

## ② Income and Expenditure Account

- Income & Expenditure Account is prepared just like Profit & loss Account (in case of profit organisation)
- It is prepared on accrual basis
- It is nominal account
- It records incomes, expenses, losses of revenue nature on accrual basis
- It records only those incomes, expenses and losses related to current period, whether paid or not.
- All adjustments related to prepaid or outstanding expenses, incomes, depreciation are made
- It does not have opening balance. By comparing both sides either surplus or deficit is calculated which is then transferred to Capital fund in the Balance Sheet.
  - Surplus → added to Capital fund
  - Deficit → deducted from Capital fund

# Income & Expenditure Account for the year ended

Dr.

Cr.

Expenditure	₹	Income	₹
<b>Revenue Expenses</b>		<b>By Subscriptions</b>	
Add- O/s Exp. at end	C/B/S-liab.	+ Sub. o/s at the end	C-B/S-A
Less- O/s Exp in beg.	O-B/S-liab	- Sub. o/s in beg.	O-B/S-A
Add- Prepaid exp. in beg.	O-B/S-A	+ Sub. recd in adv beg.	O-B/S-Liab
Less- Prepaid exp. in end	C-B/S-A.	- Sub. recd. in adv. end	C-B/S-liab
<b>Revenue Expenses</b>		<b>By Revenue Receipts</b>	
+ opening stock	O-B/S-A	+ Accrued Inc. at end	C-B/S-A
- closing stock	C-B/S-A	- Accrued inc. in beg.	O-B/S-A.
+ creditors at end	C-B/S-L	+ unearned inc. beg.	O-B/S-liab
- creditors in beg.	O-B/S-L	- unearned inc end	C-B/S-liab
To Depreciation on Asset		By Profit on sale of Asset	
To loss on sale of Asset		By Entrance fees	
*To expenses (related to fund)		By General Donations	
(-) Receipts of fund		By Sale of old newspapers	
To Rent		By Hall Rent.	
To Printing & Stationery		By Sundry Receipts	
To Honorarium		By Deficit	
To Telephone Exp.		(Excess of Expenditure over income)	
To Audit fees			
To Repairs			
To Sports material used			
To Surplus (Excess of income over Exp.)			

Spiral