

Explain in brief the AS-10 for fixed assets. Explain the term receipt and payment a/c.

Fixed assets often comprise a significant portion of the total assets of an enterprise, and therefore are important in the presentation of financial position.

Furthermore, the determination of whether an expenditure represents an asset or an expense can have a material effect on an enterprise's reported result of operation.

Fixed asset is an asset held with the intention of being used for the purpose of producing or providing goods or services and is not held for sale in the normal course of business.

Receipt and Payment:

Receipt and payment account is an abridged cash book for a furnished period of time. This is a synopsis of the transactions in the form of cash in cash book. This account is prepared on the foundation of the data obtainable from the cash book. NPOs develop R and P account during the year-end. This account is structured in such a way that, it cannot reveal the authentic outcome of an NPO. With the assistance of this particular account and extra data, we can construct Expenditure and Income account to reveal the authentic outcomes of NPOs.

Features of Receipt and Payment Account

Below mentioned are the characteristic features of R and P account:

This Account is a synopsis of cash book

The cash receipts for the year are documented on its debit side (Dr). And, the payments made in cash for the year are recorded on the credit side (Cr)

Usually, R and P Account depicts debit balance. If there is overdraft balance, its net balance might be credit

We document only cash transactions in this account

We incorporate receipts and payments in cash, they are of revenue and capital nature

Non-cash items such as outstanding expenses, depreciation, accumulated incomes are shown in this account

It's closing balance depicts closing cash in hand and closing cash at the bank