Financial Management Service Foundation
Promoting Accountability
fmsf

INTER*face*

towards promoting accountability

Vol. III Issue - 1
April '03 - June '03

For Private Circulation only

Between Us ...

Encounter

Even a casual look was enough to convince anyone that this man was a poor farmer. It was evident from the brown colour of his clothes roughly woven and the way he carried himself. His looks and appearance seemed out of place in these surroundings.

I was having an evening meal in a restaurant in a small city. The place was crowded but I had arrived just in time to grab the last table with two chairs. I relaxed into my seat and tried to order something to eat.

When I saw this very simple and courteous farmer scanning the room for a seat, I was surprised by the reaction of the waiter " I am sorry, we have no more seats for you", he called loudly. I raised my head and could see that the waiter did not want this peasant customer. But there was still one empty seat – beside me.

"Excuse me Sir" I said to the waiter, " he can sit here at my table". With that I indicated the person to come and make himself comfortable next to me. The waiter raised his eyebrows, but it was my decision and there was nothing he could do about it without causing a scene.

Sitting down the farmer turned to me immediately, " Did you see the way I was treated? Let me tell you that this is not the first time that it has happened to me. People look at only outward appearances". He continued to talk to me about his journey in life. It was fascinating. I was telling myself "who says he is a poor farmer. He has such rich wealth of knowledge and wisdom". The waiter had seen a poor farmer who could not possibly afford to eat in a restaurant, whereas I had simply seen a man who had been rudely treated and needed his dignity restored. So often we judge by appearance only and miss out a deeper encounter with another human being.

Sanjay Patra

Point of View

Societies Registration Act, 1860

A Society can be defined as a company or association of persons united together by mutual consent to deliberate, determine and act jointly for some common purpose, (Gliner vs. Stone). In 1854 in England, to acknowledge the separate existence of a society from its members, an act called the 'The Literary and Scientific Institution Act' was passed. In the same line an act was also passed in India in 1860 i.e., 'The Societies Registration Act' (Act XXI of 1860).

Through 'INTERface' we would like to look at a few aspects of the Societies Registration Act, 1860 under which an Indian Organisation can be registered. To cover the various aspects of the Act, we are starting a series of articles dealing with the various aspects of the Societies Registration Act, 1860.

In the first article we are dealing with the society and its registration under the act.

Society and its Registration

In India, an institution of non-commercial nature for promotion of charitable activities like education, art, religion, culture etc., has to register itself:

- as a public charitable trust, or
- under Societies Registration Act,1860, or
- under Section 25 of the Companies Act, 1956

The Societies Registration Act, 1860 is an act for the registration of literary, scientific and charitable societies. The object of the Act as stated in the preamble is to make provision for improving the legal conditions of Societies established for promotion of literature, science, fine arts, for diffusion of useful knowledge or for charitable purposes.

Such an association has to be registered since it gives the society a legal status and is also essential for:

- opening bank accounts
- obtaining registration and approvals under Income Tax Act.
- lawful vesting of properties of societies
- recognition to the society at all forums and before all authorities

The Act is applicable to all societies formed either prior to commencement of the Act or formed after commencement of the Act so as to provide them with a legal status for carrying out the purpose for which they have been formed.

Who can form a society?

As per the Act, a society can be formed by "Any seven or more persons associated for any literary, scientific or charitable purpose, or for any such purpose as described in Section 20 of this Act, may, by subscribing their names to a Memorandum of Association, and filing the same with Registrar of Joint Stock Companies (or as amended by respective State Acts) form themselves into a society under this Act".

Eligibility

Besides individuals, the following persons are eligible for subscribing to the memorandum of the society:

- **Foreigners:** The Act does not bar foreigners from subscribing to the memorandum of the society, therefore, in effect foreigners can subscribe to the memorandum of the society.
- **Partnership firm:** The position of Partnership firm regarding its eligibility to subscribe to the memorandum of the society is not clear from the provisions of the Partnership Act 1932, Societies Registration Act 1860 or any other judicial decision. However simple analogy can be drawn by keeping in view the provisions of

Sec 25(4) of Companies Act, 1956 which permits a partnership firm to become a member of a Section 25 company and provides that the firm may be a member of any association or company registered under the provisions of the Companies Act 1956. However on dissolution of the firm, the membership of the firm to such an association or company will lapse. Therefore, drawing a parallel from the above, we may deduce that a partnership firm may subscribe to the memorandum of society.

