

AccountAble

Better Book-Keeping - I

Issue # 49 for Apr '99

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How can you make your account books healthier? You have three options:

1. Get them to join a Health Club, Gymnasium or local *Akhada*;
2. Give them a low-cholesterol, high fibre and protein diet;
3. Adapt some of the tips given in this circular.



Assuming you have chosen the third option, read on:

Wonderful Vouchers

Vouchers are the proof of your hard work. Each voucher will stand up to the auditors and give witness for (or against!) you. Take good care of the vouchers.

Use covering vouchers

Cash memos feel cold in winters without a covering voucher. Therefore, prepare vouchers for all transactions – even those where you have a cash memo or a bill. It is not a good practice to use the cash memo or bill as a voucher.

The proper format of a voucher is given in AccountAble # 4. This is also called journal voucher and can be used for payments, receipts as well as journal entries.

Coloured vouchers

Some organisations print covering vouchers of different colours like red, yellow, blue, green, pink, etc.. Each colour is used for a different project. This is meant to ensure that vouchers don't get mixed up.

This also gives rise to a few problems:

- ❑ You have to print and stock different types of vouchers. Sometimes, vouchers remain unused even when the project has ended.
- ❑ You have to get the correct voucher signed at the time of payment. But in reality, the relevant project may not be known, if the expense is of a general nature.

Is there an alternative?

Agency stamp

Yes. You can get rubber stamps made with different project or agency names. These are put on the voucher and the cash memo. The stamp helps identify the project.

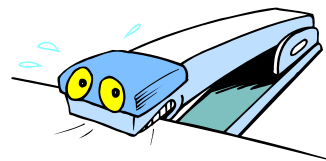


Cash paid stamp

Similarly, a 'Paid' stamp can also be used. When this is put on the cash memo or the voucher, you know that money has been paid to the concerned person.

Staple - Twice

Staple the cash memo or support to the voucher on the left-hand side.



If you staple it twice, it will never get lost. Where supports are more, use bigger staples to hold the cash memos together.

Punch – Carefully

Punch the vouchers on the left-hand side carefully. Let the punch bite deep inside the margin. Make sure the punch holes are evenly aligned.

File – Properly



File the vouchers in an arch file (or lever file). It is easy to handle the vouchers in this file and they are better protected.

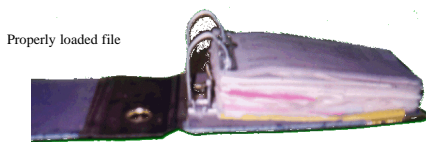


Overloaded File

Never overload the file with too many vouchers.

Going through an overloaded voucher file is very difficult. Vouchers in overloaded files tear up faster.

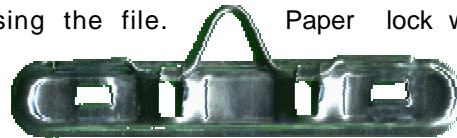
Also the paper lock becomes loose after a while. What is the paper lock? It looks like this.



Properly loaded file

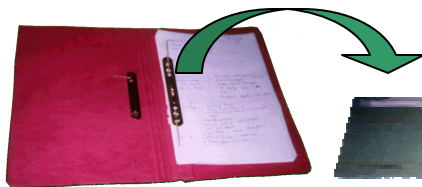
Always apply the paper lock after you have finished using the file.

Paper lock will hold the vouchers tight and



protect them from falling out of the file.

Using old file covers



Old spring file cut and used for filing vouchers

You can also use old spring files to file your vouchers. Spring files can be cut down to voucher size and used for filing vouchers. These files are light in weight and easy to handle. Also they take less storage space in

comparison to the arch files. This recycling helps you save money also.

Labelling

Labeling helps in locating voucher files later on. Put a label on top of the file. Put another label on the side. Label on the side is useful when you keep files in a stack or a row.

What does the label show?

- Your NGO's name and address
- Your financial year
- Month / year / numbering of vouchers
- Project or location name



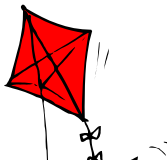
Numbering the vouchers

Many people do not number the vouchers serially. This makes it easy to insert vouchers or remove them.

It is up to you whether or not you number the vouchers. But if you want to number them, use an annual serial. Also use a simple numbering system – avoid monthly (or daily!) numbering systems.

Paper for the vouchers

Some people use very thin paper for the vouchers. This paper is a little better than kite paper. It also lasts just as long.



Vouchers suffer a lot of man-handling. They should be made with good, tough



paper. Use paper which is at least 70 gsm in weight and has good bonding strength.

Bind the old vouchers

Your old vouchers are full of sweet memories. Also you have to keep them for at least ten years for Income tax purpose.

Take good care of them. Have them



bound in small bunches, with a card-board cover, and cloth on the spine. Put a label on top and the side.

Natty Narrations

Narrations give important information about the transaction. They also help speed up the review of accounts.

