

**Dr.SNS RAJALAKSHMI COLLEGE OF ARTS AND SCIENCE  
(Autonomous)**

**Accredited by NAAC - UGC with 'A+ Grade (Cycle IV)  
( Recognized by UGC, Approved by AICTE & Affiliated to Bharathiar University)  
Coimbatore- 49**

**DEPARTMENT OF COMMERCE WITH INFORMATION  
TECHNOLOGY**

**21UCR402 – FUNCTIONAL ACCOUNTING**

**Unit-2: Non-Profit Organization – Receipts and Payments Account**

**Ms.S.Meenakshi, Assistant Professor  
Department of Commerce with Information Technology**

## Receipt and Payment Account

- A Receipt and Payment Account is an account that records all cash and bank transactions occurring over an entire accounting period.
- It includes receipts—amounts received by the organisation in cash or bank—and payments—outflows or expenses paid in cash, cheque, or any other mode.
- All such cash flows, regardless of whether they belong to earlier, present, or upcoming years, are noted in this account.

## Key Features of Receipt and Payment Account

- It is prepared at the end of the accounting year, summarising all cash and bank receipts and payments.
- The account shows the opening and closing balances of cash and bank.
- All receipts are shown on the debit (left) side; all payments are shown on the credit (right) side.
- Both capital and revenue transactions are recorded, provided they involve actual cash movement.
- The account does not distinguish between different time periods—entries from earlier, current, or future years are all included if they involve cash flow during the year.
- It is not prepared on an accrual basis; only cash transactions are considered.
- This account is mostly used by non-profit organisations to keep a record of all cash transactions and to help in preparing income and expenditure accounts.



## Step – 1

Balance of cash in hand and cash at the bank are taken from the cash book and recorded first on the debit side under the receipts column. Any bank overdraft mentioned is to be taken as the first item on credit under the payments column.

## Step – 2

Identify the various receipts by taking into account if the mentioned records (for ex- subscriptions) have an inflow of cash. If yes, then record it on the Debit side under the Receipts column.

## Step – 3

Identify the various payments by taking into account if the mentioned records (for ex- machinery) have an outflow of cash because of the purchase nature. If yes, then record it on the Credit side under the Payments column.

## Step – 4

Make a total of all the transactions recorded on the debit side under the receipts column and make a note. Do the same for the credit side, make a total of all transactions recorded under the payments column and make a note. Compare both sides and mention the bigger number on the total row.

## Step 5

If the debit side(receipts) has a bigger number i.e. a surplus amount compared to the credit side then the total of Credit is subtracted from the total of the Debit side and the subtracted amount is written as “By balance c/d – ₹” on the credit side.

If the opposite happens i.e, there is a surplus in credit, the credit total is bigger than the debit total, the debit sum is subtracted from the credit total and the remaining amount is mentioned on the debit side under the following name “To balance c/f (overdraft).

**THANK YOU**