



**Ministry of Health and Family Welfare
Government of India**

**E-Training Module on
“Book Keeping and Accounting”**

April, 2011

Learning Objective of the Module

The aim of this training module on "Book Keeping and Accounting" is to help the finance and accounts staff to develop an understanding of the following:

- ✓ Importance of “ Book Keeping and Accounting” function
- ✓ Key Accounting activities and concept of Accounting Centers under NRHM
- ✓ Books of accounts to be maintained at various levels and their purpose
- ✓ Key accounting policies and principles to be followed for maintenance of books of accounts and preparation of financial statements
- ✓ Important accounting entries to be passed
- ✓ Key Financial Statements to be prepared
- ✓ Key Formats to be followed for preparation of books of accounts and financial statements (as per the prescribed guidelines)

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- ✓ Concept of Accounting Centers under NRHM
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 - Voucher and Supporting Documents
 - Books of Accounts to be maintained at various levels
 - Responsibilities to Maintain Accounting Records
 - Certain Important Books of Accounts: Their Objective, Contents and Formats
- ✓ Key Accounting Policies
- ✓ Key Accounting Entries
- ✓ Compilation and Finalization of Accounts
 - Account Closing Procedures
 - Understanding of Key Financial Statements
 - Formats of Financial Statement
- ✓ Case Studies
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INTRODUCTION

Accounting/ Book Keeping

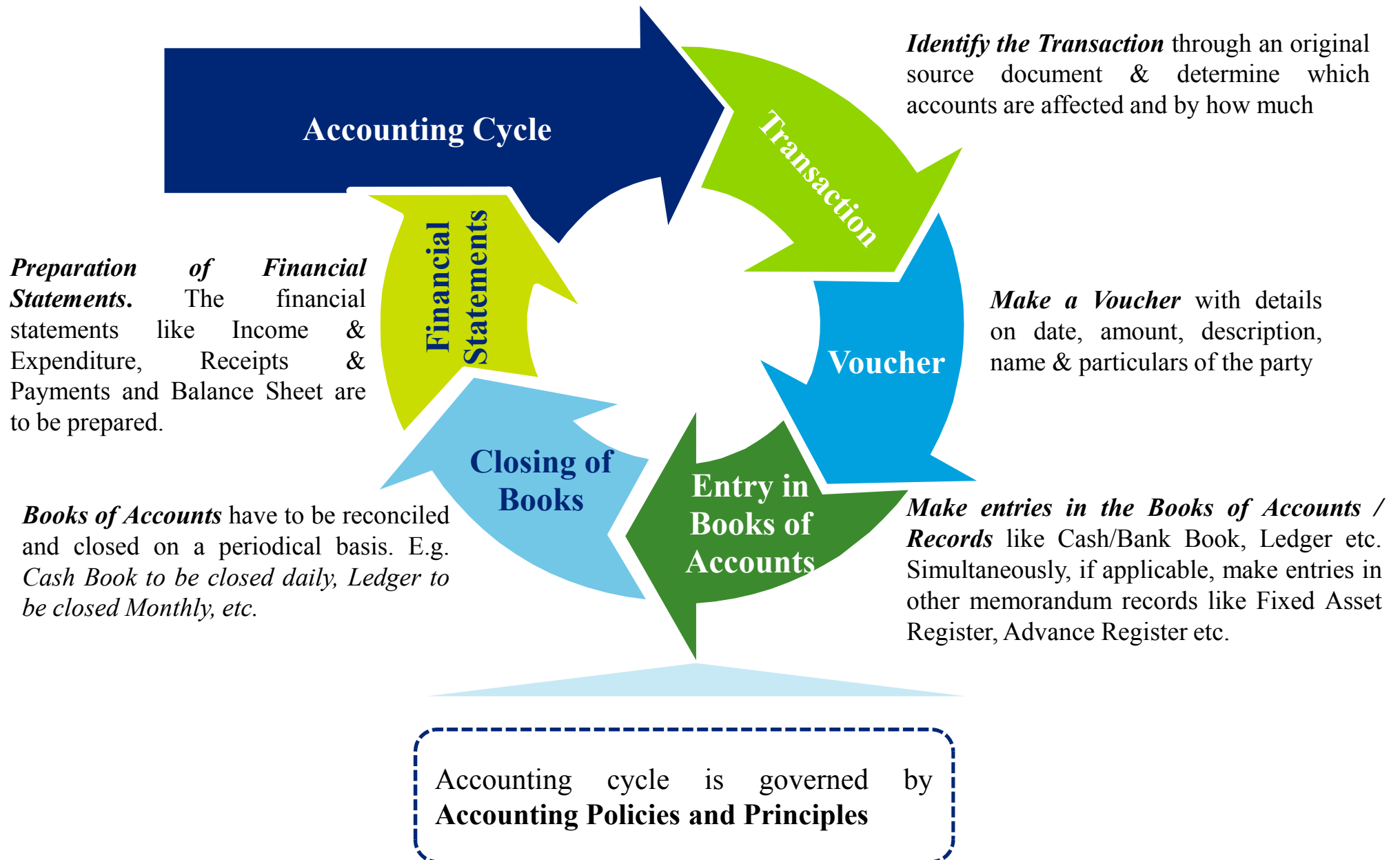
Book Keeping is the process of recording financial transactions of a facility and is the first step of the accounting process.

Accounting is the art of recording, classifying and summarizing in terms of money transactions and events of financial character.