- **Limited company:** Company can subscribe to the memorandum of society
- **Registered society:** A registered society can subscribe to Memorandum of Association of proposed society.

Various State governments by their amendments have expanded the provisions in the Act for formation of the societies.

Purpose for which a society can be formed

Section 20 of the Act specifies the following purpose for which the society may be registered:

- Grant of charitable assistance
- Creation of military orphan funds
- Societies established at the general presidencies of India
- Promotion of science, literature, fine arts, instructions or diffusion of useful knowledge, diffusion of political education, foundation or maintenance of libraries, public museum and galleries of paintings, works of art, collection of natural history, mechanical and philosophical inventions, instruments, designs.

Registration of Society

A registered society implies that the society has a legal entity which binds the members to a certain extent. The society enjoys a legal status separate from its members and can acquire and hold property and can sue and be sued

The registration of the society is to be done under the act wherever obtaining and not in the State where the benefit is claimed (Radhaswami Satsang Sabha, Dayal Bagh Vs. Hanskumar Kishan Chand)

Sec 3 (2) of the Act means that the society which seeks registration should not have a name identical with that of another society which was previously registered and whose registration is subsisting.

All the subscribers (minimum 7) should sign the Memorandum of Association and the signatures should be attested by an Oath Commissioner, Notary Public, Gazetted Officer, Advocate, Chartered Accountant or Magistrate 1st Class with their rubber/official stamp and complete address.

However persons desirous of forming a society should also become members of the first Governing Body.

The Rules and Regulations of the Society should be signed by atleast 3 members of the Governing Body.

The following documents are required to be filed with the Registrar of Societies (or respective registering authority of the respective State):

- Covering letter requesting for registration.
- The Memorandum of Association in duplicate along with a certified copy. The Memorandum should be typed with serially numbered pages.
- Duplicate copy of the Rules and Regulations of the society duly signed.
- Where there is a reference to any particular existing place of worship, sufficient documentary proof establishing legal competence and control of applicant society over such place should be filed.
- Affidavit on non-judicial stamp paper of appropriate value sworn by the president or secretary of the society stating relationship with the subscribers duly attested.

- Documentary proof such as House Tax receipt, rent receipt in respect of premises shown as registered office of the society or no objection certificate from the owner of the premises.

The society can be registered with a nominal fee of Rs.50/- which is payable in cash or demand draft.

After verification of the documents and ensuring the compliance of provisions, the Registrar certifies the registration of the society.

It should be noted that it cannot be presumed that the society is duly registered under the Act by just obtaining the certificate of registration from the Registrar, but it is presumed to be registered by the copies of the Rules and Regulations and Memorandum being certified under Sec. 19 of the Act.

However, once the society becomes registered and obtains its legal entity, the activities and the members become bound by the objects of the Memorandum.

An unregistered society does not enjoy the legal status and therefore exists in fact and not under the law.

Pooja Bagga
FMSF

Watch out for the next article in this series in the next issue of the INTER*face dealing with the Memorandum of Association, Rules and Regulations of the society.*

Value Added Tax (VAT) and its implications

"The king should collect his taxes without hurting his subjects, even as a bee collects honey without harming the flowers." -Vidur Niti

The Value Added Tax (VAT) system is considered by many experts to be superior than the conventional sales tax system. Over 120 countries accounting for 70 percent of world's population have VAT system in place. VAT is supposed to usher in a brave new world of higher tax collections, simplified procedures, less corruption, greater federalism and above all, lower prices for consumers.

