

# AccountAble™

Making a Receipts and Payments Account

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Receipts and Payments Account should normally be consolidated. This means that it should show the picture of the entire organisation. This includes FCRA funds, government funds, other funds as well as own funds.

However, in some cases, a limited Receipts and Payments Account is prepared. For example, a Receipts and Payments Account showing transactions for FCRA funds only is prepared and attached to the FC-3. Similarly, some donor agencies ask for project based Receipts and Payments Account,



showing transactions of projects supported by them.

Following guidance applies mainly to the consolidated Receipts and Payments Account.

## Opening Balance

Start with the opening balance<sup>1</sup> of cash in hand, and cash in bank accounts. Remember to include the balance of all bank accounts and all cash books<sup>2</sup>.

Opening bank balances should be taken from the bank book<sup>3</sup> and not from the bank pass book.

<sup>1</sup> At the beginning of the year

<sup>2</sup> If you maintain multiple cash books for each project or for different locations

<sup>3</sup> Or bank column of the cash book/ bank account in the ledger

## Receipts

Summarise all receipts appearing on the receipts side of the cash book and the bank book. These are added up separately for each head of account and shown on the receipts side of the Receipts and Payments Account.

## Payments

Similarly, all payments appearing on the payments side of the cash book and the bank book are summarised. These also are added up separately for each head of account and shown on the payments side of the Receipts and Payments Account.

## Closing Balance

The closing balance is once again taken from the cash book and bank book<sup>4</sup>, as appearing at the end of the year.

## Tallying the two sides

Now add up both the sides. The two totals should tally, if all the figures have been taken correctly. If the totals do not tally then you may have to go back to your account books and cross check the figures again.

## Audit Statement

What does the audit report on the Receipts & Payments Account look like? As the focus is on receipt and payment transactions, the audit report should have the following paragraph.

“...in our opinion, the said accounts give a true and fair view:...

iii. in the case of the Receipts & Payments Account, of the receipts and payments of the Society during the year ended on that date.”

paragraph.

<sup>4</sup> Bank book maintained by you, not the bank pass book

**Consolidated Receipts & Payments Account for the year ended 31<sup>st</sup> March '03**

Receipts	Amount	Payments	Amount
Opening Balance:		<u>Program Expenses:</u>	
– Cash	500	Salaries: Program Staff	9,24,300
– Bank	<u>1,15,500</u>	Salaries: Admn. Staff	2,75,200
Local Contribution	10,250	Watershed Development Works	24,27,356
<u>Grants from:</u>		Education Centres	11,85,320
– Indian Agencies	14,55,500	Leadership Program	2,26,860
– Foreign Agencies	55,75,500	Health Program	19,32,851
– Govt. Dept.	8,75,000	<u>Other expenses:</u>	
<u>Interest from:</u>		Stationary	24,350
– Bank	1,500	Traveling Expenses	2,53,057
– FDs/ Investment	10,500	Fuel & Maintenance	71,950
– Rev. Fund Beneficiaries	12,500	Rent	42,000
<u>Loans &amp; advances:</u>		<u>Loans &amp; Advances:</u>	
Loans taken	1,45,000	Loan to staff	15,800
Loan refund from Secretary	50,000	Revolving Fund Loans given	4,85,760
Advances for Exp. settled	75,354	Loan given to Secretary	50,000
Rev. Fund Loan recoveries	1,10,200	Loans returned	1,06,000
Sale of Motorcycle	5,000	Advances for Exp.	80,500
		Purchase of land	1,00,000
		Closing Balance:	
		– Cash	10,506
		– Bank	<u>2,30,494</u>
			2,41,000
<b>Total</b>	<b><u>84,42,304</u></b>	<b>Total</b>	<b><u>84,42,304</u></b>

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**AccountAble in Hindi:** Akā%{qbl ihNdl mē 'l Dā-yāq' kenam se%pl Bx hf

**Interpretation of law:** Interpretation of law given here is of a general nature and is applicable mainly in India. Please consult your advisors before taking any important decision.

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**Questions?:** Your questions, comments and suggestions can be sent to AccountAid India, 55-B, Pocket C, Siddharth Extension, New Delhi-110 014; Phone: 011-2634 3128; Ph./Fax: 011-2634 6041; e-mail: [ac-countaid@vsnl.com](mailto:ac-countaid@vsnl.com); [accountaid@gmail.com](mailto:accountaid@gmail.com)



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ra:qly zk 1925 Aa; aF,  
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Chanakya Mudrak Pvt.  
Ltd., New Delhi. 2592  
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