Importance of Accounting/ Book Keeping

- ✓ Tool to record all financial transactions/ events
- ✓ Helpful in organizing and preparing the financial statements, cash flows, budget, financial plans etc.
- ✓ Generates the financial information needed to manage and understand the financial position of the entity
- ✓ Facilitates easy auditing according to the set standards

Accounting Cycle- An Overview



CONCEPT OF ACCOUNTING CENTERS

Accounting Centers under NRHM

- ✓ Accounting Centers are the offices/ units where accounting in respect of various financial transactions is supposed to be carried out. They are responsible for maintaining the relevant books of accounts and other financial/ statutory records.
- ✓ On the basis of incurring and recording transactions at various levels, the following are the accounting centers under NRHM:

Accounting Center	Unit	Accounting	Reporting	Consolidation
State Level	State Programme Management Unit	✓	✓	✓
District Level	District Programme Management Unit	✓	✓	✓
Block Level	Block Programme Management Unit	✓	✓	✓
Other Level	CHC/ PHC	✓	✓	x
	RKS	✓	✓	✓

**BOOKS OF ACCOUNTS/
ACCOUNTING RECORDS**

Vouchers and Supporting Documents

What is a Voucher?

Voucher is a basic documentary evidence to record a financial transaction in the books of account of the society/ peripheral unit

Voucher Maintenance and Supporting Documents

- ✓ All vouchers should be scrutinized thoroughly before making payments
- ✓ All vouchers should be scrolled (serial numbered) and entered in cash/bank book with appropriate referencing
- ✓ All vouchers to be supported with appropriate documentary evidence and necessary approval from competent authority needs to be taken beforehand
- ✓ Supporting documents should be cross referenced to link them to each item of expenditure with budget heads, project components, expenditure categories etc
- ✓ All supporting documents in originals should be defaced/ stamped as ‘ PAID & CANCELLED’ with details of cheque number and date

Books of Accounts to be Maintained at Various Levels

Key books of accounts to be maintained at various levels are given below:

Books of Accounts/ Other Records	State / District	Block	CHC/P HC	RKS	Sub Centres	VHSC
Double Column Cash and Bank Book	✓	✓	✓	✓		
Columnar Petty Cash Book					✓	✓
Bank Register					✓	✓
Ledger	✓	✓	✓	✓	✓*	
Journal Register	✓	✓	✓	✓		
Cheque Issue Register	✓	✓	✓			
Advance Register	✓	✓	✓	✓		
Salary Register	✓					
Fixed Asset Register	✓	✓	✓	✓	✓	

**Not mandatory but units currently maintaining ledgers may continue maintaining it as a good practice*

Books of Accounts to be Maintained at Various Levels

Books of Accounts	State / District	Block	CHC/ PHC	RKS	Sub Centres	VHSC
Fund Received Register	✓	✓	✓			
Disbursement Register	✓	✓	✓			
Bank Pass Book/ Bank Statement	✓	✓	✓	✓	✓	✓
Bank Reconciliation Statement	✓	✓	✓	✓	✓	✓
Minutes/ Proceedings Register *				✓		✓
JSY Register**			✓		✓	

**For any important meetings held at the units, minutes register should be maintained at all respective units*

*** In addition to units specifically mentioned above, JSY register also needs to be maintained wherever JSY disbursements are made*

Responsibility to Maintain Records

- ✓ Responsibility to maintain Books of Accounts lies with the following officials:
 - State Finance Manager/ State Accounts Manager at State Level
 - District Accounts Manager at District Level
 - Block Accountant at Block Level
 - Accountants at CHC/ PHC Level
 - ANM at the Sub-Center Level
 - ASHA/ AWW at VHSC level
- ✓ Books of accounts together with supporting documents and project management reports should be maintained for at least three years after the completion of audit of the entire programme expenditure

Movement of Records

- ✓ At SHS, DHS, Block, CHC/PHC and RKS level, no movement of accounting records is required. Record for all transactions taking place at these units shall be kept at these institutions only
- ✓ Sub Centers and VHSCs are required to send their vouchers to their supervisory units along with the UCs

**CERTAIN IMPORTANT BOOKS OF ACCOUNTS:
OBJECTIVE, CONTENTS & FORMATS**

Cash Book

Purpose

Principal book for recording all cash receipts and payments. The closing balance of cash book reflects cash in hand/ Bank balance.

Details

- ✓ For SHS, DHS and Block a “ Double Column Cash Book / Bank Book: is to be maintained, while at Sub Center and VHSC, a “Columnar petty cash book” is maintained along with a bank register
- ✓ Entries are to be made in the cash book on the day payment is received/ disbursed
- ✓ To be written on daily basis for SHS, DHS, Block, CHC/PHC and RKS and on a weekly basis for SC and VHSC. Cash book should be closed on same day by checking and authenticating by one of the cheque signing officer
- ✓ If no transaction has taken place in a day, the entry “ No Transaction” has to be noted in the cash book in red ink and balances to be carried forward to the next day
- ✓ Voucher Serial no. & Ledger Folio no. should be noted in the cash book
- ✓ Over writing should be avoided and corrections should be attested by authorized officer under his dated initials

Format of Petty Cash Book for Sub Center

Date	S. No	Particulars (Including party name, activity head, etc.)	Receipts (A)	Total Expenditure (B)	Payments *					Daily Balance (C= A-B)
					Cleaning of Sub Centre	Minor modifications and repair	Transport of emergencies	Payment/Reward to ASHA	Other Expense	
Monthly Total										

S No. - Serial Number

Note: Cash book should be serially page numbered and authenticated by the supervisor

* Illustrative expense heads have been mentioned here, however, additional heads can be added as per requirement.

