INCOME AND EXPENDITURE ACCOUNTS

An income and expenditure account is prepared based on the same principle as the profit and loss account. Infact, it is described as the equivalent of a profit and loss account prepared by a trading business. The difference between the expenditure and income gives either a debit or credit balance. When the organisation is operating a bar, the profit or loss will be transfered to the income and expenditure account. The rules are stated below.

Expenses are debited and income are credited
Capital items are excluded
All revenue items relating to the period are credited whether actually received or not.
Expenditure relating to previous or next period are debited, whether actually received or not
Items relating to previous or next period are excluded.
balance on the account represent the excess of income and expenditure or vise versa.

Difference between Receipt and payment and expenditure account

Receipt and payment acc	Income and expenditure account
Cash transactions are [illegible]	There is adjustment for accrued and prepayment
Includes capital item	It excludes capital items
[illegible] represents cash and or bank	Balance represents surplus or deficit

Fro[illegible] [illegible] Income and expenditure a[illegible]