The present sales tax system in India

Since the taxation of sales of goods is a State subject under the Constitution of India, different States have different sales tax regimes based on their own understanding of their self-interest. Even in respect of Central Sales Tax (CST) Act, the CST is implemented by respective State Governments and revenue of CST goes to State from which movement of goods commenced. Due to these peculiar features many deficiencies crept into the structure of sales tax. Some of these deficiencies are discussed below:

Competition among States

Some States and Union Territories made abnormal reduction in the rates of tax for attracting business from other States, giving way to unhealthy competition between States. Business tended to be diverted where sales tax rates were low as buyers found it economical to purchase goods from neighboring State.

Sales Tax Incentive:

Sales tax incentives also distorted the tax structure. When one State started giving sales tax incentives, other States had no option but to grant similar incentives. Many undesirable practices started and the purpose of granting incentives got defeated.

Steps taken to solve the problems arising in the present sales tax system

Luckily, the problems were realised and all the States agreed to take necessary steps. In the conference of Chief Ministers of States held on 16.11.1999, it was decided to implement uniform minimum rates of sales tax for the entire country. States could charge sales tax higher than the minimum but not lower. So, it was also decided to phase out present local sales tax system and implement VAT.

The new system was to be put in place with effect from April 1, 2002, but there were still several issues and problems which needed to be sorted out to the satisfaction of all the concerned parties, so the introduction of the proposed VAT system was postponed by one year till April 1, 2003. Again, now the implementation of VAT has been put off till June 1, 2003.

Discussion papers on VAT has already been issued by many States. Some State Governments have even published draft VAT Bill.

Reforms in Central Sales Tax :

It has been realised that the proposed reforms related to sales taxation cannot be complete without reforms of the Central Sales Tax. To start with, some amendments have been made in Central Sales Tax Act in May 2002 vide Finance Act, 2002 to facilitate implementation of VAT. The Central Sales Tax rate has been proposed to be reduced from present 4% to 2%. However, this is contingent upon the implementation of the VAT.

What is Value Added Tax (VAT)?

VAT is a form of sales tax only. If a tax is based on selling price of a product, the tax burden goes on increasing as raw material and final product passes from one stage to other. For example, let us assume that tax on a product is 10% of selling price. Manufacturer 'A' supplies his output to 'B' at Rs. 100. Thus, 'B' gets the material at Rs. 110, inclusive of tax @ 10%. He carries out further processing and sells his output to 'C' at Rs. 150.

Under Present System, C will get the item at Rs. 150.00 + 10% tax = Rs.165.00

However, 'value added' by B is only Rs. 40 (150-110), tax on which would have been only Rs. 4, while the tax paid was Rs. 15. As stages of production and/or sales continue, each subsequent purchaser has to pay tax again and again on the material which has already been taxed. This is called cascading effect.

In the VAT system, B will have to pay tax on the value addition done by him only i.e. Rs. 40 only and C will get the item at Rs. 150 + 10% of Rs.40 tax = Rs. 154.00

This concept of VAT is developed particularly in West European countries where they have a common market of all Western Europe. Due to advantages of VAT, presently VAT has been introduced in over 120 countries, including countries in Africa, Asia, Europe, Middle East, South America, North America and even China. However, USA has not gone into VAT yet.

Applicability of VAT

In order to achieve uniformity all over India, the States have attempted to define the important terms uniform all over India such as the definitions of 'Dealer', 'Sale', 'Business', 'Sale Price' etc. Following details are provided from the Draft Delhi Sales Tax Act, 2003(hereinafter termed as the Draft Act).

As per the definition of Dealer provided in the Draft Act, 'Dealer' means any person who carries on business. It also includes a club, association, society, trust or co-operative society, whether incorporated or not, which buys goods from or sells goods to its members for price, fees or subscription, whether or not in the course of business. The term "Business" includes any trade, commerce or manufacture and any adventure or concern or any transaction in connection with, or incidental or ancillary to such trade, commerce or manufacture. It does not matter, whether "sale" is their primary activity or not or it has been effected with a motive to gain or profit.

The Draft Act requires all the dealers who carry on any business to apply for registration and pay tax under this Act if the turnover exceeds the taxable quantum. The turnover means the aggregate of the amounts of sales price received or receivable by the dealer.

The taxable quantum prescribed by States varies from one to another. In some States dealers with up to Rs. 5 lakh annual turnover are outside the ambit of VAT, this limit is lower in certain States – as low as Rs.1 lakh in Haryana, the only state to implement VAT from April 1, 2003.