Format of Petty Cash Book for VHSC

Date	S No.	Particulars (Including party name, activity head, etc.)	Receipts (A)	Total Expenditure (B)	Payments*					Daily Balance (A-B)
					Village level public health activity (cleanliness drive etc)	Revolving fund for households	Nutrition,	Education & Sanitation	Other Expenses	
Monthly Total										

S No. - Serial Number

Note: Cash book should be serially page numbered and authenticated by the supervisor

** Illustrative expense heads have been mentioned here, however, additional heads can be added as per requirement.*

Ledger

Purpose

Ledger is supposed to be maintained under “Double Entry System” of Book-keeping where transactions are classified and recorded as per different heads of accounts. Each ledger account provides a summary of all transactions under that account head.

Details

- ✓ Separate ledger accounts must be prepared for the following activities by the block
 - Individual Pools to record grants received from supervisory units (For eg. Grant for RCH Flexipool A/c)
 - To record activity wise advances given to subordinate units
 - To record expenditure for each individual activity
 - All other advances, in the name of the person / agency to which advance has been disbursed (For e.g. to employees, outside agencies, etc.)
 - Salary ledger heads to record payments to each employee
- ✓ To be closed on a monthly basis and balances of the same to flow in the monthly FMRs / SoE. Totals would be done for each ledger head and a trial balance prepared. Discrepancies, if any, will be rectified and reconciled.

Format of Ledger Account

Name of the Ledger Account (Name of the Expense / Activity and Name of the Pool):

Date	Particular	V.S. No.	C. B. S. No.	Amount (Dr.)	Amount (Cr.)	Balance (Dr. / Cr.)

V. S. No. – Voucher Serial Number

C. B. S. No. – Cash Book Serial Number

Fixed Asset Register

Purpose

Fixed Asset register is maintained to record various quantitative and financial details relating to fixed assets and their location/ movement.

Details

- ✓ Should be kept in two parts- one for assets of permanent nature like furniture and fixtures, computers, machinery and equipment, vehicles etc. and the other for assets of temporary nature/ consumables like stationary, printing material etc.
- ✓ All assets received in kind from the supervisory units should also be included in the fixed asset register.
- ✓ Should contain full particulars of purchase/ receipt of fixed assets including date of purchase, its current location/ user, value of purchase etc.
- ✓ All other assets purchased by the society and subsequently handed over to the periphery units should be shown transferred to such entities in the register and further tracking of the register will be required.
- ✓ Certificate to be obtained from the receiving entity and kept in the asset register with contra entry in the 'Location/ Under custody' column
- ✓ No depreciation is to be on fixed assets

Advance Register

Purpose

Advance register is maintained to record advances given to implementing units, staff and external parties/ suppliers, which aids periodical monitoring and follow up

Details

- ✓ All advances should be entered in the register immediately after the cash is paid/ cheque is given to the advancee
- ✓ A proper ageing of the advances should also be maintained on a regular basis and old outstanding advances should be identified for immediate follow up
- ✓ For advances more than a year, a detailed record should be prepared indicating their purpose, amount of advances, date on which advance was given and party to whom advance was given

Format of Advance Register and Ageing of Advances

Date	Particulars (Activity for which advance given)	Given to (Name of the party / unit)	Cheque No.	Date as per the Cheque	Amount	Adjustment Details		Balance Advance
						Date	Amount Adjusted	

Format of Ageing of Advances

Name of the Unit	Activity Name	Outstanding Age	No. of Advances	Amount Outstanding (Rs.)
Unit 1	RCH	Less than 6 months		
		Between six months to one year		
		More than one year**		
	Total			Rs.....
	NRHM	--DO--		
	--	---		
Unit 2				

** Details of advances outstanding for more than a year

S. No	Date	Amount of Advance given (Rs.)	Name of the Party	Purpose of the advance

Bank Reconciliation Statement

Purpose

Bank Reconciliation Statement (BRS) is prepared to reconcile balance as per books (Bank Book) and the bank balance as per the bank statements (Pass Book) as on particular date. It explains the differences between the two and aids in accounting for/ follow up of the outstanding entries.

Details

- ✓ Bank Reconciliation Statement is prepared to reconcile the balance of cash at bank in a society's records with the bank statement on a particular date
- ✓ It helps in detecting, if there is any error in recording the transactions and ascertaining the correct bank balance on a particular date
- ✓ It should be prepared on a monthly basis (by the 10th of the following month)
- ✓ Separate BRS should be prepared for each bank account
- ✓ BRS should be reviewed and signed by the supervisory officer of the unit
- ✓ Outstanding entries should be followed up

Format of Bank Reconciliation Statement

Bank Reconciliation Statement for the month of _____

Name of the Unit:

Balance as per Cash Book (as on date)

Add:

- (i) Cheques issued but not encashed
- (ii) Credit entries made in the bank pass book but not shown in the cash book

Total

Less:

- (i) Amount sent to Bank but not credited in the Saving Bank Account of the unit
- (ii) Bank charges debited in the bank account but not accounted for in the cash book

Total

Balance as per Pass Book

Prepared by :

Examined by :

Date : _____

KEY ACCOUNTING POLICIES

Key Accounting Policies

- ✓ 'Accounting policies' refer to the specific policies and procedures used by the entity to prepare its financial statements. These include any methods, and procedures defined for financial accounting and presenting disclosures.
- ✓ Some of the key Accounting Policies adopted under NRHM to bring in uniformity and consistency in the method of accounting for programme funds across various units are enumerated below:
 - **Cash Basis Accounting:** Transaction be accounted for at the time of receipt or payment only.
 - **Double Entry Book Keeping:** The books of accounts shall be maintained on double entry book keeping principles i.e. there should be a corresponding Debit/ Credit for each and every transaction
 - **Accounting Period:** It is the period with reference to which accounting books of any entity are prepared & balanced and the financial statements are prepared. Under NRHM, units are supposed to follow the Financial year (i.e. 1st April to 31st March) as the Accounting period.

