

FINANCIAL POLICY MANUAL

YUVA

**YOUTHS UNION FOR VOLUNTARY ACTION
HAZARIBAG, JHARKHAND**

**APPROVED BY THE GENERAL BODY OF "YUVA"
IN THE A.G.M. HELD ON - 16.09.2012**

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1. Introduction of Organization

YOUTHS UNION FOR VOLUNTARY ACTION (YUVA) YUVA, "Youths Union For Voluntary Action" is an association of management professionals and social architects (registered under societies registration act in the tribal dominated state of Jharkhand) which contributes its efforts, resources and recognizes the potential of young people as agents of change.

The organization recognizes the need for well-designed, inter-linked focused spaces to sensitize youth to the underprivileged, and encourage youth action in development. The organization focuses on the following objectives

- Promotion of Food and nutritional security among the deprived classes specially the tribal youths.
- Promotion of rural livelihood for the marginalized communities for their economic well being.
- Creation of a comprehensive data bank on youth demography, resources, organizations and opportunities, including effective dissemination strategies.
- Greater collaboration among youth organizations, donors, government and other stakeholders.
- Building the capacity for youth active citizenship through greater training and learning opportunities and the creation of greater opportunities for young people and civil society to be involved in social and political/policy-making processes. It is important for young people and civil society to be more significantly involved in policy making and implementation.
- Development of appropriate evaluation tools to assess and highlight the impact of youth active citizenship programs.
- Greater visibility for and investment in youth active citizenship. This includes encouraging greater media coverage of youth active citizenship and establishing resources and funds for supporting innovative active citizenship programs.
- Ensure that young women are supported to participate in programs and that program design takes into account power dynamics between young men and women.

The foundation stones of the institution was laid with the vision of making an open access society where the marginalized communities especially the youths have access to resources for making their dreams into a reality. With this Vision the foundation tones of the organization was laid through its registration under the societies Registration Act XXI, 1860 at Ranchi, Jharkhand

2. Mission Statement and Goals

Empowerment of marginalized communities through promotion of an open access society for balanced development of the Indian Nation.

3. Scope - Accounting Manual

The accounting manual discusses the rules and regulations that govern the financial allocations, Management of funds, investments, utilization and expenditure, statutory obligations, accounting concepts and formats of documents.

The activities under various statutes, which have already been completed and have no relevance in future, have not been deliberated in details.

The labor laws, although applicable to the Society but have not much relevance in the accounting function have also not been deliberated in this manual.

The overall accounting function is depicted in the form of organization chart of accounts department in Head Office and Project Offices, as below:-

4. Accounting Policies

a. Method of Accounting

The accounts are prepared under the historical cost convention adopting the accrual method of accounting.

b. Financial Year

The financial year of YUVA close on March 31, each year.

c. Grants

Grants provided by the donor agencies are money held and kept in trust and administered and utilized in terms the plans and budgets agreed upon by the donor agencies within a specified period. The grants to the extent not expended as per Donors mandate till the end of the year is accounted as liability and the money utilized as per donors' mandate is accounted as income.

d. Revolving Fund

This is micro credit initiative created out of revolving funds contributed by various agencies from time to time. The funds are given to Community based groups. The purpose of this is to revolve of fund among groups to meet their external fund requirements.

e. Fixed Assets

Fixed Assets shown in the Balance Sheet at their acquisition cost. The cost of assets acquired out of grants received from donor agencies is written off in income and expenditure account and an equivalent amount is credited to Capital Reserve to reflect the cost of assets in the Balance Sheet. Expenditure on assets is capitalized as and when these are purchased or expenditure incurred.

f. Depreciation

Depreciation in Fixed Assets is charged at the rates prescribed in Income Tax Act, 1961 for written down value method.

g. Foreign Currency Transactions

Transactions in foreign currency are stated at the exchange rate prevailing on the transaction date.

h. Account Heads

Each project requires accounting to adhere to interpretations assigned to accounting heads. These interpretations are available within project proposal and section papers. Reference to such documents with clarifications from H.O. would guide project accounting.

5. ACCOUNTING PROCEDURES

5.1 Accounting of Receipt of Funds

Receipt of fund are classified into five types -

- (a) receipt from partners/donors (Indian & Foreign / Govt.)
- (b) receipt of fund from different units / Self IGA
- (c) receipt of funds form Consultancy fees
- (d) receipt of funds from general as donation & subscription, and
- (e) receipt of fund from members as membership
- (f) receipt from Corporate houses / Banks

Receipt of funds from partners/donors is accounted at H.O on receipt of bank instrument, the respective donor account is credited and bank account is debited. Service charges levied by bank for collection of the proceeds are accounted as expenses.

Movement of funds from H.O. to project locations / different units is made as loan / advance or imp rest system. That is: the demand for funds emanate from projects on month-to-month basis. The demand is validated with the quarterly financial budget earlier approved by H.O. The requisite funds (month's demand less balance funds at end of previous month with the project) are remitted. The remittances so made are treated as project advance and is set off against actual expense bills received on monthly basis.

- i. YUVA has a team of professionals and has attained considerable experience in the area of rural development, micro finance and micro enterprises promotion. YUVA from time to time accepts consultancy assignments and field surveys, studies etc. on turnkey basis. Receipts from such services is accounted as Consultancy/ Professional fees and reflected as income in accounts.
- ii. YUVA provides assistance to community in various forms like providing education and training, assistance in using new technologies applicable for agriculture and other ways of rural life, preparedness for flood and other natural calamities, livelihoods generation, capacity building of self help group federations, etc. In this process YUVA also sometime provides assistance in kind by providing improved quality of seeds, farm equipments and tools, fertilizers, life saving jackets, medicines, boats, hand pumps, building materials, etc. While doing so, sometimes a small contribution is taken from the community to increase their belongingness and feeling of ownership. Any such contribution received is accounted as Community contribution.
- iii. Funds from community are also received in form of repayment of advances earlier made. Such payments are based on program specific interventions. Where funds are received from community, the respective head of account from which the funds were originally provided by YUVA is credited by the amount of receipt.
- iv. Since such remittance (repayment) of fund from community to YUVA will usually occur at projects, the project shall receive the funds and credit H.O. account by transfer voucher, with information of the details. Further need for remittance of the funds from project H.O. will depend on decision taken at H.O.