Also, it has been provided that these provisions would not be applicable in case of inter-state sale or in the course of export or import outside India.

In the Draft Act, the special position of NGO's with respect to VAT has not been considered separately. However, in our opinion any NGO carrying on any trade activity will come under the purview of this Act.

Rates of Taxes

Uniform minimum rates would be adopted by all the States and Union Territories and if this happens, then undesirable competition between States would be eliminated to a large extent. As per the proposed scheme a State would have the liberty to take a decision to levy tax at a higher rate. Four main minimum VAT rates, namely, 0, 4, 8 and 12 percent are proposed. Apart from this, for some special commodities the proposed VAT rates are 1 percent and 20 percent.

Some Legal Requirements for VAT

Book Keeping

The Draft Act requires every dealer to prepare and retain sufficient records to readily ascertain the amount of tax due under this Draft Act. Also, every dealer is required to preserve a copy of all tax invoices issued by him and the original of tax invoices received by him.

The Draft Act also requires the registered dealers making a sale liable to tax under this Draft Act, to provide the purchaser at the time of purchase with a tax invoice containing the particulars as prescribed in the Draft Act.

Accounts to be audited in certain cases

If in any particular year, the gross turnover of a dealer exceeds forty lakh rupees or such amount as may be prescribed, then such dealer shall get its accounts in respect of such year audited by a certified accountant as per the provisions of the Draft Act.

It is inevitable that the prices of a wide range of commonly used commodities and products would rise in the short term even if the new tax system would, in the long term, eventually bring down costs along the entire production and distribution chain. However, people are hopeful that the VAT would aim to bring reduction in prices, simplicity, and transparency in the system and eliminate cascading effect of the tax.

- ***Purnima Wadhawan***, FMSF
Rahul Khanna, FMSF

Naya Saral Form No.2E for Salaried Tax Payer

The Central Board of Direct Taxes has notified a new simplified "NAYA SARAL" form (Form No.2E) for filing of the income-tax returns by a salaried tax payer. The new form can be used only by resident individuals and HUFs who do not earn any income from business or profession, capital gains and agricultural income. Therefore those assessees who have income from business or profession or capital gains accruing from, say, sale of shares will have to continue filing their tax returns in Form No.2D.

The new tax return form (Form No.2E) is applicable to a salaried tax payer even if the salary income is supplemented by income from house property and other sources such as interest and dividends, but excluding the capital gains.

Revenue authorities say the new tax return form is user-friendly, as it gives step-by-step instructions on computation of income and also has fewer annexures.

In all, there are 32 main entries for the income computation in the new Saral form.

The significant highlights of the new Form No.2E are given below:

1. **Income from House Property**

In item no.16 of Form no.2D the assessee is required to put a single amount against the head 'Income from House Property' whereas Form No.2E gives step-by-step instructions on computation of income under item nos. 2, 3, 4, 5, 6 and 7. Under these items the assessee is required to compute income under the head after netting out the relevant deductions.

No documents on income from house property need to be attached alongwith the return form.

2. **Income from other sources**

In item no.19 of Form no.2D the assessee is required to put a single amount against the head "Income from other sources" whereas Form No.2E gives step-by-step instructions on computation of income under item nos. 8, 9, 10, 11 and 12. Under these items the assessee would be required to give break-up of the Gross Income from other sources-dividends from company, dividends from units, interest, rental income from plant and machinery and others, besides indicating the amount of exemption available under each head.

The system of attaching separate annexures for income from other sources has thus been dispensed with.

3. **Deductions under Chapter VI-A**

The assessee is required to provide the detailed break-up of the deductions under Sections 80CCC, 80DD, 80E, 80G, 80L, 80QQB, 80RRB against item no.14 of Form no.2E.

4. **Rebate**

In item no.27 of Form no.2D the assessee is required to put a single amount against Rebate whereas the assessee is required to provide the detailed break-up of the Rebate under Sections 88,88B, 88C against item no.18 of Form no.2E.