Disclosure of Accounting Policies and Notes to Accounts

- Basis of preparation of Financial Reports and significant accounting policies related to material items shall be disclosed
- Any changes from earlier policy may be disclosed along with the impact of such a change on financial indicators
- Notes should provide additional information, not readily discernible from the Financial Reports but which is necessary for a fair presentation of the entity's financial performance and position
- Notes to the Financial Reports should be presented in a systematic manner- Each item in the statements should be cross-referenced to any related information in the notes

TREATMENT OF CERTAIN ITEMS

Grant- in- Aids from Centre/ State

- ✓ Amount of grant received by SHS/ DHS will be taken into Income/ Revenue of a particular year to the extent of expenditure incurred only against the particular grant.
- ✓ To be taken into account on actual receipt of money
- ✓ Funds sanctioned and transferred but not actually received to be entered on income side of Income & Expenditure A/c and on the assets side of Balance sheet
- ✓ To be taken on receipt side of the Receipt & Payment A/c and on income side in the Income & Expenditure A/c
- ✓ Reflected as income in Income & Expenditure A/c to the extent of fund utilization against it
- ✓ Shown as liability in the Balance Sheet to the extent of remain unutilized at the end of financial year

Recognition of Expenditure

- ✓ Releases made to Public Health Institutions shall not be treated as expenditure unless they are reported back as expenditure either by voucher or SoE
- ✓ Releases made to NGOs, Corporations etc. will be treated as advance till they are reported back as expenditure duly backed by supporting documents.
- ✓ The deposit or advance for Civil Works will be booked as expenditure on the basis of progressive report of work of completion to the extent certified by the PWD
- ✓ Commodity Grants received from the Govt. of India should appear in the Notes on Accounts and Disclosure of the Audit Report.
- ✓ In case of Untied Fund released to **SC and VHSCs** only funds reported by them as 'actually spent' under SoE shall be booked as expenditure. All other releases are also to be treated as advance unless reported back as expenditure supported by vouchers, SoE or necessary documents

Treatment of Fixed Assets

- ✓ Fixed assets should be stated at cost of acquisition & subsequent improvements including taxes, duties, freight & other incidental expenses
- ✓ Stock Register to be maintained for the articles or item of permanent or non-consumable nature e.g. furniture, fixtures, equipments, machinery, computer system etc.
- ✓ Facility where fixed assets exist should maintain a Fixed Assets Register but, the facility which receives the asset and then transfer it to various peripheral institutions should maintain a log or distribution register
- ✓ Articles that are procured, used and installed in the Office of the Society and are capitalized in the balance sheet are to be treated as assets of the society
- ✓ Assets purchased by the society and subsequently handed over such as Buildings, Mobile Medical Units, Ambulances, Equipments for Hospitals etc. are to be capitalized in the books of SHS or DHS and to be booked as an expense
- ✓ No depreciation will be charged on fixed assets as the project is a cost incurring project and there is no revenue against which depreciation can be set off

Treatment of Interest Earned

- ✓ Statement of interest earned should be furnished on six-monthly basis by the 10th of the next month
- ✓ Interest earned under various programmes should be shown separately
- ✓ Interest earned will be treated as receipt and should be shown as income in the Income & Expenditure Statement separately
- ✓ Interest earned will be included as additional funds available and will be factored in while approving the State Programme Implementation Plan for next year
- ✓ Interest earned should be treated as Grant-in-Aids and to be utilized for the same purpose for which the State PIP or District PIP is approved.

KEY ACCOUNTING ENTRIES

Important Accounting Entries

Grant- in – Aids from Center/ State

The following entry is to be passed at the time of receipt of funds;

Bank A/c	Dr
	To Grant – in – Aid

For unspent grants returned;

Grant – in – Aid	Dr
	To Bank A/c

Recognition of Expenditure

The following entry is to be passed at the time of recording expenditure incurred;

Expenditure Head A/c	Dr
	To Bank/Cash A/c

Important Accounting Entries

Advances

The following entry is to be passed at the time of disbursing the money as advance;

Advance A/c (Name of the advance) Dr
 To Bank A/c

For reversal of advances to the extent of expenditure reported;

Expenditure Head A/c Dr
 To Advance (Name of the advance)

Important Accounting Entries

Funds Transferred to Implementing Units

For recording disbursement to implementing units

Implementing units – Advance A/c Dr
 To Bank A/c

For recognition of expenditure on receipt of SoE/ UC from implementing units

Expenditure Head A/c Dr
 To Implementing unit- Advance A/c

Fixed Assets

For recording purchase of assets out of internally generated funds;

