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शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ACT Date 11.04.2021

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Accounting for Not-for-Profit Organisation

1.3.1 Salient Features

1. *It is a summary of the cash book. Its form is identical with that of simple cash book (without discount and bank columns) with debit and credit sides. Receipts are recorded on the debit side while payments are entered on the credit side.*
2. *It shows the total amounts of all receipts and payments irrespective of the period to which they pertain . For example, in the Receipt and Payment account for the year ending on March 31, 2007, we record the total subscriptions received during 2006–07 including the amounts related to the years 2005–2006 and 2007-2008. Similarly, taxes paid during 2006–07 even if they relate to the years 2005–06 and 2007–2008 can also be recorded in this account of 2006-07.*
3. *It includes all receipts and payments whether they are of capital nature or of revenue nature.*
4. *No distinction is made in receipts/payments made in cash or through bank. With the exception of the opening and closing balances, the total amount of each receipt and payment is shown in this account.*
5. *No non-cash items such as depreciation outstanding expenses accrued income, etc. are shown in this account.*
6. *It begins with opening balance of cash in hand and cash at bank (or bank overdraft) and closes with the year end balance of cash in hand/ cash at bank or bank overdraft. In fact, the closing balance in this account (difference between the total amount of receipts and payments) which is usually a debit balance reflects cash in hand and cash at bank unless there is a bank overdraft.*

1.3.2 Steps in the preparation of Receipt and Payment Account

1. Take the opening balances of cash in hand and cash at bank and enter them on the debit side. In case there is bank overdraft at the beginning of the year, enter the same on the credit side of this account.
2. Show the total amounts of all receipts on its debit side irrespective of their nature (whether capital or revenue) and whether they pertain to past, current and future periods.
3. Show the total amounts of all payments on its credit side irrespective of their nature (whether capital or revenue) and whether they pertain to past, current and future periods.
4. None of the receivable income and payable expense is to be entered in this account as they do not involve inflow or outflow of cash.
5. Find out the difference between the total of debit side and the total of credit side of the account and enter the same on the credit side as the closing balance of cash/bank. In case, however, the total of the credit side is more than that of the total of the debit side, show the difference on the debit as bank overdraft and close the account.

From the following information based on the data assimilate from the cash book in the given in example 1, at page 4 the Receipt and Payment Account of Golden Cricket Club for the year ended on March 31, 2007 will be prepared as follows:

Summary of Cash Book

<i>Details</i>	<i>Amount (Rs.)</i>
Cash in hand as on April 1, 2006	20,000
Cash at bank as on April 1, 2006	35,000
Subscription: Rs.	
2005-06 30,000	
2006-07 2,25,000	
2007-08 <u>10,000</u>	2,65,000
Donation for Building	60,000
Entrance fees	23,000
Life membership fee	20,000
Printing and Stationery	38,750
Lighting	26,250
Rates and Taxes	17,000
Telephone charges	2,600
Postage and courier	2,000
Wages and Salaries	88,000
Insurance Premium	15,000
Interest on government securities	18,000
Locker rent	42,000
Purchase of government securities	2,00,000
Cash in hand as on March 31, 2007	23,400
Cash at bank as on March 31, 2007	70,000

Receipt and Payment Account for the year ending March 31, 2007

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<i>Receipts</i>	<i>Amount (Rs.)</i>	<i>Payments</i>	<i>Amount (Rs.)</i>
Cash in hand as on April 1, 2006	20,000	Printing and Stationery	38,750
Cash at bank as on April 1, 2006	35,000	Lighting	26,250
Subscription:		Rates and Taxes	17,000
2005-06 30,000		Telephone charges	2,600
2006-07 2,25,000		Postage and Courier	2,000
2007-08 <u>10,000</u>	2,65,000	Wages and Salaries	88,000
Donation for building	60,000	Insurance Premium	15,000
Entrance fees	23,000	Purchase of govt. securities	2,00,000
Life membership fee	20,000	Cash in hand as on March 31, 2007	23,400
Interest on investment in Government securities	18,000	Cash at bank as on March 31, 2007	70,000
Locker rent	42,000		
	4,83,000		4,83,000