

AccountAble™

Maintaining FC-6

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Foreign Contribution

Foreign contribution can be in cash or cheque. For this, you maintain a cash book and ledger.

Foreign contribution can also be given as physical articles¹. This is known as 'foreign contribution in kind'. Examples are blankets, food, boats, plastic sheets etc. You can not record these in cash book or ledger. Therefore, FCRA rules say that you should maintain a separate stock register for these [rule 8(1)(a)].

What is FC-6

The format for this stock register is called FC-6. This shows all foreign contribution received as articles and distributed by an NGO.

But our Donors maintain it...

Some people think that it is enough if form FC-6 is maintained by the donor agency or first receiver. This is not correct.

Every NGO that receives² and handles foreign contribution in kind should maintain form FC-6.

¹ sec. 2(1)(c)(i)

² The items should be received in the *custody* of the NGO.

Ok, where can we get the form?

The form is available on the AccountAid web site³. It is also given in FCRA Rules and in AccountAid Kit (AccountAble 28).


Once you have the format, you will have to xerox or print 50-200 copies⁴. After this, the sheets can be bound to make a register.

How do we maintain it

The step by step procedure is given on page 2. But first let us understand some main issues:

Only for non-cash stuff

FC-6 is used only when an item is received as foreign contribution. It should not be used when you use foreign funds to buy an item. This is slightly tricky. So let's look at an example:

- The Donor gives you Rs.300,000 as a grant. Out of this you buy a motorcycle. This cost you Rs.40,000. Will you enter this in FC-6? No. You will enter it in your FCRA cash book / bank book.
- 
- Now suppose the Donor gives you only Rs.260,000 as grant. In addition, they purchase a motorcycle for you and send it to you. Will you enter this in FC-6? Yes. Will you also enter it in your FCRA cash book? No.

One page for each item

FC-6 is just like a stock register. So you have to open a separate page for each article. This also means that if you regularly receive two sizes of blankets, then you should open separate sheets for each.

What happens if you receive a lot of assorted material? For example, these may

³ www.accountaid.net

⁴ Depends on the frequency of transactions

be used toys, shoes, shirts etc. Well, you should probably have these sorted and open one sheet for each category.

What if some of the stuff has to be sold...

Sometimes the material can not be used by the people directly. In such case, the NGO may sell the material. The money collected from the sale becomes FCRA money. This sale should be recorded in FC-6.

Items less than Rs.1000

Items less than Rs.1,000 are also foreign contribution, if these are received by an NGO.



It is only personal gifts⁵ low Rs.1,000 each that fall under exemption of section 2(1)(c)(i).

Where do we file FC-6

You do not have to file FC-6 with the FCRA Department. This is like your stock register – you should keep it with you.

Only the information extracted from this should be entered in FC-3. FC-3 is later filed with the FCRA Department⁶.

How long should we keep it

FCRA Act and rules are silent on this. Still, to be on the safe side, keep the register for 10 years.

Step-by-step procedure

The following explains how stock register in form FC-6 should be maintained:

Description of Article

Start with a fresh sheet for each type of item. Remember to open different sheets for different size / packing of the same item.

Write the name of the article on top. For example, 'Blankets – large size' or 'Cooking Oil – 200 ml. Tins'. If you also receive Cooking oil in 500 ml tins, open a separate account for these.

⁵ Provided these are for personal use of the receiver

⁶ See AccountAble 20: Filling up FC-3

Receipts

Numbers refer to column numbers in the form. Enter each transaction separately, in separate lines.

1. Date

Date on which you received the consignment⁷.

2. Donor

Who sent you these items? Give the name and address of the donor here. If you received the items through another NGO, just give the name and address of that NGO.

3. Mode

How did the items reach you? This could be by road, rail or in some cases by air. Write the mode here – also give truck / train number, if feasible. In case of some small items, the donor may have just given these to you by hand also. In this case, the mode will be 'by hand'.

4. Purpose

Why have these items been sent to you? For distribution among people? For use at your office (e.g. a vehicle). Write the purpose of this donation here.

5. Quantity

The number of units (tins, blankets etc.) received. If you received 200 tins of 200 ml. each, write 200 tins. Do not write 40 litres.

This can be tricky. For example, you have received 4 truck-loads of wheat. Each truck had 1 tonne of wheat. That means 4,000 Kgs of wheat. You are going to give each family 1 kilogram (kg). What should you do?

In this case, you should keep the unit as KGs. Say this on top, where you write description of the item. Then write 4,000 in the quantity column (column # 5).

6. Approximate Value

Here you have to write the value of the items received. This does not have to be accurate – a near-about value is good enough.

⁷ shipment or delivery of goods

You can get this from the documents (Bill of lading, shipping declaration, insurance papers etc.). Or you could ask the donor to give you a rough figure. If it is an item available in the local market, you can also use this price as the basis.

7. Intimation

This column is slightly confusing. No separate intimation should be sent to the Government. What you have to give is the date of mailing FC-3⁸.