5. **Other changes**

Salaried employees using Naya Saral Form no.2E will have to attach Form 16, which is furnished by the employer. The copy of challans will have to be attached in case advance tax or self assessment tax is paid by the assessee. The last date for filing of Form No. 2E for the FY 2002-2003 is 31st July, 2003.

The overall objective of bringing out the new form is claimed to be to have a simplified tax return for the tax payers.

- *Rahul Khanna*, FMSF

(Note: Form No.2E is also enclosed as a supplement)

Fine(ance) Print

Method of Accounting

Cash Basis of Accounting

In cash basis of accounting, all transactions whether of capital or revenue nature are recorded only as and when effected. An entry in the books of account is made only when cash is received or paid except for closing, opening & few adjustment entries. For example, goods and services purchased/availed are recorded as assets or expenses at the time they are paid while revenues, including grants and donations, are recorded at the time of actual receipt or transfer of funds. Amounts payable, liabilities outstanding or amount receivable are ignored and not accounted for in the books.

Accrual Basis of Accounting

Under this method, goods and services purchased/availed are recorded as assets or expenses at the time the goods are received and services are availed irrespective of the fact as to whether actual payment by cash/cheque is effected or not by the organisation. Similarly, revenues including grants are recorded at the time when they are earned or become due irrespective of the fact as to whether the amount has actually been received or not. This is the most acceptable and popular method of accounting though in the NGO sector Cash Basis of Accounting is more widely used.

Illustration

To understand the difference between Cash and Accrual system of accounting, let us take an illustration : Nimhas after receiving Rs.50,000/- when he purchased the Brochure & Banner worth Rs.30,000/- actually paid only Rs.20,000/- to the supplier and Rs.10,000/- was agreed to be paid later and while travelling the actual expenditure was Rs.4,000/- but Nimhas paid Rs.5,000/- an additional amount of Rs.1,000/- was paid as advance.

Let us also draw a Trial Balance of these two entries as per the Cash Basis Accounting so that it will help us in having a clearer understanding of the fundamental difference between these two Accounting Methods when we compare it with the Trial Balance drawn as per the Accrual Method.

When we compare these two Methods of Accounting with the help of the two Trial Balance prepared by Nimhas we find that under Accrual Method there are two additonal accounts, Outstanding Expenses Account and Prepaid Expenses Account. In one sense Accrual Method is more scientific and appropriate as it helps us in knowing what we are to pay in future and what we have already paid for the future. But Cash Basis of Accounting is widely followed only due to the simplicity and clarity embedded in its operation.

The cash basis of accounting is widely preferred by the voluntary organisations over accrual basis for reasons of simplicity in its application. Even non-accountants, who have a good grasp of the principle of debit and credit, can fairly perform the job. Many voluntary organisations also view that accrual basis of accounting is useful for profit-making organisations and income generating projects.

Further, most of the funding agencies and provisions of Foreign Contribution (Regulations) Act, 1976 primarily require the actual receipt and disbursement/utilisation/application of funds/grants/income, thereby approving the cash basis of accounting.

Entries to be passed on Cash Basis Accounting Method

Date	Particulars	Ledger Folio No.	Debit Amount	Credit Amount
	Brochure & Banner Account Dr.		20,000/-	
	To Cash Account Cr.			20,000/-
	(Being Brochure & Banner of Rs.30,000/- purchased, out of which Rs.20,000/- is paid and Rs.10,000/- remains outstanding)			
	Travelling Account Dr.		5,000/-	
	To Cash account			5,000/-
	(Being Rs.5,000/- incurred for travelling including Rs.1,000/- paid as advance for next year).			

Trial Balance as per Cash Basis Accounting Method

Particulars	Debit	Credit
Cash Account	25,000.00	
Brochure Banner Account	20,000.00	
Travelling Account	5,000.00	
Grant Account		50,000.00
Total	50,000.00	50,000.00

(Assuming a Cash Donation Receipt Rs.50,000/-)

[Printed from "Legal and Finance Handbook For Voluntary Organisations", written by Mr. Manoj Fogla, LL.B, M.A.(Phil), F.C.A. and published by Financial Management Service Foundation, New Delhi.]

