Gym equipment for Rs.80,000/- on credit, in March 2009. This amount should be paid in 4 equal installments. The club paid 3 installments by the end of December 2009.
- (5) Payments for sports activities were Rs.620,000/-.
- (6) Other payments during the year were as follows:

Particulars	Rs.
Meeting & other expenses	63,000
Payment to instructors	120,000

- (7) Club invested Rs.300,000/- in a savings deposit of a bank on 01st December 2009 at an interest rate of 6% per annum.

You are required to prepare, for SAC Sports Club the following:

- (a) Receipts and Payments account.
- (b) Income & Expenditure account

for the year ended 31st December 2009.

(10 marks)

15. 2018 JUL AAT II Q7

Rose Club is a members' club formed to promote theatre industry while running a restaurant for the use of its members.

The following Receipts and Payments Account shows the transactions of the **Rose Club** for the year ended 31st December 2017: (Rs. '000)

Receipts and Payments Account			
B/B/F 01 st January 2017	3,500	Purchase of restaurant supplies	18,000
Donations	6,000	Other expenses of restaurant	3,400
Drama ticket sales	25,000	Fees of guest artists for the dramas	5,000
Membership subscriptions	4,000	Advertising on dramas	1,500
Restaurant sales	30,000	Theatre equipment (purchased on 31 st December 2017)	10,000
		Dramas production expenses	15,000
		Electricity	1,500
		B/C/F 31 st December 2017	14,100
	68,500		68,500

Assets and liabilities were as follows: (Rs. '000)

	As at 01 st January 2017	As at 31 st December 2017
Land and buildings at carrying value	70,000	68,000
Theatre equipment at carrying value	12,000	17,000
Membership subscriptions in arrears	700	500
Membership subscriptions in advance	300	200
Inventory at Restaurant at cost	7,000	5,000

- Donations should be recognized as an income for the year and 1/3rd of electricity expenses are to be charged to the restaurant.
- There were no additions and disposals of the Property, Plant and Equipment except the theatre equipment purchased during the year.

You are required to:

Prepare the following for the Rose Club:

- (a) Restaurant Trading Account for the year ended 31st December 2017. (03 marks)
- (b) Income and Expenditure Account for the year ended 31st December 2017. (07 marks)

16. 2019 JAN AAT II Q7

The **Old Boys' Cricket Club** is a sports club providing sports facilities for members while operating a restaurant for the use of its members and renting the premises for outdoor sports events.

Receipts and payments account of the sports club for the year ended 31st December 2018 is as follows:

(Rs.'000)

Receipts and Payments Account			
B/B/F 01 st January 2018	18,500	Salaries	2,900
Donations	12,300	Ground maintenance	3,600
Rent income	21,500	Payments to restaurant's suppliers	24,200
Membership Subscriptions	8,400	Electricity and water – Restaurant	1,600
Restaurant sales	30,500	Restaurant's other expenses	2,500
Subscription on life membership	200	Advertising	2,500
		Purchase of sports equipment (on 31 st December 2018)	18,000
		Other expenses	4,100
		B/C/F 31 st December 2018	32,000
	91,400		91,400

Assets and liabilities were as follows:

(Rs.'000)

	As at 01 st January 2018	As at 31 st December 2018
Life membership subscription fund	2,200	?
Payables to restaurant's suppliers	3,200	3,800
Subscriptions in arrears	800	500
Sports equipment at carrying value	45,000	54,000
Land and building at carrying value	30,000	29,000
Inventories at restaurant (at cost)	4,500	3,200
Prepaid electricity and water – Restaurant	200	100

The following additional information is also provided:

- Donations should be recognized as an income for the year.
- There were no additions or disposals of Property, Plant and Equipment during the year, except the sports equipment purchased on 31st December 2018.
- 10% of the life membership subscription fund account at the end of the year should be recognized as an income for the year.