However, the FC-3 will be filed after the end of the year. So leave the column blank now. Fill it up after you have sent the FC-3 to the FCRA Department.

Utilisation

Each issue of items should be recorded in a separate line.

Sometimes, the items are issued to another NGO⁹. This NGO will then distribute the items in their area. If so, give the name and address of the NGO here.

In some cases, the items are sold. In such a case, write the name and address of the person who bought these items.

10. Purpose

If the items are sold, then there is no need to write any purpose. In other cases, you should give the purpose. In case of food items, the purpose will mostly be 'relief'. In case of construction items, it could be 'rehabilitation'.

If the items were issued to another NGO, the purpose could be redistribution.

11. Utilised by NGO

Beneficiaries: Quantity distributed to

Form FC-6
[See Rule 8(1)(a)]

Foreign Contribution (Articles) Accounts

Description of the Article: WHEAT (KGS) P. 4

RECEIPT							UTILISATION / DISPOSAL								
Date	Name & address of the person from whom received	Mode of receipt	Purpose of receipt	Quantity received	Approx. value of articles received	Date of intimation sent to the Central Government	Date	Name & address of the person to whom issued, sold or otherwise transferred	Purpose for which issued or otherwise transferred	QUANTITY			If sold, the amount for which sold	Reference to entry in the Foreign Contribution (Currency) Account	Balance in stock
1	2	3	4	5	6	7	8	9	10	Utilised by the Organisation	Sold	Otherwise transferred	14	15	16
26/2/00	Frenchaid, Lyon, France	Ship, Road	Relief	4000	40,000		28/2	Machhena (see list)	Relief	800					4,000
29/2	CBS, Calcutta (1st receiver)	Road	Relief	2000	20,000		1/3	Kandamli (see list)	Relief	900					3,200
							1/2	Damaged	-	40					5,200
							2/3	Chompani (see list)	Relief	1,000					4,300
							4/3	Chitrona (see list)	"	750					4,260
															3,260
															2,510

DECLARATION: I hereby declare that the above particulars furnished by me are true and correct. Contd. on p- 20

Signature

8. Date

Date of issue should be given here.

9. Beneficiary

Who received the items that were issued? In most cases, this would be a beneficiary. His / her name and address should be given. Each beneficiary should be listed separately, in one row.

beneficiaries should be entered here. Make sure that you are using the correct unit (see comment on column 5).

Damages: If some of the items were damaged or pilfered, then these should also be entered here.

Totals: At the end of the year, total up column 11. Work out a rupee value for this.

⁸ The FC-3 will include summary of FC-6 also.

⁹ The second NGO should have FCRA registration or prior permission.

Use the same basis for valuation as in column 6.

Linking to FC-3: Enter the final value in column 11 of FC-3. You will need to select a suitable purpose in FC-3. For example, this could be 5. *Rural Development* or 23. *Relief for natural calamities*.

If the items were used for mixed purposes, you can split the value and show it in several different rows in form FC-3.

12. Sold off

If the goods were sold, enter the quantity here.

The value of sales will be shown as receipt in form FC-3 in column 7.

At the same time, the value of sale will also be shown in column 11 of FC-3.

13. Transferred

If these were returned to donor or given to another NGO, enter the quantity in this column.

14. Sale recovery

In case the items were sold, enter the value (in Rupees) of sale here.

15. Entry reference

This applies only if items were sold and money was recovered for these.

Here you have to give reference of the FCRA cash book page and date on which this recovery is shown.

16. Closing Balance

This should be recalculated whenever you make an entry for receipt or for issue.

Declaration & Signature

Each filled up sheet of form FC-6 should be signed at the end of the year. However, the rules do not say who should sign the declaration. Therefore, the chief functionary or an equally responsible person can sign it.

Open a new account each year

Financial year for FCRA ends on 31st March. When you start the register for next year, open up a fresh sheet for each item. This is just like opening new ledger accounts.

The closing balance of the previous year should be brought forward to the new year as opening balance.

Auditing FC-6

Should the auditors check FC-6 also? Yes:

- Clause (iv) of the certificate given by the auditors covers all records maintained under rule 8(1) of FCRA. These include the FCRA cash book, ledger, and registers in form FC-6 and form FC-7¹⁰.
- The figures of foreign contribution (received and utilised) also include value of FC-6 items.

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



Further, the suggestions given here are based on practical experience of various NGOs – these have not been provided or authorised by FCRA Department.

Complimentary advice to NGOs: AccountAid provides complimentary advice on these issues to all implementing NGOs. However, AccountAid India does not provide any liaison services with FCRA Department.

Your questions, comments and suggestions can be sent to AccountAid India, 55-B, Pocket C, Siddharth Extension, New Delhi-110014; Phone: 011-2634 3128; Ph. /Fax: 011-2634 6041, e-mail: accountaid@vsnl.com; accountaid@gmail.com © AccountAid™ India 2000

¹⁰ For shares and securities received from foreign donors