Accountancy
Non profit Organisations

NPO :- it means an organisation the main object is not to earn profit but to provide Social Services. etc. for eg: NGOs, Government School, Government ~~Se~~ Hospitals, etc.

Financial Statement of NPO

- Receipts and Payment A/c
- Income & expenditure A/c
- Balance Sheet

Receipt and Payment A/c.

- It is the Summary of Cash Book.
- It records all the Cash transactions which have been incurred during the year.
- It records all the Cash transactions Wheather of Capital nature or of revenue nature.
- It follows the Concept of real Account.
- It follows the Cash Basis of Accounting.
- Non Cash transaction are not recorded in Receipts and Payment A/c.
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Income and Expenditure A/c

- This account is similar to the Profit & Loss A/c.
- (Surplus or Deficit as Balance)
- It records the transactions which are related to Current year.
- It records only (nominal) revenue nature transactions.
- It records transactions which have been incurred in any year but related to Current year.
- It follows the Concept of Nominal A/c.
- It follow the accrual Basis of Accounting.
- Excess of Income over expenditure is known as Surplus which will be added to the Capital fund.
- Excess of Expenditure over Income is known as Deficit which will be deducted ~~from~~ the Capital fund.

Important terminology :-

- ~~Entrance~~ Entrance fee or Admission fee.

→ Capital nature receipts

→ liability side of Balance sheet.

- Life membership fee.

→ Capital nature recepits.

→ Liability Side of Balance Sheet.

- Donation (General)

→ Revenue nature

→ Income and Exp A/c

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- Special Donation
  → Capital Nature
  → liability side of B/s.

- Capital fund ~~$~~ Accumulated fund. / General fund
  → Also known as General Purpose fund.
  →

- Endowment fund :- Special purpose fund.
- legacy → anything recevied as per the "WILL" of a ~~deace~~ deceased Person.
  → Capital nature receipt
  → liability side of B/s.
- Subscription :- This is the basic Source of income of ~~an~~ NPO.

(A) Calculation of Subscription income to be recorded in I/E A/c.

# Particulars.	Amount
• Subscription received Cash.	x x x
• Outstanding for P. Year.	(x x)
• Outstanding for C. Year.	x x
• Advance for P. Year	x x
• Advance for Current Year	(x x)
Total	

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(B) Subscription Received in Cash to be recorded in R & P A/c.

Particulars	Amount
Subscribtion income.	xxx
Outstanding P. Year	xx
Outstanding C. Year	(xx)
Advance P. Year	(xx)
Advance C. Year.	xx
Total	
Subscribtion received in cash	xxxx

• ~~honouraim~~ honorarium :- an amount paid by ~~an~~ NPO to a person who is not the employee of NPO
→ revenue nature payment.
→ Income and expenditure Account.

Special Purpose funds.

The funds which are created for settlement / manangement of any specific transaction it will be called as special purpose fund.
for eg. tournament fund, Prize fund, Match fund.

• All the related income and expenditure to the particular fund will be dealt in the fund itself and will not be transfer to the Income and expenditure Account.

But if the amount of expenditure exceeds from the total value of funds then the axess amount will be debited in Income / Statement.