Fixed Asset Dr
 To Bank A/c

Important Accounting Entries – Accounts Closing & Consolidation

Recognition of Income

For Recognition of Income to the Extent of Expenditure Incurred;

Grant – In – Aid for Dr
 To Income A/c

Funds in Transit

Following entry is to be passed in case the funds are sanctioned but not actually received;

Funds in Transit A/c Dr
 To Grant – in – Aid

On actual receipt of funds;

Bank A/c Dr
 To Funds in Transit A/c

Important Accounting Entries – Accounts Closing & Consolidation

Consolidation

For consolidating the Cash & Bank Balance of implementing units;

Cash / Bank A/c	Dr
To Advance to implementing units for (Name of Activity for which fund was disbursed)	

(Note: This entry should be reversed immediately in the next accounting year)

For Transferring the Excess of Income over Expenditure to Reserves and Surplus at the end of the period;

Income & Expenditure A/c	Dr
To Reserves and Surplus A/c	

**COMPILATION AND FINALIZATION
OF ACCOUNTS**

Account Closing Procedures

- ✓ Closure of the accounting books is an important and necessary function for maintaining the integrity of accounting data
- ✓ Before the accounting books are closed for the period, a thorough review of all financial information should be preferred
- ✓ Some of the key steps for closure of books of accounts include:
 - To ensure that,
 - No expenditure for the period is pending to be booked
 - No pending entries are left to be passed in the Books of Accounts
 - All closing period/ consolidation entries have been passed in books of accounts (as illustrated in the previous section on “Key Accounting Entries”)
 - All individual Bank and Advance accounts have been reconciled
 - All material balances of advances given to staff and other parties have been duly confirmed
- ✓ After closure of books of accounts, financial statements including Trial Balance, Income & Expenditure, Receipts & Payments and Balance Sheet can be prepared

Financial Statements

Financial Statements of a Society basically comprise of:

	Financial Statement	Objective
1	Receipt and Payment account	Statement of cash and bank transactions for a period. It also provides opening and closing balances of cash and bank
2	Income and expenditure account	Describes how society has performed over a period. It records all the revenue expenditure and income items of the current accounting period.
3	Balance Sheet	Tells about the long term health and strength of the society as at a particular date. It provides an overview of the assets, liabilities and capital of the entity.

Financial Statements contd..

Relevant financial statements and respective timelines for the accounting centers are as follows:

Accounting Center/ Financial Statements	Trial Balance	Income & Expenditure	Receipts and Payments	Balance Sheet
SHS	✓	✓	✓	✓
<i>Timeline</i>	<i>Monthly</i>	<i>Quarterly</i>		
DHS	✓	✓	✓	✓
<i>Timeline</i>	<i>Monthly</i>	<i>Quarterly</i>		
Block	✓	✓	✓	✓
<i>Timeline</i>	<i>Monthly</i>	<i>Only if mandated by the states (at the frequency as prescribed by the state)</i>		
RKS	✓	✓	✓	✓
<i>Timeline</i>	<i>As per the mandate of the Samiti</i>			
CHC/PHC	✗	✗	✗	✗

Difference between “Receipts and Payment A/c” and “Income and Expenditure A/c”

Receipts and Payment A/c

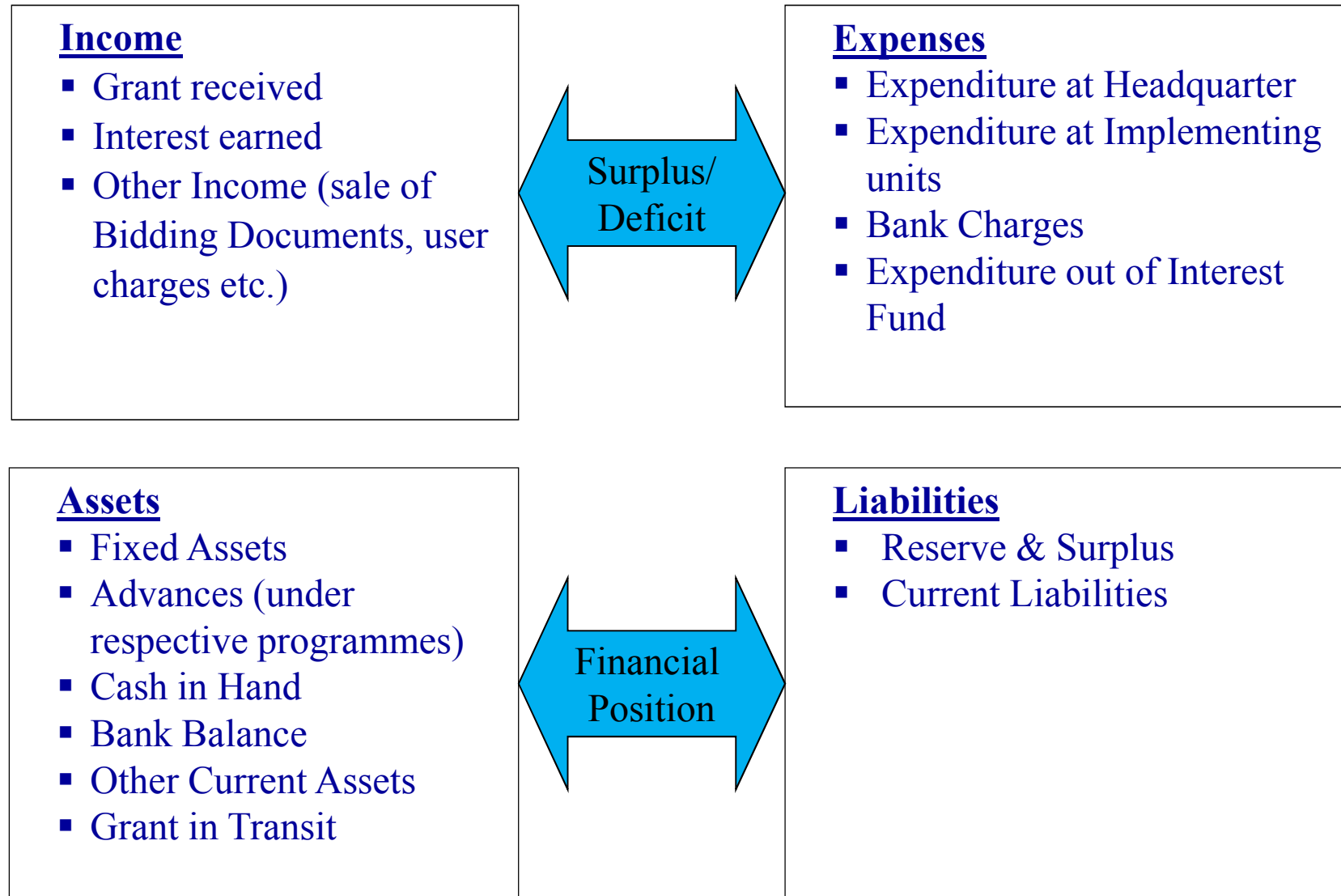
- Another name for Cash/ Bank Book.
- Records receipts and payments actually received or paid during the year
- It records all receipts and payments irrespective of the distinction between capital and revenue items.
- Closing Balance reflects the balance in bank or cash in hand.