You are required to:

Prepare the following for the Old Boys Cricket Club:

- (a) Restaurant Trading Account for the year ended 31st December 2018. (03 marks)
- (b) Income and Expenditure Account for the year ended 31st December 2018. (07 marks)
- (Total 10 marks)

17. 2019 JUL AAT II Q8

The receipts and payments account for the year ended 31st December 2018 and Statement of Financial Position as at 01st January 2018 of **Echo Dancing Club** are as follows:

(Rs.'000)

Receipts and Payments Account			
B/B/F 01 st January 2018	5	Dinner dance expenses	300
Dinner dance ticket sale	525	Advertising expenses on dinner dance	45
Fees from dancing classes	1,050	Payment for dancing teachers	600
Donation	180	Electricity and Water	648
Membership fees	525	Administration Fee - Coordinator	220
		B/C/F 31 st December 2018	472
	2,285		2,285

Statement of Financial Position
as at 01st January 2018

(Rs.'000)

Assets:	
Building at carrying value (Cost - Rs.2,700,000/-)	2,300
Membership Fee Receivables	50
Prepaid Electricity Expenses	12
Bank Balance	5
	2,367
Accumulated Fund and Liabilities:	
Accumulated Fund	2,367
	2,367

You are given the following additional information:

- (1) Monthly administration fee of Rs.20,000/- is paid to the Coordinator. However December 2018 payment has not been paid by 31st December 2018. No other pre-payments or payables were available as at 31st December 2018.
- (2) All the membership fee receivables as at 01st January 2018 were received during the year 2018. Membership fee of Rs.65,000/- relating to the year 2018 was in arrears as at 31st December 2018.
- (3) On 01st December 2018, the part of the building was given on rent for a bookshop for a monthly rent of Rs.15,000/-. Rent income is to be receivable as at the year end.
- (4) Building is to be depreciated at 5% per annum on straight line basis at cost.
- (5) Donation should be recognized as an income for the year.

You are required to:

Prepare the Income and Expenditure Account for the year ended 31st December 2018 for **Echo Dancing Club**. (10 marks)

18. 2020 JAN AAT II Q7

Star Dancing Club shows dramas for the public and operates a restaurant for the use of its members.

The following information is extracted from the books of **Star Dancing Club**:

- (1) The receipts and payments account of the **Star Dancing Club** for the year ended 31st December 2019 is as follows:

(Rs.'000)

Receipts and Payments Account			
Balance B/F 01 st January 2019	11,250	Secretarial expenses	900
Donations	12,450	Rent on building	5,400
Ticket sales	32,250	Payments made to Restaurant suppliers	27,300
Members' Subscriptions	8,100	Restaurant expenses	4,800
Restaurant sales	42,450	Fees for guest artists	1,500
		Printing and stationery expenses	2,250
		Theatre equipment (acquired on 31 st December 2019)	22,500
		Drama production expenses	27,000
		Other expenses on dramas	6,150
		Balance C/F 31 st December 2019	8,700
	106,500		106,500

- (2) Other assets and liabilities as at 01st January 2019 and 31st December 2019 were as follows:

(Rs.'000)

As at	01 st January 2019	31 st December 2019
Payable to restaurant suppliers	1,800	2,100
Members' subscriptions received in advance	300	75
Members' Subscriptions in arrears	750	450
Theatre equipment at carrying value	67,500	81,000
Inventories at cost - restaurant	4,200	3,300

- (3) Donations should be recognized as an income for the period.
 (4) There was no disposal of theatre equipment during the year.
 (5) ½ of the rent on building is relevant to restaurant premises.

You are required to:

Prepare the following for the Star Dancing Club for the year ended 31st December 2019:

- (a) Restaurant Trading Account. (03 marks)
 (b) Income and Expenditure Account. (07 marks)
(Total 10 marks)

19. 2020 JUL AAT II Q4

Gamunu Cricket club is a sports club providing sports facilities for members while operating a restaurant for the members. The Receipts and Payments Account of **Gamunu Cricket Club** for the year ended 31st December 2019 is as follows:

Receipts and Payments Account		<i>(Rs.'000)</i>	
Balance B/F 01 st January 2019	10,200	Secretarial expenses	1,500
Donations	1,050	Telephone expenses	675
Membership subscriptions	13,350	Electricity expenses	2,100
Restaurant sales	40,000	Coaching expenses	3,150
		Payments on restaurant supplies	25,000
		Salaries and wages	12,720
		Balance C/F	19,455
	64,600		64,600

