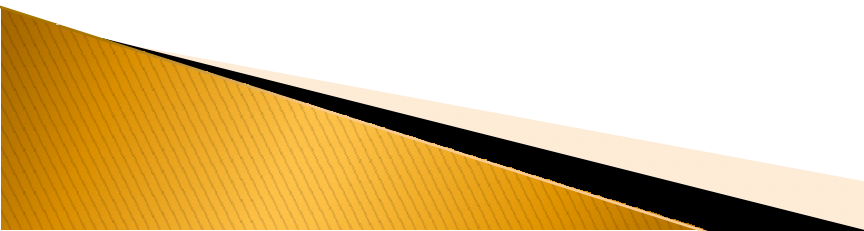


Accounts of non trading organisation

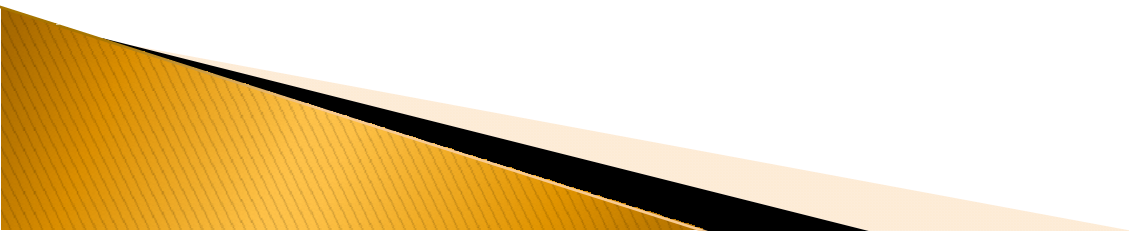
Dr. V. David Raja
Assistant Professor in commerce,
St. Xavier's College (Autonomous),
Palayamkottai.

meaning of non trading organisation

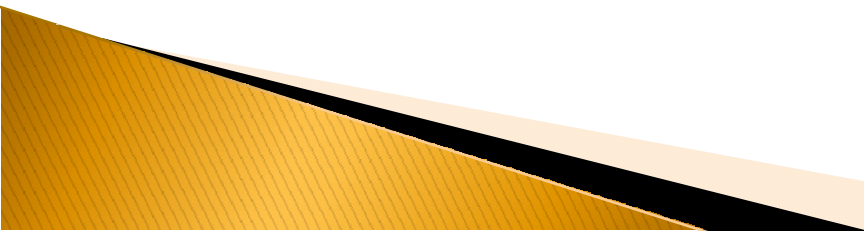
- ▶ Non trading organisation are the organisations
 - ▶ Where there is no sale or purchase of goods
 - ▶ Primary objective of these are –to render services to society
 - ▶ For example clubs, charitable hospitals, trusts ,recreational societies ,religious institutions etc
 - ▶ Professions like doctor,engineer,c.a.,consultants are also included.
- 

Final accounts of non trading organisation

- ▶ Receipt and payment account
- ▶ Income and expenditure account
- ▶ Balance sheet



Receipt and payment account

- ▶ It is prepared from the cash book
 - ▶ It is a summary of cash transactions of a particular period
 - ▶ It is prepared at the end of a year
 - ▶ It is a real account
 - ▶ It records all receipts and payments (capital and revenue both)
 - ▶ It starts with opening balance of cash and bank
 - ▶ Difference of both sides shows closing balance of cash or bank.
 - ▶ If cr. Side is greater than dr. then difference is overdraft
- 

Receipt and payment account and cash book

- ▶ Receipt and payment
 - ▶ Items are not entered date wise .
 - ▶ Prepared by non trading organisation.
 - ▶ One item can be written one time(heading wise)
- ▶ Cash book
 - ▶ Items are entered date wise.
 - ▶ Prepared by trading organisation.
 - ▶ One item can be written many times.

Income and expenditure account

- ▶ It is prepared by non trading organisation
- ▶ It is like profit and loss account.
- ▶ It records only revenue items.
- ▶ Dr. all expenses and losses ,cr. All incomes and gains.
- ▶ $\text{dr. side} - \text{cr. Side} = \text{deficit.}$
- ▶ $\text{Cr. Side} - \text{dr. side} = \text{surplus}$

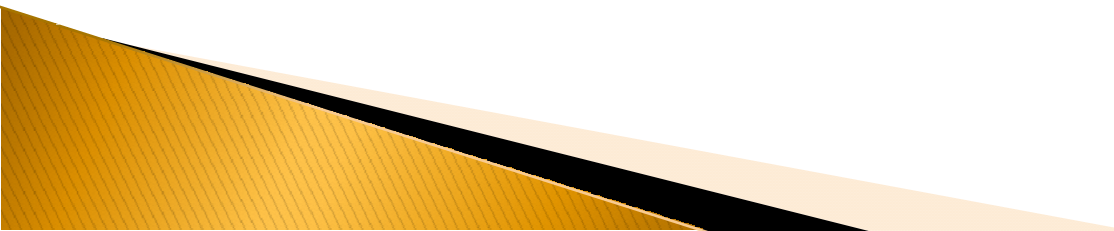
Receipt and payment account and income and expenditure account