Income and Expenditure A/c

- Another name for Profit and Loss Account.
- Records income and expenditure earned or expensed in the current accounting period
- It records only the revenue items. For instance, purchase of building will not be recorded in this account but depreciation will be shown here.
- Closing balance reflects the surplus or deficit for the period.

Illustrative- State Health Society's Financial Accounts

An overview of items which generally appear under Income, Expenses, Assets and Liabilities of SHS is given below:



Format of Receipt and Payment Account

STATE HEALTH SOCIETY											
Receipts & Payments Account for the Year Ended 31-03-20											
<i>Amount in Rupees</i>											
Opening Balance					RECEIPTS						
Sl. No.	Name of the district	Cash	Bank	Sub-Total	Grant-in-aid received during the year (including cheque received or to be received from GOI)	Other Grants	State Contribution	Misc. Receipts (includes refund of EMD/SD)	Amount of Advances refunded/adjusted against exp.during the year	Interest	Grand Total
1	2	3	4	5	6	7		8	9	10	11
State Level:											
District Level:											
1	District A										
2	District B										
3	District C										
4	District D										
		Grand Total									
					PAYMENTS						
Sl. No.	Name of the district	Funds utilized/expenses during the year (other than fixed assets) as shown in the Income & Expenditure a/c	Purchase of fixed assets	Advances given during the year	Refund of EMD/SD	Grant Refunded to GOI :	Closing Balance			Total	
1	2	3	4	5	6	7	Cash	Bank	Cheques/Draft in Hand	10	
							8	9		11	
State Level:											
District Level:											
1	District A										
2	District B										
3	District C										
4	District D										
		Grand Total									

Format of Income and Expenditure Account

STATE HEALTH SOCIETY							
Income & Expenditure For The Year Ending 31-03-20XX							
<i>Amount in Rupees</i>							
Previous Yr. At 31-03-XX	Expenditure	Sch. Ref.	Current Yr. At 31-03-XX	Previous Yr. At 31-03-XX	Income	Sch. Ref.	Current Yr. At 31-03-XX
	RCH-I	I-A	Figure C of Sch.		Grant Received		
	RCH Flexipool	I-B	Figure C of Sch.		RCH-I	I-A	Figure C of Sch.
	NRHM Additionalites	I-C	Figure C of Sch.		RCH Flexipool	I-B	Figure C of Sch.
	RI Strengthening Project	I-D	Figure C of Sch.		NRHM Additionalites	I-C	Figure C of Sch.
	Pulse Polio (PPI)	I-D	Figure C of Sch.		RI Strengthening Project	I-D	Figure C of Sch.
	EC SIP	I-E	Figure C of Sch.		Pulse Polio (PPI)	I-D	Figure C of Sch.
	TB Programme	I-F	Figure C of Sch.		EC SIP	I-E	Figure C of Sch.
	Malaria	I-G	Figure C of Sch.		TB Programme	I-F	Figure C of Sch.
	Iodine Deficiency	I-H	Figure C of Sch.		Malaria	I-G	Figure C of Sch.
	Blindness Control	I-I	Figure C of Sch.		Iodine Deficiency	I-H	Figure C of Sch.
	IDSP	I-J	Figure C of Sch.		Blindness Control	I-I	Figure C of Sch.
	Leprosy	I-K	Figure C of Sch.		IDSP	I-J	Figure C of Sch.
	Others (Please specify)	I-L...	Figure C of Sch.		Leprosy	I-K	Figure C of Sch.
					Others (Please specify)	I-L...	Figure C of Sch.
	Income Over Expenditure (Surplus)				Interest Earned	VIII	Figure B of Sch.
					Expenditure Over Income (Deficit)		
0	Total		0	0	Total		0