Assets and Liabilities were as follows:

	As at 01st January 2019	As at 31st December 2019
Building at carrying value	80,000	78,000
Sports equipment at carrying value	20,000	17,500
Payable for restaurant supplies	8,000	12,000
Inventory (restaurant)	5,000	7,000
Members' subscriptions in arrears	900	600
Members' subscriptions in advance	300	450
Accrued electricity	300	600

The following additional information is also provided:

- (1) Donations should be recognized as an income for the year.
- (2) There were no additions or disposals of Property, Plant and Equipments during the year.
- (3) $\frac{1}{3}$ of electricity expenses and $\frac{1}{2}$ of the salaries & wages are related to the restaurant.

You are required to:

Prepare following for the **Gamunu Cricket Club** for the year ended 31st December 2019:

- (a) Restaurant's Trading Account. (03 marks)
 - (b) Income and Expenditure Account. (07 marks)
- (Total 10 marks)**

CA BL1 - Revision Kit

The following information relates to questions 23.1 and 23.2

Jaffna Golf Club (JGC) has three types of members:

- Annual memberships are paid (in advance) for each calendar year and are Rs 10,000 each.
- Five-year memberships cover 5 calendar years and are Rs 40,000.
- Life memberships cost Rs 70,000 and JGC's policy is to recognise the income over 10 years.

23.1 During December 20X4 JGC received Rs 730,000, of which Rs 280,000 was arrears for annual memberships, Rs 800,000 for five-year memberships starting in 20X5, and 20 life memberships for 20X5.

What is the amount received in December 20X4 that will be shown as income for 20X5?

- A Rs 750,000
- B Rs 1,030,000
- C Rs 2,650,000
- D Rs 2,930,000

(LO 4.4.2)

(2 marks)

23.2 What will be the balance on the deferred income account as at 31 December 20X4 relating to the above items?

- A Rs 1,900,000
- B Rs 2,200,000
- C Rs 2,650,000
- D Rs 2,930,000

(LO 4.4.2)

(2 marks)

23.3 A debit balance on an income and expenditure account prepared for a club is dealt with by:

- A Deduction from the club accumulated fund
- B Addition to the bank balance in the statement of financial position
- C Addition to the club accumulated fund
- D Inclusion in the statement of financial position as a prepayment

(LO 4.4.2)

(2 marks)

23.4 Calculate the subscription income for the XYZ Social Club using the following data. Arrears 1.1.20X1 Rs 700,000 prepaid in advance 1.1.20X1 Rs 1,500,000 arrears 31.12.20X1 Rs 1,200,000 paid in advance 31.12.20X1 Rs 3,200,000 cash received from members Rs 14,200,000.

- A Rs 13,000,000
- B Rs 14,200,000
- C Rs 11,400,000
- D Rs 17,000,000

(LO 4.4.2)

(2 marks)

23.5 An income and expenditure account is:

- A A summary of the cash and bank transactions for a period
- B Another name for a receipts and payments account
- C Similar to a statement of profit or loss in reflecting revenue earned and expenses incurred during a period
- D A statement of financial position as prepared for a non-profit making organisation

(LO 4.4.2)

(2 marks)

23.6 The difference between a receipts and payments account and an income and expenditure account is:

- A A receipts and payments account is prepared on an accruals basis and an income and expenditure account on a cash basis
- B A receipts and payments account is prepared on a cash basis and an income and expenditure account on an accruals basis
- C A receipts and payments account is prepared for a not for profit organisation and an income and expenditure account for a business
- D A receipts and payments account for a manufacturing business and an income and expenditure account for a non-manufacturing business

(LO 4.4.2)

(2 marks)

2018 A/L MCQ Q39

Rantharu Sports Club has 100 members. Annual subscription of a member is Rs. 2 400. The following information is given.