5.2. Accounting for Capital Expenditure

- 5.2.1** Decision for capital expenditure is taken at H.O. Capital expenditure can be incurred at H.O. or at project locations. Such investments are reflected in the budgetary sanctions and allocation of funds. The process of allocation and movement of funds is similar to that of revenue funds. However no assets shall be purchased except with the prior permission of Secretary or Executive Director.
- 5.2.2** Only written permission from Secretary or Executive Director for purchase of assets with description and number of assets will be considered as valid permission. No oral permissions for purchases will be considered as valid permission (annexure attached).
- 5.2.3** The process of capital expenditures may involve payment of advance to vendor/ staff entrusted with the purchase. Such advance will be accounted for, in the name of the vendor/ staff and is set off against receipt of proper bill and acknowledgement of payment.
- 5.2.4** Purchase of small items, costing up to Rs. 1500/- and having only limited life of one or two years should not be accounted as Fixed Assets. However purchase of these items is also required to be sanctioned by the Secretary/ Executive Director. The particulars of these items should be entered in a register along with the name of person in whose custody the particular item is given.
- 5.2.5** All bills for purchase of assets should be only in the name of the organization.
- 5.2.6** Capital expenditure includes provision of assets to community, if the ownership is in the name of YUVA. However if the ownership is transferred to community, the cost of assets is accounted as revenue expenditure. In both the cases acknowledgement/ receipt should be obtained from the recipients.

- 5.2.7 An asset certificate should support each bill for purchase of assets.
- 5.2.8 All capital items shall be given an identification number, which will be written on asset by paint and the particulars will be recorded in the Fixed Assets Register (Please refer Annexure) under the appropriate head like Furniture, Office Equipments, etc., along with nothing of the location and project to which it is allocated.
- 5.2.9 No assets should be transferred from one location to another without a written prior permission from the Secretary/Executive Director. The same should be properly recorded under the remarks column in the Fixed Assets Register.
- 5.2.10 In case a capital item is unaccountable/ redundant, these should be reported to Head Office and should be written off on approval by the Secretary/Executive Director.
- 5.2.11 Replacement of an Asset : Broadly expenditure on replacement of assets or any major component of asset and rehabilitation work is capitalized if in the opinion of the management it results in enhancement of the capacity/efficiency of the asset or increases in the life of the asset.
- 5.2.12 In case whole of an asset is replaced, the amount of the old asset appearing in the books is to be written off and the expense incurred on replacements is to be capitalized. The value realized for the old assets disposed as per procedure laid down is to be accounted as capital gain or loss. The value realized over and above the book value of the assets disposed off would be accounted as "gain" and in a reverse situation it will be accounted as "loss".
- 5.2.13 In case the expenditure pertains to replacement of one/more parts of the equipment/asset, just to keep it in running position, such expenditure shall be considered as ordinary repair and shall be charged to the Income and Expenditure account or to the Project expenses.
- 5.2.14 All the purchases, disposals, replacements, sales and write off of assets during the year should be reported to the Expenditure Committee for their post factum approval.

5.3 Accounting for Revenue Expenses

- 5.3.1 The periodic financial budgets (monthly/quarter/annual) form the basis for accounting reference. All revenue expenses are therefore to be treated in reference to the sanctioned financial budget. Care has to be taken that modifications / alterations are authorized by R.O. based on specific needs.
- 5.3.2 Accounting for revenue expenses have to be related to the purpose for which the expenditure is incurred. Care needs to be exercised with dual reference to (a) sanctioned revenue allocation and (b) purpose. Revenue expenses are sanctioned in relation to project. Each revenue expenses, on other hand, has to be related to purpose. Distinction therefore needs to be made between nature and purpose. This decision is to be handled by the passing authority at the project and H.O. [Example: a local conveyance expense, by nature is conveyance expense; if the purpose of such conveyance was to attend a training program then the expense would be accounted for as a training expense.]
- 5.3.3 Advances paid in connection with expenses are accounted in the name of the recipient. Such advance is set-off against actual expense on receipt of bills/ receipt and other supporting documents related to expenditure incurred.
- 5.3.4 Revenue expenses should be supported by Cash Memos/Bills and receipt of payment made in respect of expenses incurred or items purchased. Bills should be in the name of YUVA and must contain complete details of services taken/items purchased. The claimant should verify the Cash Memos/Bills and receipt of payments and these should be duly approved by the competent authority, before their accounting.

5.4 Requisition of Funds by Project Offices

- 5.4.1 Head office will be transferring monthly funds requirements to the outstation project officers on the basis of requisition of funds.
- 5.4.2 Indent should be submitted by the project coordinator/team leader latest by 2nd day of the month in which the indent relates. This should be submitted in addition to the Annual or Half yearly indent already submitted, if any.
- 5.4.3 The indent should indicate requirement for revenue expenditure and for capital items separately, giving broad description of the expenditure involved and with clear justification. Whenever indent includes extraordinary item, the same should be supported with explanations and quotations, if any.
- 5.4.4 While submitting the indent, review note on accounts up to the previous month should be attached.
- 5.4.5 Indent should be submitted only in the prescribed format. (Format attached as Annexure)

5.5 Procedures for Making Advance for Travel

- 5.5.1 The Travel Advance should be limited to the estimated cost of travel.
- 5.5.2 The advance should be settled by rendering appropriate traveling expenses bills duly passed by the appropriate authorities.
- 5.5.3 The bills should be submitted at the earliest but not later than 5 days from the date of reporting for duty at the office after return from tour. If this is not done, the advance will stand adjusted from the salary at the time of preparation of pay roll.
- 5.5.4 The cost of travel tickets purchased by the office should be accounted as "Tickets in Hand". On completion of journey, the total traveling expenses including cost of tickets will be booked against program / admin Travel account.
- 5.5.5 The cancellation charges of tickets should also be accounted to traveling or other related account.

5.6 Procedures for Making Advances for Expenses

- 5.6.1 No adhoc advance should be given. Advances should be allowed only to cover immediate expenses and specific work as approved by the project coordinator / project team leader on advance requisition form (Annexure attached).
- 5.6.2 All advances are to be accounted for in the recipient's name.
- 5.6.3 Advances should be allowed only on the basis of requisition slip.
- 5.6.4 No second advance should be approved by the project coordinator/ project team leader and allowed by the accountant, unless the first one is settled.
- 5.6.5 All advances should be settled immediately after the expenses have been incurred, in any case with in a week. Any amount outstanding for more than a week shall be deducted from the salary of the person.
- 5.6.6 If out of advance taken, any advance is given to any supplier of material/ service (after obtaining due receipts/voucher), the advance account of staff should stand settled and the account of concerned party/supplier shall be debited.
- 5.6.7 All Receipts, Bills or Cash Memos for expenses incurred or for purchase of any item, should be in the name of organization "YUVA" and not in the name of individual who is making payment.