- ▶ Summarised statement of cash transactions.
- ▶ Commence with opening balance of cash and bank.
- ▶ Dr. side all cash receipts
cr. Side all payments.
- ▶ Includes receipt and payments of any year.
- ▶ Revenue and capital nature (both) included
- ▶ Closing balance cash or overdraft
- ▶ Like profit and loss account.
- ▶ Opening balance of cash and bank are not shown.
- ▶ Dr. side all expenditure and losses , cr. Side all incomes and gains.
- ▶ Only includes current year transactions .
- ▶ Only revenue items included.
- ▶ Closing balance deficit or surplus.

Receipt and payment
account

Income and expenditure
account

Balance sheet

- ▶ It shows the financial position.
 - ▶ Surplus of assets over liabilities is called capital fund.
 - ▶ It is required to create opening balance sheet to know capital fund if it is not given.
 - ▶ Closing balance sheet is also maintained at the end of year.
- 

Special items of non trading concerns

subscriptions

donations

legacy

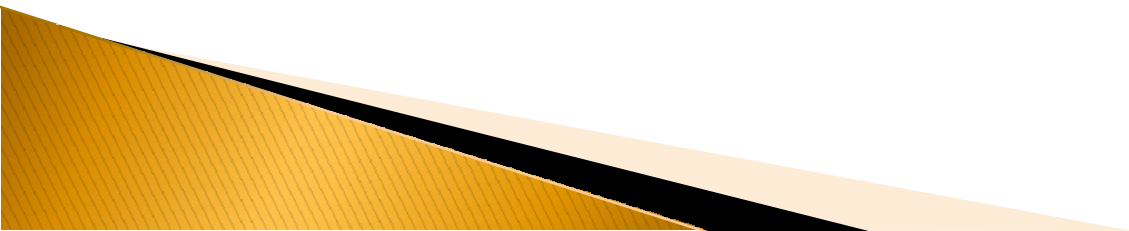
entrance fees

life membership fees

specific funds

endowment funds

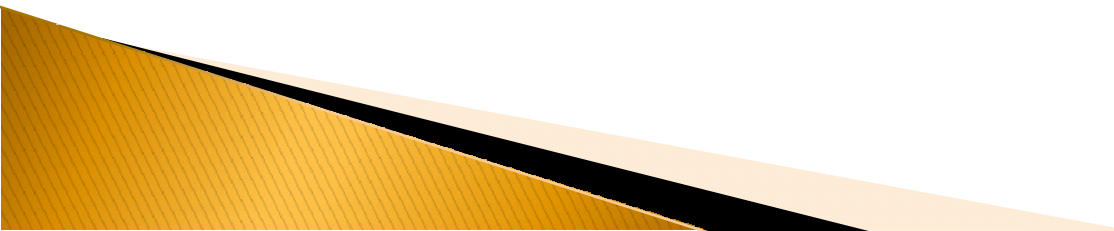
capital fund



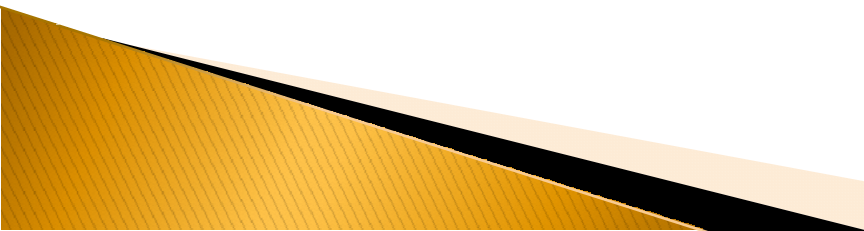
Preparation of income and expenditure account from receipt and payment account

- ▶ Opening and closing balances of cash and bank excluded.
- ▶ Only revenue items are concerned (related to current year)
- ▶ Adjustments regarding accrued incomes ,outstanding expences, depriciation, profit or loss on sale of assets etc. are to be made.

Adjustments= subscription

- ▶ Total subscription received during the year
 - ▶ Add=subscription received in advance at the beginning of year
 - ▶ Add=subscription outstanding at the end of the year.
 - ▶ Less=subscription received in advance at the end of year
 - ▶ Less= subscription outstanding at the beginning of the year.
- 

Preparation of receipt and payment from income and expenditure and balance sheet

- ▶ All cash incomes and payments (capital and revenue)are to be included of any year received and paid during current year respectively.
 - ▶ Commence from opening balance of cash and bank.
 - ▶ Non cash items are excluded.
 - ▶ All cash receipt will be shown in dr. side and payments at cr. Side.
- 

adjustments

- ▶ Income shown by income and expenditure
 - ▶ Add income o/s at the beginning of year
 - ▶ Add income received in advance at the end of year
 - ▶ Less income received in adv. at the beginning of year
 - ▶ less income o/s at the end of year.
- 