Description	As at 31.03.2018 (Rs.)	As at 31.03.2017 (Rs.)
• Subscription received in advance	24 000	12 000
• Subscription in arrears	36 000	48 000

Indicate the following of this sports club:

- (a) Subscription income recognized for the year ending 31.03.2018 Rs.
- (b) Total subscription received during the year ending 31.03.2018 Rs.

2017 A/L MCQ Q39

The following information relates to subscription of a sports club:

Description	As at 31.03.2017 (Rs. '000)	As at 31.03.2016 (Rs. '000)
• Subscription received in advance	80 000	60 000
• Subscription in arrears	30 000	20 000

The annual subscription per member is Rs. 1000. There were 60 members during the year ending 31.03.2017. Calculate the following for the year ending 31.03.2017.

- (a) Subscription recognized as income Rs.
- (b) Subscription received in cash Rs.

2016 A/L MCQ Q10 & Q11

Use the following information to answer questions a and b.

The following information relates to an Old Boys' association of a school for the year ending 31.03.2016.

Description	Amount (Rs. '000)
Subscription received (of which 1/4 th relates to the year ending 31.03.2015)	360
Donations received to purchase sports equipment	500
Interest income earned on the fixed deposit	50
Total expenses	300

Additional information:

- The annual subscription per number is Rs. 4 000. There were 100 members in the association at 31.03.2016.
- The policy of the association is to recognize donations as income over a period of 5 years commencing from the year of receipt.
- Interest on fixed deposit is receivable when it matures on 31.05.2016.
- All expenses have been paid in cash.
- Cash balance as at 31.03.2015 was Rs.150 000.

a. What was the surplus for the year ending 31.03.2016?

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 120 000 | 3) Rs. 250 000 | 5) Rs. 650 000 |
| 2) Rs. 210 000 | 4) Rs. 520 000 | |

b. What was the net increase in the cash balance for the year ending 31.03.2016?

- | | | |
|----------------|----------------|----------------|
| 1) Rs. 470 000 | 3) Rs. 560 000 | 5) Rs. 860 000 |
| 2) Rs. 520 000 | 4) Rs. 610 000 | |

2015 A/L MCQ Q13

The following information relates to the subscription of a sports club for the year ending 31.03.2015. the composition of subscription received in year 2014/2015:

Year	Rs.
2013/2014	9 000
2014/2015	50 000
2015/2016	20 000
	<u>79 000</u>

	As at 31.03.2015 (Rs.)	As at 31.03.2014 (Rs.)
• Subscription receivable	15 000	10 000
• Subscription received in advance	?	10 000

What is the amount of subscription income recognized for the year ending 31.03.2015?

- | | | |
|----------------|----------------|----------------|
| (1) Rs. 50 000 | (3) Rs. 79 000 | (5) Rs. 94 000 |
| (2) Rs. 74 000 | (4) Rs. 84 000 | |

SALARIES AND WAGES

AAT II Past Papers

1. 2020 JAN AAT II Q5

The following information was extracted from the payroll of **Mahee (Pvt) Ltd.** for the month of December 2019:

Basic Salary (Rs.)	Overtime (Rs.)	EPF Deductions (8%) (Rs.)	Net Salary (Rs.)
10,875,000	13,650,000	870,000	23,655,000

Employer's contributions to the Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF) are at 12% and 3% respectively from the basic salary.

Monthly salaries are paid on the last working day of the relevant month and EPF and ETF are paid on 10th of the next month.

You are required to:

Prepare the following ledger accounts of **Mahee (Pvt) Ltd.** for the month of December 2019:

- (a) Salary Control Account. (02 marks)
- (b) EPF Payable Account. (02 marks)
- (c) ETF Payable Account. (01 mark)

2. 2019 JAN AAT II Q1.1

The following amounts relating to the month of March 2018 are extracted from the books of **XYZ (Pvt) Ltd:**

	Rs.
Gross salary before deductions	9,600,000
Pay As You Earn (PAYE) Tax deduction	325,000

The company contributes to the Employees' Provident Fund (EPF) at 12% and the Employees' Trust Fund (ETF) at 3% from the gross salary. Employees' contribution to the EPF is 8%.

