

SUBJECT - FINANCIAL ACCOUNTING

SH. ASHOK KUMAR

ASSISTANT PROFESSOR

SUB-DIVISIONAL GOVT.

DEGREE COLLEGE, NAHATTA,

DEHRI, ROHTAS-821304

MOB-8544366310

RECEIPTS AND PAYMENTS ACCOUNT FOR NOT-FOR-PROFIT

ORGANISATIONS - MEANING

* MEANING

Receipts and Payments Account is a real account showing summary of all cash and bank transactions occurred during the accounting year. It is prepared at the end of the accounting year. All cash and bank transactions, taken from the cash book are shown under suitable headings and titles, such as subscriptions, salaries, rent, electricity charges etc.

It is worth mentioning that Receipts and Payments Account is a summary of all cash and bank transactions under various suitable heads. For example, entrance fee received from the members on different dates appear on the debit side of the cash book on respective dates.

However, in the Receipts and Payments Account, entrance fee shall be shown as one item with its total amount. Similarly, all receipts and payments are shown as one item with its total amount. Outstanding items are not recorded in the Receipts & Pay-

ments Account and only cash transactions are recorded in it.

In a going concern, the debit side is started with the opening cash and bank balances.

However, if there is an adverse balance in bank (i.e. bank overdraft), the same shall be shown on its credit side. The actual cash received and actual cash paid during the related accounting period is recorded in it, irrespective of the fact whether those receipts / payments relate to past, present or future accounting period and without distinguishing them into capital or revenue.

On the debit side, all receipts and on the credit side, all payments are recorded. At the end of the accounting period, this account is totaled up and balanced. The cash and positive bank balances are shown on the credit side as closing balance. Negative Bank Balance (i.e. Bank overdraft), however, is shown on the debit side as closing balance.