Entries to be passed on Accrual Accounting Method

Date	Particulars	Ledger Folio No.	Debit Amount Rs.	Credit Amount Rs
	Brochure & Banner Account Dr.		30,000.00	
	To Cash Account Cr.			20,000.00
	To Outstanding Expenses Account Cr.			10,000.00
	(Being Brochure & Banner of Rs.30,000/- purchased, out of which Rs.20,000/- is paid and Rs.10,000/- remains outstanding)			
	Travelling Account Dr.		4,000.00	
	Prepaid Expenses Account Dr.		1,000.00	
	To Cash Account Cr.			5,000.00
	(Being Rs.5,000/- incurred for travelling including Rs.1,000/-as advance payment to be adjusted next year.)			

Trial Balance as per Accrual Basis Method of Accounting

Particulars	Debit Amount Rs.	Credit Amount Rs.
Cash Account	25,000.00	
Brochure & Banner Account	30,000.00	
Outstanding Expenses Account		10,000.00
Travelling Account	4,000.00	
Prepaid Expenses Account	1,000.00	
Grant Account		50,000.00
TOTAL	60,000.00	60,000.00

(Assuming a Cash Grant Receipt Rs.50,000/-)

Action & Reflection

SCINDeA Workshop

Financial Management Service Foundation was invited by SCINDeA network members to facilitate the Workshop on Fund Management and Related Governance.

The workshop took place at Yellagiri Hills from 27th to 28th February, 2003.

All the 13 network member organisations participated in the workshop. There were about 22 participants including the Chief Functionaries and Accountants.

The resource persons included Mr. Sanjay Patra and Ms. S.P.Selvi from FMSF and Mr. Manoj Fogla, Consultant.

The topics taken up for discussion in the workshop included the following :

* Introduction to Financial Management and Related Governance
* Budgeting and Cash Flow
* Fund Accounting
* Preparation & Presentation of Financial Statements
* Accounting & Reporting of Own Means of Contribution
* NGO Governance
* Compliance to Legal Requirements - FCRA, Income Tax, PF, Gratuity etc.,

The methodology included input sessions combined with case study exercises for the participants to work upon.

The case study exercises were discussed and worked upon by the participants in groups.

This brought in lively discussions on various aspects related to the topic and provided space for more information sharing and clarification on the subject.

The workshop was well appreciated by the participants.

VANA Workshop

As a need for capacitating the network partner organisations in the areas of financial management and related governance, VANA network organised a Workshop on Financial Management and Related Governance for its network partner organisations. Financial Management Service Foundation was invited to facilitate this workshop which was held at the Ecology Centre from March 4th to 5th, 2003. About 25 people participated in the workshop including the Chief Functionary and the Accountant of each member organisation.

The topics that were taken up for discussion in the workshop included Introduction to Financial Management, Budgeting, Accounting and Reporting of Own Means of Contribution, NGO Governance and Legal and Tax Matters.

The sessions involved teaching inputs from the facilitators, brainstorms for gathering common experience, case studies, group work and participant presentation.

The resources persons for the workshop were Mr. Sanjay Patra and Ms. Purnima Wadhawan from FMSF and Mr. Manoj Fogla, Consultant.

Other Workshops facilitated by FMSF

FMSF was invited during March and April 2003 to facilitate two workshops for Oxfam (India) Trust in Bhubaneshwar and Imphal and one for the PRABHAAV Network in Delhi on Financial Management. The workshop was organised to capacitate the participants in the basics of accounting and financial management. The workshops were facilitated by the FMSF team comprising Mr. Sanjay Patra, Ms. S.P.Selvi, Ms. Lorraine Mathias, Ms. Pooja Bagga and Mr. Manoj Fogla, Consultant. The topics covered in the workshop were basics of financial management, accountability dimensions, basic features of accounting, books of accounts, preparation and presentation of financial statements, budgeting, internal control procedures, own means of contribution, Income Tax and FC(R)A. The workshop was attended by the Chief Functionaries, Accountants and Program staff of the various organisations. Each workshop was attended by around 20 participants.