5.7 Advance against Salary

The advance against salary shall be given to staff at the sole discretion of the project coordinator / team leaders considering the exigency in each case and as per the following considerations:

- ✓ Salary advance will not be given more than four times in a year and the amount can not be more than a month's salary.
- ✓ Salary advances so taken will be repaid in 04 equal installments from the next pay.

5.8 Rules for Reimbursement of Travel Expense

5.8.1 As Travel Expenses constitutes a major cost to the organization, it will be the endeavor of Directors/Project Coordinators/team Leaders to curtail expenses on travel and take judicious decision while authorizing travel expenses.

5.8.2 All claims for travel expenses should be in the prescribed format (annexure attached). The travel claim must accompany with a brief report of the work undertaken during the tour.

Fare

5.8.3 All journeys should be undertaken through the shortest possible route.

5.8.4 All staff members are entitled to undertake journeys through train using 3rd AC sleeper berths or bus, however travel by sleeper class should be encouraged. Any journeys by air or train using 2nd AC or any higher class or through 4 wheeler shall be undertaken only with prior permission from the Secretary/Executive Director.

Lodging Expenses

5.8.5 No claim for lodging expenses will be entertained for visit to places where YUVA has in-house lodging facilities, unless such facilities are not available because of full occupations or otherwise. The actual expenses incurred for lodging will be reimbursed subject to following ceiling:

1.A Cities of Mumbai, Delhi, Kolkata, Chennai, Bangalore etc.

1.B All other places

Rs. 1,000.00
Per day
Rs. 600 per
Day

Boarding Allowance

5.8.6 A per diem allowance of Rs. 250/- will be paid to cover meals and incidental expenses on the basis of self-declaration.

5.8.7 For the purpose of the Diem Allowance, a day (24 hours) will be deemed to have started from the time of departure from the base station (residence or office) and the number of days will be counted up to the same time on the date and time of return. There will be no per diem entitlement for a fraction of a day below 12 hours.

5.8.8 Other Expenses during Journey

Actual expenses incurred on local conveyance from residence to railway station/bus station/airport and vice versa and from hotel/place of stay to work and vice versa, and telephone expenses (on producing bill) for contacting office will only be allowed. NO other expenses (like personal telephone calls, laundry, medicines, etc.) will be entertained.

5.9 Reimbursement of Local Conveyance Expenses

Those who are using their own vehicle or institutional vehicle for official use, with the prior permission of appropriate authority, will be reimbursed as designed in the project budget as "TRAVEL ALLOWANCE".
Local conveyance undertaken through other mode of transport will be reimbursed on the basis of actual expenses incurred. However as far as possible public transport facilities should be used (annexure attached).

5.10 Maintenance of Vehicle Log Book

The staff member, who is using vehicle either owned by YUVA or by the staff will be responsible for the proper care and maintenance of the vehicle and will ensure proper maintenance of vehicle Log Book. The entries in the Log Book should be made with ink pen and the user must sign at the specified column.

The Log books shall be checked by the team leader/project coordinator periodically to ensure the proper use of vehicle, proper maintenance of Log Book and avoid misuse of the vehicles.

Vehicles should be serviced periodically as prescribed in service manual of the vehicle.

5.11 Procedure of Purchase

For all kind of purchase like assets, stationary, office consumables, training material and other items (not designed in any project budget), costing more than Rs. 5000/- at one time, following procedure will be followed:

- ✓ The user will initiate a requisition with details of items required (like name and specifications of item, quantity required, estimated cost, etc.) on a prescribed form.
- ✓ The requisition form will be submitted to the person maintaining store inventory for verification of quantity available in the stock. She will verify the quantity available and mention the quantity required to be purchased.
- ✓ The requisition form duly verified by the store in-charge will be forwarded to the accountant for checking the calculations and availability of budget.
- ✓ After verification by the account, the requisition form will be submitted to the team leader/project coordinator / authority for approval.

And as defined in the "Purchase Policy Manual"

5.12 Inventory Record

Inventory records shall be maintained for all items (not designed in budget of any project) of stationary office consumables, publications, items purchased for distribution among community like seeds, fertilizers, agriculture tools, pipes, instruments, Etc. A stock register shall be maintained containing details of items purchased, quantity purchased, quantity issued and the balance quantity.

This record shall be maintained by the store keeper (in case of large program) or any other person to whom this responsibility has been assigned by the team leader/project coordinator.

The storekeeper will physically verify all items in his custody and reconcile them with the balances reflected in stock register at least once in a month. She will prepare the report of physical verification containing items verified, quantity verified, quantity as per records, difference noticed and reasons for difference, if any. The report will be submitted to the team leader/project coordinator.

Once in every quarter the team leader/project coordinator herself will do this exercise.

The reports along with recommendation for action to be taken for discrepancies observed shall be submitted to the Executive Director.

5.13 Cash Management

5.13.1 Cash should always be kept in the Cash Box or a safe place, under lock and key.

5.13.2 Cash balance should be kept to the minimum. Excess amount should be deposited in Bank. Normally cash balance should not exceed Rs. 50000.00 at Head Office and Rs. 10,000.00 at project offices on any day, except in case of exigency.

5.13.3 Care is required to be exercised on receipt of defective notes so as to remove incidence of holding redundant cash.

- 5.13.4 An insurance cover should be taken to cover cash balance in hand and also for cash in transit, i.e. to carry cash from bank to head office & field offices and vice versa.
- 5.13.5 The payments in cash should be discouraged. As far as possible all payments beyond Rs. 10000.00 (except advances to staff for expenses) should be through crossed cheques/drafts.
- 5.13.6 The cash balance to be physically verified periodically (not later than a month). By the project coordinator/project team leader or any other responsible person (other than the Cashier) and she should sign the cash book in token of her verification. At the end of each month a certificate of cash in hand should be prepared in the cash book indicating the denominations of the currency notes, coins, stamps etc. held.
- 5.13.7 In the event of the cashier going on pre-sanctioned leave cash key and the cash box with Cash Book will be handed over to the other authorized person who is going to officiate.
- 5.13.8 Whenever cash is handed over to a person other than the cashier, this will be counted and written so in the cash book.

5.14 Procedures relating to Cash Receipts and Cash Payment

- 5.14.1 Pre numbered money receipts should be issued for all receipts, other than withdrawals from the bank.
- 5.14.2 All cash payments either in settlement of an expenses or for payment of an advance or for any other purpose should be some in the following manner-
- 5.14.3 A cash voucher should be prepared in the first instance by the claimant.
- 5.14.4 The cashier/accountant should verify the supported documents, arithmetical accuracy, purpose of advance. Etc. He would also fix the account head and codes and countersign the voucher.
- 5.14.5 It should be ensured that, wherever necessary, tax at source, should have been properly deducted.
- 5.14.6 After obtaining the above voucher along with supporting from the claimant, the cashier should part with actual cash.
- 5.14.7 The supporting Cash Memos/ Bills/receipts should be in the name of "YUVA". No Cash Memos/Bills/receipt in the name of any individual. Whether staff or executive of "YUVA" or outsider shall be accepted.
- 5.14.8 For payments of Rs. 5000.00 or above revenue stamp of Rs. 1.00 should be affixed and the claimant should sign across the revenue stamp.
- 5.14.9 All the vouchers should be approved by the Secretary or Treasurer.