Based on the above information, the net salary for the month of March 2018 was:

- (1) Rs.7,355,000/- (2) Rs.8,507,000/- (3) Rs.9,275,000/- (4) Rs.7,067,000/-

(02 marks)

3. 2019 JAN AAT II Q4

Widya (Pvt) Ltd. had paid their employees a net salary of Rs.27,000,000/- for the year ended 31st March 2018:

The following additional information is also relevant:

- (1) Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF) contributions are calculated based on the gross salary.
- (2) The employees' contribution and company's contribution to EPF are 8% and 12% respectively.
- (3) The contribution to ETF is 3%.
- (4) It is required to deduct employees' welfare fund contribution of 2% from the gross salary from each and every employee.

You are required to:

Record the information given above in the following summarized salary sheet of **Widya (Pvt) Ltd.** for the year ended 31st March 2018.

Gross Salary (Rs.)	Welfare Fund Contribution (Rs.)	EPF Deduction (Rs.)	Net Salary (Rs.)	Company's Contribution (Rs.)	
				EPF	ETF

(05 marks)

4. 2018 JUL AAT II Q4

The following balances were extracted from the books of accounts of **Southpole (Pvt) Ltd.** for the month of March 2018:

	Rs.
Basic salary prior to PAYE, loan installments and EPF (8%) deductions	7,320,000
PAYE deduction	180,000
Loan installments deduction	50,000

8% from the basic salary of employees is deducted for the Employees' Provident Fund (EPF). The company contributes at 12% to the EPF and 3% to the Employees' Trust Fund (ETF) from the basic salary. Employees' salaries were paid on 31st March 2018 and contributions for EPF and ETF were paid on 10th April 2018.

You are required to:

Prepare the following ledger accounts for the month of March 2018:

- (a) Salary Control Account. (03 marks)
- (b) EPF Payable Account. (02 marks)

5. 2018 JAN AAT II Q3

The salary details of Pay Well (Pvt) Ltd. for the month of December 2017 were as follows:

Basic Salary (Rs.)	Allowances (Rs.)	Gross Salary (Rs.)	Loan installments (Rs.)	EPF Deduction (Rs.)	Net Salary (Rs.)
8,700,000	5,400,000	14,100,000	(2,300,000)	(696,000)	11,104,000

The following additional information is also provided:

- (1) Contribution to Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF) are calculated on the basic salary.
- (2) The employees' contribution and company's contribution to the EPF are 8% and 12% respectively.
- (3) Company's contribution to ETF is 3%.

You are required to:

Prepare the journal entries including entries for cash transactions to record the above transactions.

(05 marks)

6. 2017 JUL AAT II Q4

Summary of the payroll of Silver (Pvt) Ltd. for the month of March 2017 was as follows:

Basic Salary (Rs.)	Overtime (Rs.)	EPF Deductions @ 8% (Rs.)	Net Salary (Rs.)
725,000	91,000	(58,000)	758,000

The company contributes at 12% to the Employees' Provident Fund (EPF) and at 3% to the Employees' Trust Fund (ETF) from the basic salary.

You are required to:

Prepare required Journal Entries including entries for cash transactions to record the above Salary, EPF and ETF of Silver (Pvt) Ltd.

(05 marks)

7. 2016 JAN AAT II Q4

The summary of payroll for Hirun (Pvt) Ltd. for the month of December 2015 is given below:

	Rs.
Gross Salary	7,570,000
Deductions:	
EPF 8%	(605,600)
Net Salary	6,964,400

Company is contributing EPF @ 12% and ETF @ 3%.

You are required to,

Prepare journal entries to record the salary, EPF and ETF payments of Hirun (Pvt) Ltd. including cash related entries.

(05 marks)

8. 2015 JAN AAT II

(B) The following information of salary was extracted from the books of **Well Pay Company** for the month of December 2014:

Description	Rs.
Basic Salary	3,520,000
Allowances	1,080,000
Gross Salary	4,600,000
Loan Deduction	(700,000)
EPF contribution (8%)	(368,000)
Insurance Premium	(550,000)
PAYE deduction	(650,000)
Net Salary	2,332,000

You are required to prepare, the Salary Control Account of **Well Pay Company** for the month of December 2014. (04 marks)

The summary of payroll for **Hirun (Pvt) Ltd.** for the month of December 2015 is given below:

	Rs.
Gross Salary	7,570,000
Deductions:	
EPF 8%	(605,600)
Net Salary	6,964,400

Company is contributing EPF @ 12% and ETF @ 3%.