Narrations should be crisp and cover all important facts. Don't waste effort on routine phrases like 'Being the cost of...'. Narrations are required at three places.

1. Give good narration on vouchers

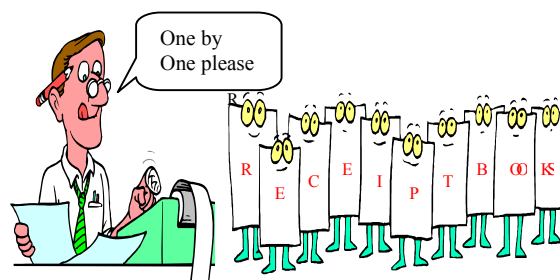
This is the first place for narrations. It is important to have the names of the payee and the payer. Also what services or goods were purchased. If these are recurring payments (salaries, rent), give the relevant month. If the payment is for an event or some particular work (camp, pond etc.), give date and place. Finally give the purpose of the payment.

Some examples:

- ❑ 'Salary paid to 10 teachers by Vinita Devi for March '99 per salary register'
- ❑ 'Paid to Singhi Store, Makrana by Lal Singh for purchase of 3 bags (100 kgs each) of boiled rice for Women's camp at Macchera (April'99)'
- ❑ 'Rent paid to Chelamma by Laxmi for Rangpatnam field office for February-March '99.'

2. Provide narration below the cash book entry

More or less the same narration should be copied from the voucher to the cash book.



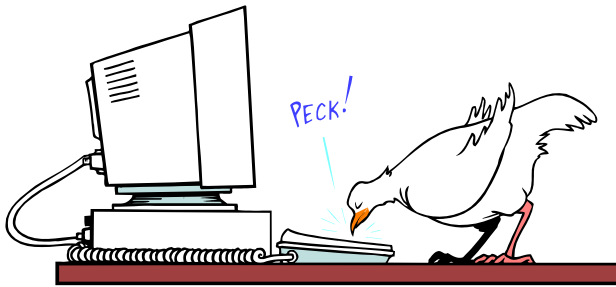
3. Give brief narration in ledger also

Ledger offers less space for narration. Still, try to pick up most relevant information and put it there.

You can cut out superfluous words here. For example, in an account for 'rent', there is no need to write 'Rent paid for...'. Just say 'Rangapatnam office: Feb-Mar'99'.

Narrations in computerised accounts

Computerised accounts do not mean that



narrations can be skipped. This is wrong. Full and proper narrations are even more valuable in computerised accounts.

Use pre-numbered Receipts

Ask the printer to put serial numbers on the receipts, before sending them to you. Do not number the receipts by hand.

Carbon type receipts are better

Avoid using counterfoil type receipts. Carbon type receipts are better because all the details get noted down and you do not need to fill the same information twice. Also there are less chances of alteration.

For more information on Receipts, please see AccountAble # 45.

Reduce Receipt Books One Receipt Book at a time

Don't use 2-3 receipt books at the same time. Start one receipt book and use it from beginning to end. Start the next one only after the first has finished.

Book Copy
Carbon Paper
Original

Lok Jagran Manch
Village & Post Machhera, Andhra Pradesh, Phone: 01814-22785
Registered under Societies Registration Act, 1960

Money Receipt
(not valid unless countersigned by Secretary or Treasurer)

Numbering done at Printing Press
No.: **1050** Date: **12/4/98**

Received with thanks from **Accountaid India**
of (address) **55-B, Pocket C, Siddharth Extension**
Village / City **New Delhi - 110** Phone **6833028**
a sum of Rupees **Six hundred only**
by cash / cheque / draft no. **920458** drawn on (bank) **Citibank, N.D.**
dated **12/4/98** on account of **donation**

Rs. **600**
(Subject to encashment of cheque)

For Lok Jagran Manch
Accountant **Treasurer/Secretary**

Revenue stamp not required on receipts for donation [Indian Stamp Act, 1899: Sch. I, cl. 53 (b)]

'AccountAble' covers a different topic related to NGO accounting each month and is mailed to about 500 persons in NGOs, Agencies and audit firms.

Interpretation of law given here is of a general nature. Please consult your advisors before taking any important steps.



AccountAid India also offers 'QuestionAble' (a complimentary service for NGOs) – answers to practical questions on this and related topics.

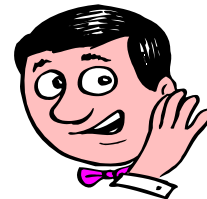
Your questions, comments and suggestions can be sent to AccountAid India, 55-B, Pocket C, Siddharth Extension, New Delhi-110 014; Phone: 011-2634 3128; Ph./Fax: 011-2634 6041, e-mail: accountaid@vsnl.com; accountaid@gmail.com

Web-site: www.AccountAid.net.

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QuestionAble

Do I need separate Debit and Credit Vouchers?



No, you need to have one standard journal voucher which can be used for both purpose.

Actually this voucher can also be used for cash payments.