5.15 Bank Transactions

- 5.15.1 All bank accounts shall be opened in the name of the organization and preferably savings accounts will be opened.
- 5.15.2 The bank accounts shall be operated through two or more joint signatories.
- 5.15.3 Bank account should be reconciled frequently and at least at the end of each quarter.
- 5.15.4 The cheque book and the "Authorized Signatory" stamp should be kept under lock and key.
- 5.15.5 The counterfoil or transaction sheet or carbon copy of cheque should be properly written before issue of cheques.
- 5.15.6 As far as possible, and compulsorily for all payments beyond Rs. 10000.00 payment should be made through crossed "Account Payee" cheques or demand drafts.

5.16 Safe keeping of Records

- 5.16.1 All books of account (Cash Book, Bank Book, Journal, Ledger, etc.) are required to be kept in bound forms with proper identification.
- 5.16.2 Vouchers with supporting, should be properly filed in separate files and should be got bound after the year ends. The files should be properly labeled with the name and period of vouchers contained therein.

- 5.16.3 In case of manual accounting, every year new books should be opened and the old books should be preserved at least for 5 years (unless required by any statutory authority or donor to keep the records for a longer period for any legal proceeding or otherwise), before discarding them.
- 5.16.4 In case of computerized accounts proper back up should be taken periodically, preferably daily. The backup should be taken on hard disk of other computer in the network environment as well as on a Compact Disk (CD). Back up can also be stored on the web.
- 5.16.5 While writing data on CD, Two sets of backup should be kept, i.e. one for the current data and other for the immediate previous period. On next occasion back up should be taken on CD, Which contains data for old period.
- 5.16.6 The back up CD should be kept at a secured place. Preferably in a fire / heat proof container or away from the place, where computers are kept so that in case of fire or other eventuality, back up CDs are safe. One copy of the CD should be kept with the Executive Director and the other with the Accounts in-charge. One copy could also be loaded on the back up web.
- 5.16.7 Once the yearly accounts are finalized, complete back up should be taken on two CDs and kept at a secured place. These CDs should not be used for any other use or for back up of current data.

ANNEXURES TO SECTION 6:-

Sl. No.	Particulars
1	Format for Process Note for Fixed Assets
2	Format for Fixed Assets Register
3	Format for Indent for funds by project officers
4	Format for Rail Reservation request Form
5	Format for Advance for Expenses
6	Format for Travel Bill
7	Format for Local Conveyance Bill
8	Format for Requisition Slip for Purchasing Items
7	ACCOUNTING IN COMPUTERIZED ENVIRONMENT
7.1	YUVA is presently using "TALLY" accounting software
7.1.1	The software provide accounting of transactions and generate reports on various attributes like ❖ As per normal account heads ❖ Consolidated ❖ For each location having more than one program ❖ For each program having more than one location ❖ For each funding agency having programs at more than one location ❖ Budget variance report funding agency and program wise for each location
7.1.2	The detailed deliberation about accounting software is available in "User Manual". The general features required for day-to-day use are only deliberated in this manual.
7.2.1	Users The software is controlled through password as under: Level of Password Supervisor Complete access and right to modification, delete etc. - To open sub ledger codes - Data entry - Modification, deletion of vouchers before month end processing
7.2.2	The supervisor log in shall remain with the in-charge of accounts department (Chief Accountant) at Head Office. The user log in will be created as per need by the supervisor for each installation.

Ledger Codes

7.3 The codes are opened through Maintain menu

General Ledger Codes

7.3.1 The general ledger account can be opened only through Supervisor's password.

7.3.2 GL codes are 4 digits numeric characters

7.3.3 The allocation of account codes is as under:

	Codes
Liabilities	1000 to 1999
Assets	2000 to 2999
Income	3000 to 3200
Expenditure	3300 to 9999

The sub allocation for groups is in between these codes:

7.3.4 While opening new account, following information is required:

1. Nature of Account (i.e. Liabilities, Assets, Income or Expenditure)
2. Account Code
3. Name of account head
4. Whether sub ledger is required
5. Whether project allocation is required
6. Whether allocation as per funding agency is required
7. Whether budget reporting is required

7.3.5 The General Ledger accounts are opened as per needs of projects and programmes under taken by YUVA from time to time. The new accounts are opened and redundant accounts are deleted after the year-end. The Head Officer will intimate the changes heads from time to time.

Sub Ledger

7.3.6 Sub ledger is opened to have segregation of transactions, may be on each staff or otherwise. New sub ledger account may be opened through user password.

7.3.7 Sub ledger codes are 4 digits alpha characters

7.4 Codes of funding agencies, projects and budget codes are opened as under:

	Nature	No. of digits
Funding Agencies	Alphabets	2
Projects	Alphabets	2
Budget	Alphabets	2

Accounts of Indian Funds and Foreign Fund are segregated by differentiating through location codes.

7.5 Vouchers

Three types of vouchers are being used by YUVA namely Cash, Bank and Journal.

The numbers of vouchers are generated by the system automatically. Once vouchers up to a particular date are entered, no voucher in the previous date should be entered. The software accepts date entry in previous date (in the current month) but voucher number generated would be after the number of vouchers already entered. This will create mismatch and is not allowed.

Although there are separate vouchers for receipts and payments, the present accounting software gives same identification number in one serial.

The voucher entry requires feeding of codes of GL, SL, Funding agency, Project, Budget, and particulars of transaction (viz. amount, particulars, cheque, no. name and address of person/ party etc.

- 7.6 Multiple Entries in one Voucher**
The screen permits entry of only one GL code at a time. In case of multiple transactions in one voucher, the particulars of next transaction are entered in the last saved voucher. The new transaction is entered like a new

- 7.7 Modification of Vouchers**
Vouchers once saved could be altered or new transactions may be entered to already saved vouchers by user only for the current month (i.e. before month end processing) by going through modification process.

- 7.8 Close Month**
The branch accountant should process month end process through "Maintain" menu after all the vouchers of the particular month has been entered and has also been checked by her/him. This should be done by the branch/ Head Officer accountant every month before transferring/sending the backup data to Chief Accountant at the head office.

