

Q (2) What is income and expenditure A/c?

Ans (2) Income & expenditure A/c is a nominal A/c. It is prepared for depict Not-for-profit organisation - Accounting period.

The principle of preparation of Profit & Loss A/C apply as the prepare of Income & Expenditure A/C.

features of Income & Expenditure A/C:-

- ① It is nominal A/C. it is similar for Profit & Loss A/C of a business entity.
- ② It is prepared for accrual basis of A/C and contain only revenue item.
- ③ The debit side of this Account expenses & Losses and credited side income or gain.
- ④ Income & Expenditure A/C is generally accomplished with balance sheet.

~~Q~~ Explain the term non-trading insitution with suitable examples?

Ans ④ Non-trading insitution are these Organisation which are established for a charitable or social purpose and not with a view to earn profit.

These organisation render services to their members and to the society on Voluntary basis or for the promotion of art, culture, education, sports and

other social and charitable purposes.

for ex:- They include schools, colleges, hospitals, public libraries etc.

These institutions do not prepare profit and loss A/C, Instead they prepare Receipts & payments A/C, Income and Expenditure A/C and balance sheet.