You are required to,

Prepare journal entries to record the salary, EPF and ETF payments of **Hirun (Pvt) Ltd.** including cash related entries. (05 marks)

9. 2010 DEC AAT II

(B) **Sirisena** started a business of professional consultancy after his retirement. Further he has rented out his own building premises w.e.f. 01st January 2010 for an Education Institute for a monthly rent of Rs.80,000/-. These premises were occupied by the tenant for the full year.

The following details relate to the year ended 31st December 2010.

Income received	Net Rs.'000	WHT deducted Rs.'000
Professional consultancy fees	855	45
Rent	836	44

Sirisena has received withholding tax certificates for the related tax deductions.

You are required to, prepare the following accounts:

- WHT Receivable Account
- Professional Consultation Income and Rent Income Accounts.
- Rent Receivable Account.

(06 marks)

10. 2011 JUN AAT II Q4 (A)

The following information relates to employees salaries and wages of **Funny Brothers Ltd.** for the month ended 30th June 2011.

Employee No.	Employee Name	Basic Salary Rs.	Other Allowances Rs.	Overtime Rs.
0100	Amarapala	50,000	30,000	-
1020	Fernando	30,000	22,000	-
2050	Jayalath	20,000	10,000	10,000
3011	Maduwanthi	18,000	-	15,000

Other details related to salaries and wages are as follows:

- (1) The monthly instalment of the Festival Advances taken by **Fernando, Jayalath** and **Maduwanthi** are to be recovered when paying salaries & wages. The Festival Advances instalment for the month of June 2011 for **Fernando, Jayalath** and **Maduwanthi** are Rs.2,000/-, Rs.1,000/- and Rs.1,000/- respectively.
- (2) The company has given the guarantee to the bank for the bank loans taken by **Jayalath** and **Maduwanthi** and agreed to remit the loan instalments directly to the bank. The loan instalment for the month of June 2011 for **Jayalath** and **Maduwanthi** are Rs.5,000/- and Rs.2,000/- respectively.
- (3) The contribution to Employees' Provident Fund (EPF) by the employer and employee are 12% and 8% respectively (overtime is not considered for the EPF calculation). contribution to Employees Trust Fund (ETF) is at the prescribed rate.
- (4) Pay as you earn (PAYE) tax to be deducted from **Amarapala** and **Fernando** for the month of June 2011 is Rs.3,000/- and Rs.1,200/- respectively.
- (5) It is the practice of the company to pay the salaries and wages of each month during the first week of the following month.

Using the above information, you are required to prepare:

- (a) The company's salary sheet for the month of June 2011.
- (b) Prepare the ledger accounts to post the pay sheet information to the relevant accounts in the General Ledger through the salaries and wages control account. (06 marks)

Pay Well (Pvt) Ltd. has recorded the following journal entry for the month of March 2012:

Description	Debit (Rs.)	Credit (Rs.)
Salaries & Wages Account	2,150,000	
Loan Recovery Account		195,000
Festival Advances Recovery Account		55,000
EPF Payable Account		215,000
Salaries & Wages Payable Account		1,685,000
(Recording of Salaries & Wages for the month of March 2012)		

You are given the following additional information:

- (1) The gross salaries & wages of Rs.2,150,000/- comprised of basic salary of Rs.1,110,000/-, fuel Allowance of Rs.425,000/- and cost of living allowance of Rs.615,000/-.
- (2) Employer's contribution to Employees' Provident Fund is at 15% of the gross remuneration, while the Employees' Trust Fund contribution is at 3%.
- (3) The net salaries & wages are paid to the employees on the 10th of the following month.

Based on the above information, you are required to complete the following table for the month of March 2012.