- 7.9 Report**
The report and books of accounts, which are generally required by accounts department are as under :

Sl. No.	Particulars	Periodicity
1.	Cash Book	Daily
2.	Bank Book	Daily
3.	Journal Book	Daily
4.	Trail Balance	Monthly
5.	Ledger (General Ledger, Sub Ledger, Funding) Agency, Project etc.	Monthly
6.	Budget Variance	Monthly
7.	Receipt and Payment	Monthly
8.	Bank Reconciliation	Fortnightly/Monthly
9.	Income & Expenditure Account	Monthly/Quarterly
10.	Balance Sheet	Yearly

These should be printed periodically and filed in separate files.

Various reports are generated through the accounting software. Which should be made use of as per requirements of management.

8. ACCOUNTING AT PROJECT OFFICES

- 8.1** YUVA has centralized accounting system where Head Office maintains accounts for all the programs and projects situated at different locations. But to have better information and control over finances and activities at project/program level. It is imperative that some books of accounts are maintained at project officer too.
- 8.2** The project offices having TALLY Accounting software will follow the system stated in the earlier chapter on Accounting in Computerized Environment.
- 8.3** The outstation project offices are required to maintain memoranda cash book, book, bank book, journal book and also a ledger.
- 8.4** All the cash transactions will be recorded in the Cash Book and the balance be struck on each day. The denomination wise details of currency in hand should also be recorded at the end of each day. The project coordinator/project team leader should also physically verify the cash balance in hand periodically (at least tv. - ice a month).
- 8.5** Similarly all bank transactions should be recorded in the Bank Book on day- to-day basis and, at the end of the month. A bank reconciliation statement should be prepared.
- 8.6** All non cash/bank transactions (like adjustment of expenses against advance given earlier) should be recorded in Journal Book.
- 8.7** All transactions recorded in Cash Book, Bank Book, and Journal are posted in ledger against proper Asset, Liabilities, Income or Expenditure account.

- 8.8 Bill procedures and systems laid down in chapter "6" Accounting Procedures and chapter "7" Accounting in Computerized Environment" to the extent applicable should be followed.

9. RECORDS AND DOCUMENTS

- 9.1.1 The records required to be maintained are as under :-

- ✓ Cash Book
- ✓ Bank Book
- ✓ Journal Book
- ✓ General Ledger
- ✓ Subsidiary Ledger
- ✓ Fixed Assets Register
- ✓ Vouchers
- ✓ Log Book for each vehicle separately

- 9.1.2 Separate Books of account comprising of Cash Book, Bank Book, Journal and ledger are required to be kept for India and Foreign Funds.

- 9.1.3 While in manual accounting system, all books are manually maintained only petty cash book is required to be maintained in off line computerized accounting system.

- 9.1.4 In case of manual accounting system, all books of account and records are required to be maintained on daily basis.

- 9.1.5 In case of computerized accounts, all the transactions are required to be entered on the date of transaction daily and the Cash Book should be also be printed on daily basis. The other primary books like Bank Book and Journal of transactions The Ledger should be printed quarterly after due scrutiny on screen for apparent mistakes.

9.2 Cash Book

- 9.2.1 A Cash Book (Cash Day Book, in case accounts are maintained in computer system) is to be maintained manually for all cash transactions on a "transaction to transaction" basis.

- 9.2.2 All receipts including draws from bank and expenses including deposits in bank account should be entered in this Cash Book.

- 9.2.3 The Cash Book should be closed every day striking the physical cash balance and should be verified with the cash available in the cash box.

- 9.2.4 In case books are manually prepared, all the receipt and payment entries in the Cash Book should be recorded in the General ledger at the end of the day.

- 9.2.5 The cash book maintained through computer system should be tallied with the day book prepared manually at the end of each month and a printout should be taken, which should be signed by the cashier and accountant.

9.3 Bank Book

- 9.3.1 Each bank account is to be supported by a bank book, wherein day to day transactions for the money/cheques/other instructions deposited and the money withdrawn and cheques issued are to be recorded. At the end of the month a bank reconciliation statement is to be drawn.

- 9.3.2 In the case of payment by cheque the procedure as in case of each payment such as preparation of voucher in advance, writing proper account head/account code. Passing by project coordinator/project team leader thereof should be done meticulously.

- 9.3.3 The cheque should be written after the voucher is prepared. It is advisable to issue the cheque after crossing it by "Account Payable" only. Also the counterfoil of the cheque or transaction sheet or carbon copy of cheque should be filled immediately along with brief narration for making payment.

- 9.3.4 The Authorized signatories to the cheque should ensure that if complete voucher with support is not available. Cheque should not be signed. This is the collective responsibility of all the signatories.

- 9.3.5 Under no circumstances, the authorized signatories should sign blank cheques.

- 9.3.6 A cheque issue register should also be maintained for each bank and the entries should be made serially by cheque number to have a control over the bank balance as on date and for reconciliation purpose (Annexure attached).
- 9.3.7 It should be ensured that, whenever necessary, tax at source, should have been properly deducted.
- 9.4 Journal Register**
- 9.4.1 Apart from the cash and bank transactions, there are certain other transactions to be recorded adjustment of entries already effected in the cash and bank book like accounting of purchase of material and services or adjustment of travelling bills etc., where payment in cash or through cheques has either already been made or will only be made after sometime. As these transactions cannot be recorded in the Cash or Bank Book, these are required to be recorded through the Journal vouchers.
- 9.5 General Ledger**
- 9.5.1 The General Ledger contains account of various heads of assets, liabilities, income and expenditure and other accounting heads, sourced from Bank Book, Cash Book, and Journal Book.
- 9.5.2 In case of manual accounting, it should be ensured that all entries in the Cash, Bank and Journal books have been incorporated in General Ledger.
- 9.6 Subsidiary Ledgers**
- Similar principals are followed for advances/loans to staff and project advances etc. if the numbers of transaction become voluminous.
- 9.7 Vouchers**
- 9.7.1 Following types of vouchers are used: Cash Receipt
- ✓ Cash Payment
 - ✓ Bank Receipt
 - ✓ Bank Payment
 - ✓ Journal
 - ✓ Contra
- 9.7.2 Each voucher (whether cash, bank or journal) has to have the following details:
- ✓ Project Location
 - ✓ Voucher Number
 - ✓ Date
 - ✓ Account Head
 - ✓ General Ledger code
 - ✓ Narration or details of transaction
 - ✓ Value
 - ✓ Initials of the Assistant/Accountant/Cashier
 - ✓ Approval from Authorized person
 - ✓ Signature of the recipient (if there is no other supporting document)
 - ✓ The address of the recipient (details required only if the party is irregular or one-time)
 - ✓ Bank vouchers additionally require the cheque or DD number
 - ✓ Other references
- 9.7.3 The narration or details is necessary to enable others in the accounting and audit system in the organization to verify the expenditure and to put it into its proper place in the accounting system. The narration should mention the purpose/details of the receipt or expense and the period.