Technical Guide on Accounting and Auditing in Not-for-Profit Organisations

The Research Committee of the Institute of Chartered Accountants of India has published 'Technical Guide on Accounting and Auditing in Not-for-Profit Organisations'. The Guide primarily focuses on suggesting a standardised framework for preparation and presentation of financial statements of NPOs so that they are able to meet the common information needs of various stakeholders. The Guide also discusses audit aspects and certain other facets of the NPO sector such as peculiar features, operational aspects and applicable legal requirements.

The Guide is priced at Rs.125/- and is available for sale at the sale counter of the Institute at New Delhi as well as at its regional offices located at Chennai, Mumbai, Kolkata and Kanpur.

Press Clipping

Accounting, auditing guide for NGOs

By Our Legal Correspondent

NEW DELHI, MAY 15. With many of the non-governmental organisations (NGOs) receiving huge funds from national and international donors, the Institute of Chartered Accountants of India, recently released a guide on accounting and auditing for these NGOs with a view to ensuring true and fair presentation of financial statements.

The president of the institute, R. Bupathy, told reporters that the NGOs or non-profit organisations were considered one of the major players in the socio-economic process in the country.

He said considering the fact that there were over 25,000 NGOs and the "mind-boggling" amount involved, they should ensure optimum utilisation of funds and maintain proper accounts of the funds received for public welfare to bring transparency and accountability.

He said the purpose of bringing out the guide was to ensure uniformity in accounting procedure as different accounting practices were being followed by the NGOs and the financial information provided by them was also different.

(THE HINDU DATED 16.05.2003)

Thank you for your response to 'INTERface' annual issue.

We have received overwhelming response to our last issue (8th) of INTERface (October'03 to March'03). It has encouraged us very much and we look forward to your continued support and co-operation. We wish to thank all our readers who have written to us about this issue. Due to lack of space we are able to publish below only two responses:

- Editorial team

Thank you for sending us copy of INTERface - October'2002-March 2003 copy. This issue covers a widerange of topics, which are very relevant to NGOs. I take this opportunity to congratulate you and your team on bringing out such an important issue and I wish you will bring out many more such issues in the coming future.

With best regards to you all,
K.Rama Rao
Centre for World Solidarity
Secunderabad

Very rarely one comes across a publication which is so high on relevance and quality of content. This latest 'INTERface' issue has raised the bar for all other NGO based newsletters. Inspite of the fact that it carries technical information, for people like me who do not come from the accounting background, it is a very informative and interesting reading !!

Mamta Saikia
Chairperson
South Asian Fund Raising Group,
New Delhi

New Publications

Financial Management Service Foundation

brings out

Development Accountability Series

on the following topics . . .

1. **Project Management Approach**
2. **Areas for Evaluation Study of the Financial Systems**

Registration on First Come First Serve Basis !!!

Workshop on

"Fund Management and Related Governance"

for Development Organisations in Nepal

to be held at

Hotel Narayani, Kathmandu, Nepal
from 2nd to 3rd September, 2003

Course fee : NRs. 2,000 (non-residential)

For further details and on-line registration please visit our web-site : www.fmsfindia.org

Forthcoming Workshop !

Financial Management Service Foundation

announces

Workshop on

"Social Audit - Accountability Dimensions"

for Development Organisations

from 3rd to 4th November, 2003
at New Delhi.

Course Fee : **Rs. 5,000 (non-residential)**

For further details and online registration please visit our web-site : www.fmsfindia.org

Registration on
First Come First Serve Basis !!!

Financial Management Service Foundation
Promoting Accountability

fmsf

Editor : Sanjay Patra
Associate Editor : S. P. Selvi
Published by Mr. Sanjay Patra on behalf of Financial Management Service Foundation,
A - 17, Neeti Bagh, New Delhi - 110 049, Tel : 0091-11-26850569, 26568307, 26524851, 51640653,
Fax : 0091-11-26863542, E-mail : fmsindia@vsnl.com, fmsf@vsnl.com
Please visit us at our web-site : www.fmsfindia.org, www.fmsfindia.org.in
Opinions expressed in this newsletter are not necessarily that of FMSF - Editor

ISSN 0972-7248
9 770972 724006