

Reserve Fund Mesopotamia Provident Fund Depreciation

Luca Pacioli Income & Expenditure Credit
AccountAble™ Handbook

Budget & Balance Report
Corpus
Accounting Standards for NGOs

Arration Receipts Fixed Assets Register Grants

Multiple Cash Books Trial Balance Auditors Computerized Accounts

Revenue Stamps Benedetto Cotrugli Ledgers

Deficit Endowments Income Statement Journal Honorarium

Form IIIA Bank Reconciliation Blank Cheque

Account Payee, Not Negotiable Tax Exemption

Section 10(23C)(iv) Key Persons

ACCOUNTABILITY Contribution in Kind INCOME

Stock Register Receipts & Payments Transparency

Public Disclosure Auditors' Certificate Debit

Societies Registration Act, 1860 Public Trust

Section 25 AccountAid™ India Section 80G

Donation Ear-marked Funds Salary Register

Gratuity Conflict of Interest

About this book

(front inside cover)

The AccountAble Handbook is a compilation of the individual issues of 'AccountAble', released by AccountAid India since 1994. These issues have been designed and circulated on a monthly basis primarily for the partners of our client Agencies.

'AccountAble' is circulated to about 1,200 persons, including Chartered Accountants. It is also available through e-mail, on a complimentary basis. The present compilation brings all issues of AccountAble related to accounting and regulation of non-profit organisations together at one place. Issues related to FCRA have been compiled in a separate handbook.

The topics covered in this handbook include:

- Book-keeping
- Financial statements
- Banking
- Form of organisation
- Income tax
- Financial reporting
- Other topics such as revolving funds, corpus, contribution in kind, gratuity, etc.

An electronic copy of this book is available on our web-site, www.AccountAid.net.

While we have taken utmost care to make sure there are no mistakes, the handbook is designed to provide a general understanding only. We, therefore, suggest that you seek independent and responsible advice before taking any important decisions based on this material.

We trust the handbook will be of use to implementing NGOs in India, grant-making Agencies, consultants and auditors dealing with non-profit organisations.

The law presented in this book is valid as of 30th June 2002. It applies to organisations working or registered in India.

AccountAble™ Handbook

NGO Accounting and Regulation

AccountAid™ India
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AccountAid India,
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Fax: 011-2634 6041
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Preface

Non-profit accounting is a surprisingly complicated affair. There are several reasons for this: (i) organised charity is a relatively recent phenomenon; (ii) it is subject to pressures from various institutions, especially the donor agencies; (iii) professional accountants have paid relatively little attention to non-profit accounting; and, finally, (iv) its financial management is focussed on spending money, rather than making it!

What kind of accounting is appropriate for non-profits? This may vary from one region to another. Accounting practices developed in one country, therefore, may not suit another. Yet, there must be a common meeting ground, as organised charity is largely an international effort. A key issue is, therefore, to find solutions which are valid for a region, yet can be interfaced with requirements of international charities. We believe that such solutions can be built only from the ground upwards.

It is commonly acknowledged today that accountability is one of the most significant issues in non-profit work. Accountability is inextricably linked with public and Government perceptions of the non-profit sector, and in turn affects the credibility and capacity of the sector to make a difference. Accountability is, therefore, the silver thread running through the fabric of this book. As a matter of fact, this book is largely a compilation of our monthly journal with the self-explanatory title 'AccountAble'.

This handbook deals with several areas related to accounting: book-keeping, financial reporting and banking. It also deals with regulation of non-profit organisations in India: issues relating to registration, taxation, and staff benefits have been covered. FCRA has been covered extensively in a separate volume.

While we have tried to make sure that the book is free from errors, still the possibility remains. We, therefore, welcome your comments and suggestions so that we can correct these in future editions. A copy of this book is also being put up on our web-site (www.AccountAid.net), where the information will be updated regularly.

For a compilation like this, acknowledging support can be a bewildering task. So many people have contributed to this, that it is difficult to decide who can be left out, given the constraints of space and reader's attention span. In keeping with our own tradition, we can mention no individual names.

However, the most important contribution has come from NGO functionaries and accountants across India, who have shared their problems with us in confidence. Many people working in grant-making Agencies, have helped us add depth and insight to AccountAble, by attending our annual workshops and discussing their concerns. Then there are people who have encouraged us by visiting our web-site and sending us their feedback and questions.

We would also like to thank our client Agencies, CRY and Ford Foundation, who have supported research and publication of AccountAble through these years. The publication

of this handbook has been made possible under an agreement with Ford Foundation in India, whose people deserve a special word of thanks for their support, encouragement and the confidence they have shown in us.

We would also like to thank people at Chanakya Mudrak, who worked on this patiently, despite short notice and a difficult manuscript.

And finally, a special note of thanks to the individual members of our own team and to their families, who sacrificed many evenings and weekends to this book.

30th June 2002

AccountAid Team

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