- 9.8 **Fixed Assets Register**
All assets acquired/owned by YUVA should be recorded in a register. All particulars like make and model of asset, name of manufacturer/ supplier, identification (chassis or machine number) given by manufacturer, identification number (given by YUVA), Quantity, cost including taxes, freight and installation expenses, depreciation provided in each year and current written down value should be recorded.

- 9.9 **Bank Reconciliation**
At the end of each month the balances in each Bank Book should be reconciled with the balances in the Bank. For this the following procedure may be followed.

- 9.9.1 The particulars of all cheques issued but not presented for payment may be drawn up at the end of the month by verifying the Bank Statement with Bank book and cheque issue register.
- 9.9.2 Similarly particulars of all money/cheques/other instruments deposited in bank but not credited by bank should be drawn up at the end of the month by verifying the Bank Statement with the Bank book and bank pay in slips.
- 9.9.3 Any other entry reflected in bank book but not reflected in bank statement/bank pass book and vice versa should also be noted.
- 9.9.4 After incorporating the above details, the Bank Reconciliation Statement shall be prepared in the prescribed format (Annexure attached).

10. **BUDGET**

The budget preparation comprises of following stages.

- 10.1 **Donor Selection**
Donor selection is process of building up relationship and partnership for attainment of organizational mission. YUVA partners with the donor organizations that are working for accomplishment of its Mission. YUVA would maintain its focus on developing institutions of poor, build up their capacity and strive for a sustainable development among the communities and clients. The basis of partnership would be the donors faith in YUVA philosophy, strategy and methodology and YUVA commitment to contribute to the donors in attaining their objectives and mission.
- 10.2 **Planning and Budgeting Exercises**
Planning and budgeting exercise in YUVA is categorized into:
- 10.2.1 Planning and budgeting for a completely new project at a new geographical location or with new issues and themes involves Situation and problem analysis, Strategy formulation and intervention design. Time-frame and expected outcomes. The financial consequences in achieving those outcomes are projected as budget.
- 10.2.2 Planning and budgeting for an ongoing project (or a combination of projects) is done for a particular period of time (Phase of 2 to 4 years. Depending upon donor's requirement). In planning process of such projects, the experiences and learning's drawn from internal monitoring systems as well as evaluation from experts provide a base for the next phase planning.
- 10.2.3 Even after the project budgets are prepared and approved by the donors, and annual planning and budgeting exercise for all project and departments within YUVA is done. The process starts in the month of January every year so that by March it is discussed at appropriate forums within YUVA and with the respective donors and finalized for implementation from the commencement of new financial year in April every year.

- 10.3 Situation Analysis**
Proper assessment of the present status and situation in both new and old Program interventions is critical as it provides a proper base for visioning, practical planning and projections of budget. The process for situation assessment of different Program and projects should be executed under the following categories:
- 10.3.1 A diagnostic study before initiation of planning in new projects in a participatory manner, followed by a baseline study at the time of initiating the interventions.
 - 10.3.2 On going monitoring and evaluation of the activities through internal mechanism at project level like monthly meetings and comparison against plans and milestones and at the organizational level through monthly or quarterly review meetings, field visits of senior functionaries, board member, feed back from outside visitors and resource persons and organizational retreats.
 - 10.3.3 Through sample data collection on certain predetermined parameters and analyzing the information in order to assess the impact of the on going interventions.
 - 10.3.4 External evaluations conducted periodically (three years) for projects, organizational direction, strategies, processes capacities and pace are critical for refining both organizational and project strategies towards attainment of project objectives and organizational mission. These evaluation are also important to draw important learning as well as assess the impact of the strategies adopted and interventions taken up.
- 10.4 Stages in Planning and Budgeting Process of a New Project**
Following steps are taken up for planning of a project in YUVA:
- 10.4.1 Identification of areas of structural poverty including the causes based on secondary information and data available through various sources.
 - 10.4.2 Develop understanding about the area by visiting the places, having structured discussions with the local people and various stakeholders including Government departments, Research Institutions and NGOs. Such a diagnostic study is critical for proper planning.
 - 10.4.3 Participatory situation analysis with the people from target communities to identify problem and their causes, possible solutions, local resources and the efforts made so far to address the problem.
 - 10.4.4 Formulation of organization level strategy regarding the issues to be addressed. The strategy finalized will lead towards designing the interventions.
 - 10.4.5 Logically finalize the expected outcome of the interventions in a given time frame.
 - 10.4.6 In the light of YUVA mission and the specific organizational strategy for the project, the interventions are designed and area, subsequently, broken down, at the micro level, into activities and tasks. Involvement and participation of clients and other stakeholders including their contributions is ensured in the process of project execution.

11. STATUTORY COMPLIANCE

Under the Societies Registration Act 1860

Registration

The organization is required to apply to the register of societies with the certified copy of the Memorandum of association and the particulars of the address of the society with the prescribed fee for registration. YUVA has already got the necessary registration. The registration number of YUVA is 884 dated 6th January 2009.

Filing of quarterly return in form -H at the end of each qtr. And submission of annual Audited statements of accounts & Activity report to the registrar of Societies, govt. of Jharkhand.

Changes etc. in Rules to be Intimated to Registrar

A copy of every change made in rules of the society and intimation of every change of address of the society, certified by not less than three of the members of the Governing body shall be sent to the Register within thirty days of the change.

Any person who fails to furnish the list of managing body or other information required to be furnished shall be punishable with fine which may extend to two thousand rupees.

Restriction on Transfer of Property

Notwithstanding anything contained in any law, contract or other instrument to the contrary, it shall not be lawful for the governing body of a society registered

Under this Act or any of its members to transfer (a mortgage, or exchange, lease for a term exceeding five years, or irrevocable license), without the previous approval for the court, any immovable property belonging to any such society. Every transfer made in contravention shall be void.

