

Non Profit Organisation.

Date _____

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The organisations which are formed not to earn profit but to render services to its members & to public are known as NPO.

1. Receipt & Payment Alc.

- It is summary of Cash Book.
- It is a real account.
- Inflow of cash is recorded on the debit side i.e. Receipt side irrespective of year.
- Outflow of cash is recorded on the credit side i.e. Payment side irrespective of year.
- It may have opening & closing balance.

2. Income & Expenditure Account.

- It is like Profit & Loss Alc.
- It is a nominal Alc.
- It records expenses of current year only on debit side. i.e. expenditure Alc.
- Income of current year is recorded on the credit side i.e. Income side.
- This account does not have opening & closing balance.
- The result of Income & Expenditure Alc represents surplus or deficit

3. Subscription

- Subscription is the amount usually collected by NPO from its members every month for the services provided to them.
- It is divided into two types.
 - (a) General Subscription
= It is Income.
 - (b) Special Subscription / Specific Subscription
= It is Liability.
- Calculation of subscription to be shown as Income in Income & Expenditure Alc.

Subscription (as per Receipt & Payment)	xxx.
(+) Subscription at end of current year	+
(+) ^{Advance} Subscription at start of current year	+
(-) Advance subscription at end of current year	-
(-) o/s at the end of current year	-
Subscription shown in I & E Alc.	xxx.

4. Revenue Receipts

- Money received by a business as a result of its normal business operations.
- It is recurring in nature.
- It is income for business enterprise.

5. Capital Receipts

- Such receipts which is not-recurring in nature & increases the liability of business enterprise are called Capital Receipts.
- It is liability for the enterprise.
- Remember \Rightarrow Income generated from the amount of Capital Receipt is also liability & not to be treated as Income.

6. Outstanding / Accrual

↓
IF Income is
Outstanding

↓
It becomes
ASSET

↓
IF expense is
outstanding

↓
It becomes
LIABILITY.

7. Prepaid / Advance

↓
IF Income is
Receipt in Advance.

↓
It becomes
liability.

↓
IF expenses are
paid in advance

↓
It becomes
Asset.

8. Life Membership Fee.

- To become member of an organisation for the whole of life, members pay fee in the lump-sum.
- It is non-recurring.
- It is liability.

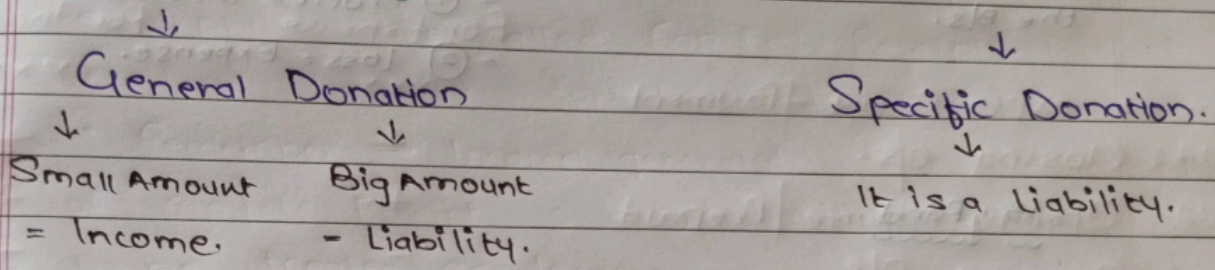
9. Endorsement Fund.

- It is fund arising from a bequest or gift; the income of which is devoted for a specific purpose.
- It is called Capital Receipt & shown as liability in the Balance Sheet.

10. Entrance / Admission Fee

- It is the amount received from new members at the time of admission.
- It is recurring in nature, hence it is shown in Income.
- Note \Rightarrow IF question instructs you to treat entrance fee to capital receipt then it is shown as liability in B/s.

11. Donation



• Specific Donation - When donation is received is to be utilized for a specific purpose. It is specific Donation.

Eg. Donation for Building, Donation for Match.

12. Legacy.

- Amount received as per the will of a deceased person.
- It is a Capital Receipt & shown as liability in the B/s.

Note:- If Expenses of fund is more than the fund amount, then the excess expenses over fund is shown on Expenditure side of Income & Expenditure Alc.

Example :-

Match Fund	100000	(+)
Sale of Ticket	10000	(-)
Match Expenses	120000	(-)

Balance Sheet

Match Fund	1000000
(+) Sale of Ticket	10000
	<u>110000</u>
(-) Match Exp.	120000
	<u>(10,000)</u>
Transfer to I & E Alc	

Exp. side Income

Income & Expenditure Alc.

Expenditure	₹	Income	₹
To Match Expenditure	10000		

16. Consumable Goods

① Calculation of Consumable Goods.

Opening Stock of Consumable Goods	xxx
(+) Cash Purchase of "	xxx.
(+) * Credit Purchase "	xxx.
(-) Closing Stock "	<u>(xxx)</u>
Consumable goods shown as expenditure on the Income & Expenditure Alc.	xxx.

Note:- Calculation of Credit Purchase

	Closing creditors /% of Consumable Goods	xxx
(+)	Payment to Creditors /%	xxx.
(+)	Opening advance of Creditors /%	xxx.
(-)	Closing advance of Creditors /%	(xxx)
(-)	Opening Creditor /% of Consumable Goods	(xxx)
	* Credit purchase	xxx.

17. Treatment of Outstanding & Prepaid.

	For Expense	For Income.
Amount as per Receipt & Payment	xxx	xxx.
Add: Closing o/s.	+	+
Add: Opening Advance / Prepaid	+	+
less: Opening o/s	-	-
less: Closing Advance / Prepaid	-	-
Transfer to	<u>Expenditure</u>	<u>Income</u>