

B.Com Semester 4
Contemporary Audit

**Accrual System of Accounting and Vouching
in Educational Institutions**

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ACCOUNTING FRAMEWORK FOR EDUCATIONAL INSTITUTIONS

- **Elements of financial statements basically comprising income, expenses, assets and liabilities**
- **Principles for recognition of items of income, expenses, assets and Liabilities**
- **Principles of measurement of items of income, expenses, assets and Liabilities**
- **Presentation and disclosure principles**

FINANCIAL STATEMENTS UNDER ACCRUAL BASIS OF ACCOUNTING

- 1. Balance Sheet**
- 2. Income and Expenditure Account**
- 3. Cash Flow Statement**
- 4. Notes forming part of financial statements**

Name of Educational Institutions _____

BALANCE SHEET AS AT _____

(₹.....)

SOURCES OF FUNDS	Schedule	Current Year	Previous Year
UNRESTRICTED FUNDS			
Corpus	1		
General Fund	2		
Designated/Earmarked Funds	3		
RESTRICTED FUNDS	4		
LOANS/BORROWINGS	5		
Secured			
Unsecured			
CURRENT LIABILITIES & PROVISIONS	6		
TOTAL			
APPLICATION OF FUNDS			
FIXED ASSETS	7		
Tangible Assets			
Intangible Assets			
Capital Work-In-Progress			
INVESTMENTS	8		
Long Term			
Short term			
CURRENT ASSETS	9		
LOANS, ADVANCES & DEPOSITS	10		
TOTAL			
Notes on Accounts	22		

Name of Educational Institution _____
INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD/YEAR ENDED

(₹.....)

	Schedule	Current Year				Previous Year	
		Unrestricted Funds			Restricted Fund	Total	Total
		Corpus	Designated fund	General fund			
INCOME							
Academic Receipts	11						
Grants & Donations	12						
Income from investments	13						
Other Incomes	14						
TOTAL (A)							
EXPENDITURE							
Staff Payments & Benefits	15						
Academic Expenses	16						
Administrative and General Expenses	17						
Transportation Expenses	18						
Repairs & maintenance	19						
Finance costs	20						
Other Expenses	21						
TOTAL (B)							
Balance being excess of Income over Expenditure (A-B)							
Transfer to/from Designated fund							
Building fund							
Others (specify)							
Balance Being Surplus (Deficit) Carried to General Fund							
Notes on Accounts	22						

BOOKS OF ACCOUNT

- **Receipt Book**
- **Journal**
- **Cash Book / Bank Book**
- **Ledger**

Additional books of account

- **Purchase Book**
- **Sales Book / Bill Book**
- **Inventory Register**
- **Other Books as deemed necessary**

Registers and Records

- **Fees received from students (in respect of admission fee, tuition fee, library fee, examination fee, etc.)**
- **Grants-in-aid received from various sources.**
- **Scholarship and special stipends.**
- **Funds such as building, library, laboratory, sports, furniture, equipments, endowment, provident fund, poor students fund, deposits, etc.**
- **Immovable properties and other fixed assets.**
- **Investments.**
- **Minutes of the meetings of the Managing Committee of the educational institution.**
- **Stock (for books, stationery, uniform, etc.)**
- **Caution money received from students.**

Sources of Funds in Educational Institutions

- **Restricted Funds**
- **Unrestricted Funds**
 - **Corpus Fund**
 - **Designated Funds**
 - **General Fund**
- **Loans and Borrowings**
- **Current Liabilities**

Application of Funds in Educational Institutions

- **Fixed Assets**
- **Current Assets**
- **Investments**
- **Loans, advances and Deposits**

VOUCHING

Meaning

- **Documentary Evidence**
- **Verification of authority and authenticity of transactions**

Vouchers includes

- **Receipts**
- **Invoices**
- **Statements**
- **Correspondence**

Objectives and Types

- **No transaction is left (out) unrecorded**
- **No extra item not concerning has been recorded**
- **Entry- genuine and supported by evidence**

Types of Vouchers

- **Primary (original, invoice of purchase)**
- **Collateral**

Examples: Cash Receipts, Cash payment, carbon copy, minutes, Wage sheets, Salary receipts

Purchases—Orders received, inward book

Sales—Outward book, correspondence

Rules of Vouching

- **Consecutively numbered and filled serially**
- **Voucher of personal nature are not to be made**
- **Voucher certified as correct by responsible official (Sign)**
- **Missing Voucher- ask for duplicate copy**
- **Entry of voucher is correct financial books and proper allocation of capital and revenue**

Contd....

- **Date, time and name of voucher (Only it is related t university)**
- **Period under audit (Relates to financial Year)**
- **Printed form of payee acceptable signed by responsible official**
- **Both words and figures**
- **Receipt of more than 5000 rs. –bear revenue stamp of Rs. 1**
- **Contents Tallied- Date, Name etc. change is properly instialled by invoice clerk**

Vouching of Receipts/ Auditor to check

- **Cash- fees- free studentship (Authorised by responsible officer)**
- **Admission/ Examination Fee (Recorded Properly)**
- **Fee not recoverable- Written off under authority of authorised person, unfair should be brought to the knowledge of committee of Management**
- **Exempted fee/ Unpaid for part of year properly accounted or adjusted**

Vouching of Expenditure/ Auditor to check

- **Increase in salary- Duly sanctioned**
- **Internal Check System for Purchases**
- **Stock Verification**
- **Reserve for contingency**
- **Outstanding Assets and Liabilities**
- **P.F. money regularly invested outside in proper securities.**

Fund (Liability) Investments (Assets)

- **Tax deducted at source properly refunded**
- **Capital Expenditure to be duly sanctioned**

Vouching of Cashbook (Receipts and payments of cashbook)

Cash Receipts

- **Internal Check- Good System**
- **Rough cash book compared with final**
- **Receipt book**
 - **All receipts in printed form**
 - **Counterfoil receipts (Carbon copies)**
 - **All books consecutively numbered**
 - **Date and Time of receipt checked with cash book**
 - **Signed by responsible Officer (receipts)**
 - **Unused books (Receipt) kept safe custody**
 - **A copy of receipt signed returned to giver**
- **Pay-in-slip for Banks**
- **Careful in payment, not more than 10,000 in cash**
- **Income from interest/ dividends- Bank in Bank Pass book regularly**

Effective Vouching System to be maintained by Educational Institutions

- **Payment should be under proper authority**

- **Previous**

- **Current**

- **Future**

- **Receipts- Proper Record to be maintained- No GST**

Software matched bank account (Fees Account)

- 1. Fees (Hostel, Entrance, Examination) Reconcile after due date**
- 2. Rental(Canteen, Bank, Hall with GST) reconciled with respective bank accounts heads**
- 3. Affiliation Fees (With GST College wise)**
- 4. Interest on F.D.'s Reconcile with FD Register**

THANK YOU