

A.A.V. PATEL JUNIOR COLLEGEEXCELLENCE PROGRAM SYJC COMMERCESUB: BOOK-KEEPING & ACCOUNTANCYCHP: ACCOUNTS OF 'NOT FOR PROFIT' CONCERN.SYNOPSIS.

MARKS WITH OPTION		TOTAL MARKS
PROBLEM	OBJECTIVE	WITH OPTION
12	+ 02	= 14

PROFORMA OF RECEIPTS AND PAYMENTS ACCOUNTS :

The Proforma of Receipts and Payments Account is shown below :

Receipts and Payments Account for the year ended on 31st March

Receipts	₹	Payments	₹
To Balance b/d		By Balance b/d	
Cash in Hand		Bank Overdraft	
Cash at Bank		By Salaries :	
To Subscriptions :		Previous Year	-
Previous Year	-	Current Year	-
Current Year	-	By Rent, Rates and Taxes :	
Next Year	-	Previous Year	-
To Entrance Fees		Current Year	-
To Admission Fees		Next Year	-
To Donations (General)		By Office Expenses	
To Donations for Specific Fund		By Printing and Stationery	
(Building Fund, Prize Fund, Tournament Fund)		By Telephone Expenses	
To Life Membership Fees		By Postage & Telegrams	
To Legacies		By General Expenses	
To Interest on Investment		By Electricity Charges	
To Dividend Received		By Bank Charges	
To Rent Received (for hire of hall)		By Interest on Bank Loan	
To Government Grant		By Audit Fees	
To Tuition Fees		By Insurance Premium	
To Term Fees		By Travelling Expenses	
To Sale of Old News Papers/Scrap		By Conveyance	
To Sale proceeds of Fixed Assets		By Investments	
To Subscription for Annual Functions		By School Bus/Motor Van Maintenance	
To Sundry Income		By Fixed Deposits	
To Miscellaneous Receipts		By Building Construction	
To Locker Rent		By Additions to Building	
To Examination Fees		By Furniture Purchased	
To Tennis Court Fees		By Equipments Purchased	
To Fine Collection		By Repairs and Maintenance	
To Tournament Receipts		By Sports Materials (Purchased)	
To Balance c/d		By Books Purchased	
(Bank Overdraft)		By Medicines Purchased	
		By Investment in	
		Govt. Securities	-
		Govt. Bonds	-
		By Upkeep of ground/lawn	
		By Expenses for Annual Function	
		By Honorarium to Visiting Faculty	
		By Tennis Expenses	
		By Cost of Prizes	
		By News Papers and Periodicals Subscriptions	
		By Balance c/d	
		Cash in Hand	-
		Cash at Bank	-

* RECEIPTS AND PAYMENTS A/c *

- It is a summary of Cash & Bank transactions for a particular period [a month/a quarter/a year].
- It is a Real A/c.
- All Cash transactions related to last Year, Current Year & Next Year are recorded in this A/c.
- All items whether Capital or Revenue are shown in this A/c.
- This A/c shows actual Cash Received & paid during the year. Credit transactions are not recorded.
- Opening & Closing balance of Cash/Bank will be given in this A/c.
- Each & Every item of Receipt & Payment A/c will have only one effect.

* INCOME & EXPENDITURE A/c *

- It is exactly like a Profit & Loss A/c.
- It is a Nominal A/c.
- Only Current Year's Expenses & Income should be recorded in this A/c.
- Only Revenue Expenses & Revenue Receipts should be recorded in this A/c.
- Cash as well as Non-Cash transactions will be recorded in this A/c.
- Difference in this A/c is either Surplus [Profit] or Deficit [Loss]
 - If Income is more than Expenditure → SURPLUS
 - If Income is less than Expenditure → DEFICIT
- If SURPLUS ADD TO CAPITAL FUND
- If DEFICIT LESS FROM CAPITAL FUND.

1. PROFORMA OF BALANCE SHEET:

Balance Sheet as on

Liabilities	Amt. ₹	Amt. ₹	Assets	Amt. ₹	Amt. ₹
Capital Fund	XXX		Building		XXX
Add: Surplus	XXX		Land		XXX
Less: Deficit	XXX		Plant & Machinery		XXX
Add: Capitalisation of Donation or Entrance Fees	XXX	XXX	Equipments		XXX
Building Fund		XXX	Play ground		XXX
Endowment Fund		XXX	Motor Vehicles		XXX
Tournament Fund		XXX	Furniture & Fixtures		XXX
Special Fund		XXX	Library Books		XXX
Charity Fund		XXX	Stock of Stationery		XXX
Outstanding Expenses		XXX	Billiard Tables		XXX
Subscription Received in Advance / Incomes received in Advance		XXX	Electrical Fitting		XXX
Investment Fluctuating Funds		XXX	Stock of Sports Materials		XXX
Sundry Creditors		XXX	Investment		XXX
Bank Loan		XXX	Fixed Deposits		XXX
Bank Overdraft		XXX	Stock of Drugs		XXX
			Cash in Hand		XXX
			Cash at Bank		XXX
			Outstanding Accrued Interest		XXX
			Outstanding Subscription / Incomes		XXX
			Prepaid Expenses		XXX
			Debtors		XXX
		XXX			XXX