Particulars	Total Amount (Rs.)
Gross Earnings:	
Basic Salary
.....
.....
Gross Salaries & Wages
Deductions:	
.....
.....
.....
Total Deductions
Net Salaries & Wages
EPF - Employer's contribution
ETF - Employer's contribution

12. 2012 Jul AAT II Q4 (A)

You are given the following information with regard to the employee's salaries and wages of **Welfare (Pvt) Ltd** for the month of March 2012.

- (1) Basic salary and allowances for the month of March 2012:

Employee Name	Basic Salary Rs.	Allowances Rs.
Amal	65,000	55,000
Bimal	50,000	10,000
Chamal	25,000	2,000
Demel	25,000	2,000
Ebel	32,000	2,000
	197,000	71,000

- (2) Details of interest free loans taken by the employees from the company:

Employee Name	Amount Rs.	Given Date	Repayment period
Amal	120,000	01.03.2011	Within 12 months
Bimal	60,000	01.04.2011	Within 12 months
Chamal	15,000	01.03.2012	Within 03 months
Demel	15,000	01.03.2012	Within 03 months
Ebel	15,000	01.03.2012	Within 03 months
	225,000		

All loans are recovered in equal monthly installments starting from the last date of the month the loan is granted.

- (3) The contribution to the Employees' Provident Fund (EPF) by the employer and employees are to be computed at 12% and 8% respectively on the basic salary, and all other allowances. Contribution to Employees Trust Fund (ETF) is at the prescribed rate as per the Employees Trust Fund Act.

- (4) Pay As You Earn (PAYE) of the employees for the month:

Amal - Rs.800/-

Bimal - Rs.400/-

Using the above information, **you are required to prepare** the following for the month of March 2012:

- (a) Salary Sheet of the Company.
 (b) Salary Control Account of the Company. (06 marks)

13. 2008 DEC AAT II Q5

You are given following details of transactions extracted from **Fair Deal (Pvt) Ltd.** for the month of October 2008.

	Rs.
Gross salaries	900,000
Gross wages - Permanent workers	800,000
Gross wages - Casual workers	400,000
Sub contractors charges (gross)	600,000
Workers overtime allowance	120,000
Deductions:	
PAYE for the month	2,900
EPF contributed as per the companies policies & practices	
With holding tax of 5% on total subcontract charges	
Union Subscriptions	2,000
Staff loan - Capital recovery	12,000
Staff loan - Interest recovery	2,000
Employees personal insurance premia	6,500
Employees bank loan instalments	8,200

The company settled the net remuneration & sub contract charges on 31.10.2008 while other liabilities were settled on 15.11.2008.

Related policies and practices of the company are as follows:

- For EPF, deduct 8% from the employees remuneration and contribute 12% by the company.
- Contribute 3% for ETF.
- However overtime allowance is not to be considered for EPF and ETF contributions.
- It is the practice of the company to maintain one remuneration control account for both staff and workers and put through all transactions relating to remuneration inclusive of allowances through the same account.

You are required to prepare,

Journal entries inclusive of cash transactions to record all the above transactions for the month of October 2008. (10 marks)

14. 2014 JAN AAT II Q4

(A) The following salary records have been extracted from the books of Y Ltd. for the month of December 2013:

Total Gross Salary	(Rs.)	162,000/-
Annual Bonus	(Rs.)	162,000/-
Total Other Allowances	(Rs.)	68,000/-
Salary advance to be deducted	(Rs.)	25,000/-
PAYE deductions	(Rs.)	2,200/-
Deductions for bank loans	(Rs.)	3,500/-
Employees Provident Fund (EPF) contribution:		
Employer		12%
Employee		8%
Employees Trust Fund (ETF) contribution:		
Employer		3%
Overpaid net salaries in the previous month to be recovered in this month (EPF has been deducted & paid along with ETF)	(Rs.)	4,600/-

- The company's practice is to record the salary related transactions on the last day of the month & pay the net salary and other statutory payments by 5th of the subsequent month.
- Contributions of EPF and ETF are not computed on bonus.

You are required to prepare salary control account of Y Ltd. for the month of December 2013. (06 marks)

