

CHAPTER - 1

NON-PROFIT ORGANISATIONS

INTRODUCTION

Non-Profit - Organisations refer to the organisations which

* are used for the welfare of the society

* are set-up as charitable institutions

* main aim is to provide service to a specific group

* do not maintain many books of account like trading and profit & loss account.

* the fund raised by such organisations are credited to Capital Fund or General Fund

* Major sources of their incomes are:

- subscriptions
- donations
- grants-in-aid
- income from investments etc.

* Main objective of keeping records is to meet statutory requirement and control over utilisation of their funds.

* They have to prepare financial statements at the end of each accounting period

- Receipt & Payment Account.
- Income & Expenditure Account
- Balance sheet

* These financial statements are submitted to statutory authority called Registrar of Societies

Trading Organisations
Profit Organisations

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profit earning objective

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Trading Account

↓
Profit & loss Account

↓
Balance Sheet

↓
Receipts and Payments Account
(Same as Cash Book)

Non-Profit Organisation

↓
service objective
(Schools, Hospitals)

↓
Opening Balance sheet

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Income & Expenditure Account
(Same as Profit & loss A/C)

↓
closing Balance Sheet

Date.....