IMPORTANT ADJUSTMENTS

	ADJUSTMENTS	1 ST EFFECT	2 ND EFFECT
1.	O/s Expenses of Current Year	Add to Expenses	Closing Liability
2.	O/s Expenses of Last Year	Less from Expenses	Opening Liability
3.	Prepaid Expenses in Current year	Less from Expenses	Closing Assets
4.	Prepaid Expenses in Last Year	Add to Expenses	Opening Assets
5.	O/s Income of Current Year	Add to Income	Closing Assets
6.	O/s Income of Last Year	Less from Income	Opening Assets
7.	Pre received income in Current Year	Less from Income	Closing Liability
8.	Pre received income in Last Year	Add to Income	Opening Liability
9.	Depreciation	Less from Assets	Expenditure side
10.	Opening Stock of Stationery	Add to stationery	Opening Assets
11.	Closing Stock of Stationery	Less from stationery	Closing Assets
12.	Income capitalized	Less from Income	Add to Capital Fund
13.	Sale of Assets	Less from Assets (W.D.V.)	(a) Profit - Income side (b) Loss - Expenditure side

* IMPORTANT ACCOUNTING CONCEPTS USED IN THE ACCOUNTING OF 'NOT FOR PROFIT CONCERN'

- ENTRANCE FEES: Fees received by the 'Not for Profit' Concern from the person who intends to become a member at the time of his entry are called entrance fees. UNLESS SPECIFIED, entrance fees are shown on the "CREDIT SIDE" of INCOME & EXPENDITURE A/c. If the entrance fees are capitalised, then entrance fees are added to Capital Fund.
- LEGACY: Any gift or donation given by a person to the Not for Profit Concern as per his will is called legacy. After the death of the donor such gift or donation is given by his/her heir or legal representative to the Not for Profit Concern. THE AMOUNT RECEIVED AS LEGACY IS SHOWN ON THE LIABILITIES SIDE OF BALANCE SHEET.
- LIFE MEMBERSHIP FEES: Fees received by the 'NOT FOR PROFIT' CONCERN from the person who wants to become a life member of the Not for Profit Concern. It is paid by the member once in lifetime. IF LIFE MEMBERSHIP IS CAPITALISED THEN IT IS ADDED TO CAPITAL FUND. THE REMAINING AMOUNT WHICH IS NOT CAPITALISED IS SHOWN ON THE CREDIT SIDE OF INCOME & EXPENDITURE A/c.

If the Book value of asset sold is not given it means the asset is sold at its Book value
(i.e. Selling price = Book value)

Receipt & Payment A/c for the year ended 31 Dec. 2008

Receipts	Effect	Payments	Effect
To Balance b/d	Op. Assets (OA)	By Balance b/d	Op Liab. (OL)
To Income	Income (I)	By Assets purchased	Cl. Asset (CA)
To Legacies	Add to Capital Fund	By Investment Purchased	Cl. Asset (CA)
To Endowment Fund	Cl. Liability (CY)	By Expenses paid	Expenditure (E)
To General Donation	Income (I)		
To Entrance Fees	Income (I)		
To Life Membership fees	Add to Capital Fund		
To Asset sold WDV → Profit/Loss →	Less from Assets Income / Expenditure		
To Specific Donation received	Cl. Liability (CL)		
To <u>Subscription</u>			
Last Year	Op Asset (OA)		
Current Year	Income (I)		
Next Year	Cl. Liability (CL)		
To Balance c/d	Cl. Liability (CL)	By Balance c/d	Cl. Asset (CA)
Total	XX	Total	XX

Dr Income & Expenditure A/c for the year ended 31st Dec. 2008

Expenditure	Amt	Amt.	Income	Amt	Amt
To Expenses (R&P A/c)	XX		By Income (R&P A/c)	XX	
+ O/s of C.Y.	(+) XX		+ O/s of C.Y.	(+) XX	
- Pre in C.Y.	(-) XX		- Pre in C.Y.	(-) XX	
- O/s of L.Y.	(-) XX		- O/s of C.Y.	(-) XX	
+ Pre in L.Y.	(+) XX	XX	+ Pre in C.Y.	(+) XX	XX
To Loss on sale of Asset		XX	By Profit on sale of Asset		XX
To Depreciation on Assets		XX	By Entrances fees(R&P A/c)	XX	
			- Capitalized	(-) XX	XX
To Surplus		(XX)	By Deficit		(XX)
Total		XX	Total		XX

Opening Balance Sheet as on

Liabilities	Effect	Assets	Effect
Capital Fund	Closing Liability	Fixed Assets	Closing Assets
O/s. Expenses	Less from Expenses	Investment	Closing Asset
Income Recd. in Advance	Add to Income	O/s. Income	Less from Income
		Prepaid Expenses	Add to Expenses
Bank Overdraft	Receipt & Payment A/c	Cash / Bank Balance	Receipt & Payment A/c
Total		Total	

Closing Balance Sheet as on

Liabilities	Amt.	Amt.	Assets	Amt.	Amt.
Capital Fund			Fixed Assets	XX	
Opening Balance	XX		+ Addition	XX	
+ Entrance fees capitalised	XX		- Sold	XX	
+ Life Membership fees	XX		- Depreciation	XX	XX
+ Surplus	XX		Investments	XX	
- Deficit	(-) XX	XX	+ Addition	XX	XX
Endowment Fund		XX	O/s Income of C.Y.		XX
Donation for specific purpose		XX	Prepaid Expenses in C.Y.		XX
Income Received in Advance in C.Y.		XX			
O/s Expenses of C.Y.		XX			
Total		XX	Total		XX