Under the Income Tax Act 1961

11.3.1 Exemption from Income Tax

Following requirements are required to be fulfilled for availing exemption under section 11 to 13 of the Income Tax Act, 1961

- a. **Registration under Section 12 A 112 AA:** Organizations claiming exemption under section 11 of the Act are required to get registered with the Commissioner of Income Tax within a period of one year from the date of constitution or establishment. YUVA has necessary registration. The registration number of YUVA is 12A - 20/2010-11/881-83 dated 31st Jan 2011.
- b. **Compulsory Audit of Accounts:** The organization is required to get its accounts audited if its income, before utilization for the objects exceeds Rs. 50,000.00 during the financial year. The audit report is required in Form '10B'.
- c. **Application of Income:** If the trust or institution has applied either the entire income of the year or not less than 85% of the income of the year for charitable or religious purposes, the whole of the income shall be exempt from tax. The remaining amount (not more than 15% of the income) shall be automatically accumulated as 11 (10 (a) of the Act.

In case the utilization of income is less than 85% of income of the year, the organization may still claim exemption from Income Tax if it accumulates and set apart such money for specified period for application for charitable purpose and by investing in specified investments. It is also required to bring this to the notice of the assessing office in 'Form No. 10'.

Filing of Return

It is required to file its return of income in Form 3A under section 139A of the Income Tax Act 1961 latest by 30th September in each year. This is mandatory and non-compliance will attract under section 272B of the Income Tax Act 1961.

Filing of Form No. '30' for Refund of Income Tax

An application should be filed in form No '30' if income tax has been deducted from the payments received by YUVA. This may be filed along with return of income.

Permanent Account Number (PAN)

An organization is required to obtain a permanent Account Number under section 139A of the Income Tax Act 1961. PAN of YUVA is AAAAY1052K.

Tax Deduction Account Number (TAN)

An organization, which is required to make payments where income tax is required to be deducted at source, is required to make application in Form 49B and obtain a Tax deduction account number from the Income tax department.

Deduction of Tax

YUVA is required to deduct tax at source at the prevailing rates in the relevant year on various payments, namely salaries, payment to contractors, rent and fees for professional and technical services if the payment exceeds certain limits as under:

Payment of Tax Deducted at Source to the Income Tax Department

TDS deducted is required to be paid to the income tax department with one week from the end of the month in which tax is deducted.

Issue of TDS certificate to Payee

TDS certificate are required to be issued in prescribed forms with in specified time limits as under:

Nature of Payment	Form No.	Time Limit
Salary of Employees	16	Within one month from the close of the financial year
Payment to Contractors Rent and Amenities paid to Landlord Fees for Professional Or Technical Services	16A	Within one month from the end of the month in which credit or payment is made.

However if the payee makes a request in writing a consolidated TDS certificate may be issued for total amount of TDS deducted during the financial year.

11.2.10. Filing of Returns for Tax Deduction at Source

YUVA is required to file periodical returns (e-TDS) for each type of deduction namely for salaries, Contractor payments, Etc., within time prescribed under the Act as under:

Nature of Payment	Section	Quarterly Returns	
		Form No.	Time Limit
Salary to Employees	192	24Q 27A*	15 th July, 15 th Oct. 15 Jan, 30 th April
Payments to Contractors Fees for Professional or 194) Technical Services	194C 1911	26Q 27A*	15 th July, 15 th Oct. 15 Jan, 30 th April
Payment under any Lease, Sub-lease, tenancy or any Other agreement or Arrangement for the use of Land, building, machinery, Plant, equipment, furniture Or fittings			

* Form 17A is required to be submitted in case the Quarterly return is filed in soft copy.

11.2.11 Tax Deduction at Source on Receipts

YUVA receives certain payments, namely, interest, rent, etc. where the payer has to deduct tax at source. However, since the income of YUVA is exempt and it is not liable to pay any income tax, it may make an application to Income Tax Rules, 1962 to obtain certificates, so that payers are exempted from deduction of tax at source from the payments made to YUVA.

11.3

Under Foreign Contribution (Regulation) Act, 1976

Registration Under Foreign Contribution (Regulation) Act, 1976 An organization is required to be registered under section 6 (1) of Foreign Contribution (Regulation) Act, 1976. Application for registration to made

11.3.1

Maintenance of Separate Books of Accounts

Rules 8 of The Foreign Contribution Rules requires maintenance of a separate set of books exclusively for foreign contribution received and utilized as follows:

11.3.2

A Cash Book and ledger have to be maintained in the double entry system of bookkeeping for contribution received in cash.

11.3.3

It is also required that a separate bank account shall be maintained and operated exclusively for receipts and utilization of foreign contributions.

11.3.4

In respect of foreign contribution received in kind such as articles, vehicles, Medicines, etc. The accounts must be maintained in Form No FC- 6 as prescribed in Rule 8. In respect of foreign securities if any the accounts shall be maintained in Form FC - 7 prescribed in the Foreign Contribution Rules.

11.3.5

In case a change is required in the designated bank account prior permission is required to be obtained by making a fresh application in Form FC-8, justifying the reasons necessitating such a change.

After receipt of the above permission the new account can be operated. However, as soon as the change of bank account is obtained the old account should be closed and the remaining amount should be transferred to the new bank account.

No local contribution should be transacted through this bank account. Similarly, no funds should be transferred to any other bank account maintained for local contribution.

11.3.6 Financial Year

The accounts for foreign contribution shall be maintained for the financial year beginning from 1st April to 31st March for foreign contributions in cash and in kind.

11.3.7 Audit

Every organization in receipt of foreign contribution must get its accounts audited by a Chartered Accountant as per requirement of Rule 8 (2) of the Foreign Contribution Rules 1976. The auditor has to certify (i) Form No. FC-6 The Annual Return to FCRA Division), (ii) Balance Sheet as on 31st March and (iii) Receipts and Payments account for the year ending 31st March.

11.3.8 Filing Returns to the Government

Following returns /documents are required to be filed in duplicate with the Ministry of Home Affairs on annual basis:

- (i) Form FC-6
- (ii) The Balance sheet as on 31st March
- (iii) The Receipts and payments Account for the years ended 31st March
- (iv) Certificate from Chartered Accountants

- 11.4 Other Returns or Intimations**
- 11.4.1 Change of Name of the Association, Address, its Registration, its Nature, its Aims and Objects**
The above changes are required to be informed to the Ministry of Home Affairs within thirty days of the change-taking place. There is no prescribed form for sending the above intimation.
- 11.4.2 Change of Designated Bank Accounts**
Change of designated bank account needs the prior permission of the Ministry of Home Affairs.
- 11.4.3 Change of 50% or More of Office Bearers**
At any point of time 50% or more of the office bearers, who were mentioned in the application for registration in Form No. FC-8, are changed, it should not accept foreign contribution till the permission is granted by the Ministry for the above change. In the meanwhile if it wants to accept foreign contribution, it should do so after obtaining prior permission.
- 11.4.4 Time Limit for Filing the Return**
The time limit for filing the FC-6 and the related documents referred to in the previous section is 31st December).