Place :

Date :

Chartered Accountants

State Finance Officer

Mission Director

Format of Balance Sheet

Previous Yr. At 31-03-XX	Liabilities			Current Yr. At 31-03-XX	Previous Yr. At 31-03-XX	Assets		Sch. Ref.	Current Yr. At 31-03-XX
	Reserve & Surplus								
	Opening Balance (Surplus)	Figure A of Sch.	IX		Figure A of Sch.	Fixed Assets		II-A	Figure D of Sch.
	Add/Less :Surplus/Deficit for the year	Figure B of Sch.	IX	Total					
						Loan & Advances			
					Figure A of Sch.	Advances-RCH-I		IV-A	Figure E of Sch.
	Unspent Grant				Figure A of Sch.	Advances-RCH Flexipool		IV-B	Figure E of Sch.
Figure A of Sch.	RCH-I	Figure E of Sch.	I-A		Figure A of Sch.	Advances-RI Strengthening		IV-B	Figure E of Sch.
Figure A of Sch.	RCH Flexipool	Figure E of Sch.	I-B		Figure A of Sch.	Advances-PPI		IV-B	Figure E of Sch.
Figure A of Sch.	NRHM Additionalites	Figure E of Sch.	I-C		Figure A of Sch.	Advances-NRHM Additionalites		IV-C	Figure E of Sch.
Figure A of Sch.	RI Strengthening Project	Figure E of Sch.	I-D		Figure A of Sch.	Advances-EC SIP		IV-D	Figure E of Sch.
Figure A of Sch.	Pulse Polio (PPI)	Figure E of Sch.	I-D		Figure A of Sch.	Advances-TB Programme		IV-D	Figure E of Sch.
Figure A of Sch.	EC SIP	Figure E of Sch.	I-E		Figure A of Sch.	Advances-Malaria		IV-D	Figure E of Sch.
Figure A of Sch.	TB Programme (As per CTB Division)	Figure E of Sch.	I-F		Figure A of Sch.	Advances-Iodine Deficiency		IV-D	Figure E of Sch.
Figure A of Sch.	Malaria	Figure E of Sch.	I-G		Figure A of Sch.	Advances-Blindness		IV-E	Figure E of Sch.
Figure A of Sch.	Iodine Deficiency	Figure E of Sch.	I-H		Figure A of Sch.	Advances-IDSP		IV-E	Figure E of Sch.
Figure A of Sch.	Blindness Control	Figure E of Sch.	I-I		Figure A of Sch.	Advances-Leprosy		IV-E	Figure E of Sch.
Figure A of Sch.	IDSP	Figure E of Sch.	I-J		Figure A of Sch.	Advances-Staff		IV-F	Figure E of Sch.
Figure A of Sch.	Leprosy	Figure E of Sch.	I-K		Figure A of Sch.	Advances-Others (Please specify)		IV-G..	Figure E of Sch.
Figure A of Sch.	Others (Please specify)	Figure E of Sch.	I-L...	Total					
					Figure A of Sch.	OTHER CURRENT ASSETS		V	Figure D of Sch.
Figure A of Sch.	Fixed Assets Reserves Fund A/C		II	Figure D of Sch.					
						Closing Balances :			
Figure A of Sch.	Current Liabilities		III	Figure D of Sch.	Figure A of Sch.	Cash in Hand		VI	Figure C of Sch.
					Figure B of Sch.	Bank Balance		VI	Figure D of Sch.
						Cheques/Draft in Hand		VII	Figure A of Sch.
0	Total			0	0	Total			0
Place :									
Date :									
Chartered Accountants			State Finance Officer					Mission Director	

CASE STUDIES

Case Study: Accounting Entries

Some of the sample financial transactions in context of NRHM units are given below. You are required to frame appropriate accounting entries in order to post them into books of accounts.

- i. A block has received grant- in- aid of Rs. 50,000 for RCH activities from the DHS. What entry needs to be passed in the books of the block ?
- ii. If the block accountant has disbursed Rs. 20,000 as advance for JSY activities to CHC/PHC, what entry will be passed in the books of the block?
- iii. A computer worth Rs. 35,000 has been purchased from the DHS's office directly. What entry will be recorded in the books of the district?
- iv. The Sub-centre accountant submits SoEs for JSY activities amounting to Rs. 15,000 out of the advance received by them for Rs. 20,000 to the block. What will be the entries passed in the books of the block?
- v. CHC/PHC returned unspent grant of Rs. 3,000 received against a particular activity to the supervising block. What will be the entry in the books of CHC/PHC?
- vi. RKS has generated Rs. 5,000 as cash income through Registration Fees from Patients. How will the RKS accountant record such income in its books of account?
- vii. DHS has earned Interest of Rs. 2,000 on bank account. What entry will be passed at the time of interest being credited to bank account?
- viii. An amount of Rs. 150,000/- has been sanctioned by the District Health Society towards expenses of the Block. However, the funds have not been received by the block, then what entry will be passed in the books of the Block to record funds-in-transit. Also, when the Block actually receives the funds, what will be the corresponding entry?

