FIN711 SOLVED GDB ENJOY

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ACCA

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MS business administration (HRM)

Please don't copy past rewrite every element and in your own words

Part (1)

Fixed Asset account

	Amount Rs.(M)		Amount Rs.(M)
Opening balance	1,105.00	Asset disposal	40.00
Office equipment(wrong debit to revenue a/c)	0.75	Depreciation	275.00
Addition	1,456.00		
Asset Revaluation (balancing Figure)	**858.75**	Closing Balance	3,105.50
	3,420.50		**3,420.50**

Part (2)

Capital Account

	Amount Rs.(M)		Amount Rs.(M)
Drawings (goods gifted)	35,000	Opening balance	1,725,000
		Car (introduced at market value into the business)	425,000

		Profit	86,500
Closing Balance	2,374,000	**Interest on capital (balancing figure)**	**172,500**
	2,409,000		**2,409,000**

Part (3)

Please use your lecture notes for definitions.

Part (4)

Life Membership

In some clubs and societies, members can make a payment for life membership. This means that by paying a fairly substantial amount now members can enjoy the facilities of the club for the rest of their lives.

Such a receipt should not be treated as income in the income and expenditure account solely in the year in which the member paid the money. It should be credited to a life membership accounts, and transfers should be made from that account to the credit of the income a d expenditure account of an appropriate amount annually according to matching concept.

Because determining the expenses used up to obtain the revenues is referred to as a matching expenses against revenues. The key to the application of the concept is that all income and charges relating to the financial period to which the financial statements relate should be taken into account without regard to the date of receipt or payment.

2. Donations

Any donations received are usually shown as income in the year that they are received.

3. Entrance fees

When they first join a club, in addition to the membership fee for that year, new members often have to pay an entrance fee. Entrance fees are nomarlly included as income in the year that they are received.