12. ACCOUNTING CONCEPTS, RULES & DEFINITIONS

- 12.1 Accounting**
Accounting is an art. It is broad in scope. It includes book keeping plus the analysis and interpretation of recorded data. Book keeping is the process of analysis, classifying and recording transaction in accordance with a preconceived plan. Its purpose is to provide a means by which an enterprise may be conducted in an orderly manner, and to establish a basis for reporting on its financial condition and the result of its operations. In performing these functions, the accountant exercises skill and judgment and applies sound logic and reason.
It can be defined as "the art of recording, classifying and summarizing in a significant manner and in terms of money transactions and events which are in part at least, of a financial character and interpreting the results thereof."
- 12.2 Attributes of Accounting**
- ✓ Only events and transaction of financial nature are recorded. Non financial transactions like passing of control, retirement of an experienced person are not recorded.
 - ✓ The record must be in such a way as be able to portray the significance of all transactions.
 - ✓ The parties concerned must be able to gather the true message of the results as embodied in the statements finally prepared.
- 12.3 Concepts of Accounting**
Accounting is a language of business; affairs of a business unit are communicated to others as well as to those who own or manage it through accounting information which has to be suitably recorded, classified summarized and presented. To make it meaningful the following concepts are generally agreed by all. They are:
- 12.3.1 Business Entity Concept**
Business is distinct from the people who own it.

- 12.3.2 Money Measurement Concept**
Transactions which are expressed in monetary terms, sometimes along with quantitative information, only are recorded.
- 12.3.3 Cost Concept**
Transactions are entered at the amounts actually involved whether it has more or less value. For example, amount paid for Goodwill is also recorded which cannot be physically seen.
- 12.3.4 Going Concern Concept**
Accounting for an enterprise is done on the assumption that the business or organization will continue indefinitely and it will not be liquidated within the foreseeable future. For example, Provision of depreciation. Even though the assets are purchased in a year, the benefit of it will be enduring in nature. Each year, portion of the cost of the asset will be written off.
- 12.3.5 Dual Aspect Concept**
Each transaction has two aspects: Debit and credit. For example, purchasing of an asset will be recorded in any one of the following way: Asset account will be debited and cash, Bank or Capital or some other obligator like Creditors will be credited.
At any time the accounting equation would be:
Assets = Capital + Liabilities or
Capital = Assets - Liabilities.
- 12.3.6 Realization Concept**
Accounting is a historical of transaction: it records what has happened. Mere increase in price of the stock will not be recorded as profit unless it is actually sold and realized.
- 12.3.7 Accrual Concept**
If an event has occurred or a transaction has been entered into, its consequence will also be entered. For instance, accounting transaction will be recorded at the end of rendering service, even if the service cost has actually flown or not.
- 12.3.8 Rules of Accounting**
The three basic rules about recording the transactions are:
Personal account: Debit the Receiver and Credit the Giver
Impersonal account: Debit what comes in and Credit what goes out
Normal account: Debit all expenses and losses and Credit all income and Gains.
- 12.5.1 Debit**
A debit denotes - when a person becomes liable to be something in favor of the institution, in lieu of advance that he has received, the fact is recorded by debiting that person's account.
In the case of goods, properties, that the stock and value of such goods or properties has increased; and
In the case of nominal accounts like salary or wages, loss on sale of assets that the institution has enjoyed some benefit from the recipient or has lost money on account of decrease in market price than the book value.

- 12.5.2 Debit balance shows that :**
 Some property is owned by the institution (Cash, Furniture, etc). Money is owing to the institution (Advances to Outsiders) . Incurred some expenses for the benefit enjoyed (Salary)
- 12.6.1 Credit**
 A credit denotes : When a person becomes eligible to receive money from the business or institution, in lieu of service rendered by him or goods supplied by him, the fact is recorded by crediting that person's account.
 In the case of goods or properties, that the stock and value of such goods or properties has diminishes.
- 12.6.2** In the case of nominal accounts like interest receivable or received, or profit on sale of assets that the institution has made a income from the payer or has gained profit on account of increase in market price than the book value.
- 12.6.3** A credit balance show that :
 Given up property by the institution (Sale of furniture etc.)
 Money is owing to some person (for Loans received)
 Earned some income (by way of commission interest)
- 12.7 Transaction**
 A transaction is an accomplished event or condition, the recognition of which results in a change in the elements (i.e., assets, liabilities and/or capital). It involves an exchange of values and is the basis of an entry in the accounting records.
- 12.8 Record**
 Transactions are either written in a book or the various documents, papers, vouchers, and are filed in the order in which the transactions occur. They are called as records.
- 12.9 Primary Books**
 A book in which the transactions are chronologically (date wise) written by classifying the books according to the need. Example Cash Book, Bank Book and Journal Book.
- 12.10 Secondary Books**
 There may be as many secondary books depending upon the transaction of the organization such as General Ledger, Sub ledgers for Debtors, Creditors, Expenses, and Income etc. these are called secondary books and from these books the financial position of an institution emerges.
- 12.11 Ledger**
 The transaction from the primary books should be posted to the proper account heads for double entry purpose. The books in which the relevant accounts to be posted are called ledgers. Ledgers usually give the transaction wise details of the organizations for the period for which the ledgers are maintained.
- 12.12 Account**
 Account is the aggregate statement of the various entries falling under the same category. For example, stationery account is the statement, which is the aggregation of all the entries of the transaction relating to the stationery items.
- 12.13 Trial Balance**
 Trial Balance refers to the statement containing all the balance amounts of the accounts, both debit and credit. Thus trial balance should tally with the same amount on both the

debit and credit sides. Otherwise we may infer that there is an error in preparation or balancing of the accounts.

12.14 Balance Sheet

Balance Sheet is the statement of all the capital transaction account balance at the end of year. This statement gives the asset and liability position of the organization and also its net worth.

12.15 Receipts and Payments Account

This account is the cash/fund flow statement of the organization. In this account all the receipts and payments. Both capital and revenue, are compiled. This gives the idea to the observer as to how the funds were received and in what way it was utilized.

12.16 Income and Expenditure Account

This account gives the actual profit or loss of the organization. The surplus or deficit is calculated by posting incomes and expenditures (as segregated from the receipts and payments by the capital transaction and retaining only revenue transactions) of the current year.

13. Investment Policy :

Organization will invest the funds available with the organization from any sources and not required immediately for the purpose for which fund received by the organization (if there is no written objection from the source) ONLY in the NATIONALISED BANKS in form of FD / TD / SD.

Pakeez Hossain
Secretary
YUVA
(YOUTH EDUCATIONAL FORUM FOR SUBSISTANT ACTION)