Answers

1. Bank A/c Dr 50,000
To Grant – in – Aid for RCH 50,000
2. Advance to CHC/PHC for JSY Dr 20,000
To Bank A/c 20,000
3. Computer A/c Dr 35,000
To Bank A/c 35,000
4. JSY Disbursements A/c Dr 15,000
To Advance to Sub-centre for JSY A/c 15,000
5. Grant – in – Aid Dr 3,000
To Bank A/c 3,000
6. Cash A/c Dr 5,000
To Other Income (Registration fees) A/c 5,000
7. Bank A/c Dr 2,000
To, Interest Earned on Bank A/c 2,000
8. ***The following entry will be passed to record funds-in-transit;***
Funds in Transit A/c Dr 1,50,000
To Grant – in – Aid 1,50,000
On actual receipt of funds; the entry will be;
Bank A/c Dr 1,50,000
To Funds in Transit A/c 1,50,000

Case Study 2 : Preparation of Bank Reconciliation Statement

Prepare a Bank Reconciliation Statement as on 31st March 2010 for the Bank Account maintained at DHS considering the following bank transactions:

- On 31st March, 2010 the bank statement of the District Health Society showed a credit balance of Rs. 10,500.
- Cheque no. 017653 and 598320 received from RKS & JSY amounting to Rs. 2,000 & Rs. 750 respectively were deposited into the bank but cheque received from JSY had not been cleared up till 31st March, 2010.
- Cheque no. 225436 for Rs. 1,600 paid in on the 31st March, 2010 was not credited until the 1st April, 2010.
- Cheques drawn amounting to Rs. 3,500 were issued to RKS & JSY, but cheque no. 508034 for Rs. 1,200 for JSY had not been presented for payment in the bank up to 31st March.
- Bank had given the debit of Rs. 35 for bank charges.
- There was credit of Rs 800 appearing as received from an implementing unit in respect of unspent grant.
- Interest of Rs. 130 was credited by the bank on 31st March, 2010.
- Closing balance on 31st March , 2010 as per the Bank Book was Rs10, 755.

Answer

Bank Reconciliation Statement as on 31st March, 2010

Balance as per Bank Statement - Cr.	10,500
Add: Cheques deposited but not credited – Cheque no. 598320	750
- Cheque no. 225436	1,600
	12,850
Less: Cheques issued but not presented	1,200
	11,650
Add: Bank charges made by the bank	35
	11,685
Less: omission in Bank Book – Amount directly deposited by implementing units into bank	800
- Interest credited by Bank	130
Balance as per Bank Book	10,755

Note:

1. Charges made by the bank Rs. 35 have not been recorded in the Bank Book therefore, the balance in Bank Book is more. Add to bank statement balance also.
2. Interest and amount from implementing unit received by the bank have not been recorded in the Bank Book. Therefore, in the Bank Book there is no entry of Rs. 800 & Rs. 130. Deduct from the bank statement balance to adjust it according to Bank Book balance.

SELF ASSESSMENT

Self Assessment

Please tick mark (✓) the correct answers. A question can have more than one correct answer.

1. Which of the following is not a step in the accounting cycle?
 - a. Identify the Transaction through an original source document
 - b. Make entries in the Books of Accounts
 - c. Preparation of Income & Expenditure, Receipts & Payments and Balance Sheet
 - d. None of the above

2. What are Accounting Centres?
 - a. Responsible for maintaining books of accounts and other financial/ statutory records
 - b. Offices where accounting in respect of various financial transactions is supposed to be carried out.
 - c. Both a & b
 - d. Only b

3. Which of the following books are *not* to be maintained at CHC/PHC Levels?
 - a. Double Columnar Cash and Bank Book
 - b. Ledger
 - c. Journal
 - d. Bank Register

Self Assessment

4. Which of the following books are to be maintained at State/District Levels? (more than one option can be marked)
 - a. Advance Register
 - b. Fixed Asset Register
 - c. Bank Register
 - d. JSY Register

5. What is a Voucher?
 - a. Document in which all transactions are classified under different heads of accounts.
 - b. Principal record of all money transactions which take place every day
 - c. Documentary evidence to record a financial transaction in the books of account of the society/ peripheral unit
 - d. Document used to record adjustment entries other than cash/ bank transactions

6. Which of the following points have to be kept in mind while maintaining a Cash Book? (more than one option can be marked)
 - a. Entries to be made on the day payment is received/ disbursed.
 - b. If no transactions have taken place in a day then no entry has to be passed in the cash book.
 - c. Voucher's Ledger Folio no. should be noted in the cash book.
 - d. All of the above.

Self Assessment

7. Which of the following statements is incorrect?
 - a. Depreciation is to be charged on fixed assets.
 - b. A proper ageing of the advances should also be done on a regular basis
 - c. Bank Reconciliation helps to reconcile the balances of Cash Book and Bank Book on monthly basis.
 - d. None of the above

8. Which of the following are the accounting principles of the RKS?
 - a. Cash Basis Accounting
 - b. Double Entry Book Keeping
 - c. Accounting Period
 - d. All of the above

9. Which of the following statements is true?
 - a. Receipts & Payments A/c is another name for Profit & Loss A/c
 - b. Receipts & Payments A/c is another name for Cash/Bank Book
 - c. Receipts & Payments A/c is another name for Income & Expenditure A/c
 - d. None of the above

Self Assessment

10. Which of the statements are true with respect to Income & Expenditure A/c?
- a. Records income and expenditure earned or expensed in the current accounting period
 - b. Closing balance reflects the closing balance of Cash/ Bank
 - c. Only a
 - d. Both a & b

Answers: 1 (d), 2 (c), 3 (d), 4 (a,b), 5 (c), 6 (a,c), 7 (a), 8 (d), 9 (b), 10 (c)

THAK YOU