



SHIVAJI UNIVERSITY, KOLHAPUR

**CENTRE FOR DISTANCE AND ONLINE
EDUCATION**

B. Com. Part-II

Semester - IV

Hospital Accounting

(In accordance with National Education Policy 2020)
(Implemented from the Academic Year 2025-26)

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Shivaji University,
Kolhapur. (Maharashtra)
First Edition 2025

Prescribed for **B. Com. Part - II**

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Copies : 300

Published by:
Dr. V. N. Shinde
Registrar,
Shivaji University,
Kolhapur-416 004

Printed by :
Shri. B. P. Patil
Superintendent,
Shivaji University Press,
Kolhapur-416 004

ISBN - 978-93-47370-88-5

- ♦ Further information about the Centre for Distance and Online Education & Shivaji University may be obtained from the University Office at Vidyanagar, Kolhapur-416 004, India.

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Preface

The Medical sector plays a vital role in the economy. Accounting in this sector negmines specialised knowledge and practical skills. This book on Hospital Accounting B.Com.II, sem IV is designed to provide clear understanding of accounting practices of both, dispensaries and hospitals.

The course focuses on two major areas : Accounting for Dispensaries and Accounting of Hospitals. Dispensaries means such a place where primary medical help is provided without admithing a patient and hospital means where all medical facilities are provided including surgery and where patients are admitted for required number of days.

The students will learn how to maintain the accounts regarding the medical treatment provided by dispensaries and hospitals. It also explains the process of deternining cost and preparation of financials statements like Income and Expenditure Account and Balance sheet.

This book gives special importance to practical on-field exercises, allowing students to apply theoretical concepts to real-life dispensaries and hospitals. By integrating theory with hands-on practice, it helps students build a solid understanding of the accounting procedures commonly used in the Medical sector.

It is strictly written as per the syllabus introduced in June 2025 and it provides all necessary information and guidance to the students to learn hospital accounting and prepare the project report. It will definitely help to build practical skills and confidence in hospital accounting.

We hope that this book will be a valuable resource for students and educators, enhancing both practical knowledge and professional competence in hotel accounting.

I am grateful to Hon. Vice-Chancellor, Hon. Pro-Vice-Chancellor, Dean, Registrar and Director, Centre for Distance and Online Education. I am thankful to Deputy Registrar and other officers and concerned staff of the centre.

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Hospital Accounting
B. Com. II Semester-IV

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B. Com Part-II

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Each Unit begins with the section 'Objectives' -

Objectives are directive and indicative of :

1. What has been presented in the Unit and
2. What is expected from you
3. What you are expected to know pertaining to the specific Unit once you have completed working on the Unit.

The self check exercises with possible answers will help you to understand the Unit in the right perspective. Go through the possible answer only after you write your answers. These exercises are not to be submitted to us for evaluation. These are provided to you as Study Tools to help keep you in the right track as you study the Unit.

Unit 1

Accounting of Dispensaries (OPD)

Index -

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1.0 Objectives :

After studying you will understand-

1. Meaning and aspects of Dispensary Accounting.
2. Items of expenditure in Dispensary, Sources of Incomes in Dispensary.
3. Classification of expenses- Recurring, capital, prepaid, accrued.
4. Preparation of Receipt and Payment Account, Income and Expenditure Account and Balance Sheet.

1.1 Introduction :

“Accounting for Dispensaries (OPD)” refers to the financial and inventory management processes related to Outpatient Department (OPD) dispensaries in healthcare facilities such as hospitals or clinics. These dispensaries provide medicines and basic treatments to outpatients and must maintain accurate accounting for regulatory, financial, and operational reasons. This topic mainly focuses on various aspects of Dispensary Accounting, items of expenditure in Dispensary, Sources of Incomes in Dispensary so that we can understand financial performance of dispensary. Further this unit explains expenses which are classified into Recurring, Capital, Prepaid and Accrued. This unit covers preparation of Receipt and Payment Account, Income and Expenditure Account and Balance Sheet on the basis of different items.

1.2 Presentation of Subject Matter

1.2.1 Introduction of Accounting for dispensaries (OPD)

A dispensary in hospital is also known as a hospital pharmacy. It is a department within a hospital which is responsible for managing and dispensing medication to patients. The concept of a dispensary in hospital generally involves the key functions like medication management, patient safety, inventory control and clinical services. The dispensaries are needed to improve the patient care, reduce medication errors and efficient inventory control. Apart from these accounting for dispensaries, particularly those operating as Outpatient Departments (OPDs), involves specific considerations within the broader healthcare accounting framework. The main and primary goal is to maintain correctly track financial transactions or records related to patient care, medication dispensing, and operational costs.

The following are the important accounting aspects for OPD dispensaries:

Sr. No	Accounting Aspects	Dispensary Services
1.	Revenue Recognition	● Dispensary charges for doctor consultations, recorded revenue as Consultation Fees. ● Revenue from the sale of medicines to outpatients ● GST/Taxes for healthcare services and dispensing medicines if applicable, taken into accounting. ● In house Diagnostic Services like basic blood tests, treated as revenue ● Other Services like minor procedures, vaccinations also be recognized as revenue.
2.	Expenses Management	● Cost of Goods Sold (COGS) or direct cost of - Medicines dispensed to patients. ● Proper inventory management (FIFO, LIFO, weighted-average) is required to calculate COGS. ● Salaries and Wages for doctors, pharmacists, nurses, administrative staff, and any other personnel working in the OPD dispensary. ● Cost of the facility where the dispensary operates as Rent/Lease Expenses. ● Utility expenses like electricity, water, internet, etc. ● Medical Supplies and Consumables as Syringes, bandages, gloves, disinfectants, etc., used in the dispensary.

		● Maintenance and Depreciation on medical equipment, diagnostic machines, furniture, etc. ● Marketing and Advertising as promotional activities if any. ● Administrative Expenses like Office supplies, insurance, legal fees, professional development, etc.
3.	Inventory Management	● Tracking medicine Stock to know purchases, Dispensing, and returned or expired stock of medicine. ● Stock Valuation at cost or net realizable value· Periodic vs. Perpetual Inventory Systems for continuous updating inventory records with purchase and sale. ● Application of inventory costing to determine the cost of medicines sold.
4.	Accounting Software and Systems	● Use of specialized healthcare accounting software or general accounting software like Tally, QuickBooks, Zoho Books with Electronic Health Records (EHR) systems.
5.	Financial Reporting	● Preparation of Income Statement to shows the dispensary's revenues, expenses, and net profit or loss over a period. ● Preparation of Balance Sheet to presents the financial position of the dispensary. ● Preparation of Cash Flow Statement to tracks the movement of cash into and out of the dispensary.

6.	Regulatory Compliance	● Taxation as per income tax regulations, GST/VAT laws, and any other local taxes. ● Compliance with specific healthcare regulations ● Internal or external audits as per requirements.
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1.2.1.1 Distinguish between Dispensary and Hospital :

Basis	Dispensary	Hospital
Meaning	A dispensary is a small healthcare facility where patients get basic medical advice, medicines and treatment for common illnesses.	Hospital is a large medical institution that provides comprehensive health care including both outpatient and inpatient services.
Purpose	First point of contact for common illness, preventive care, health promotion	Handles complex cases, critical care and referrals from dispensaries or clinics.
Size and Scope	Small, often single room clinic, provide basic outpatients care, medicine distribution, minor ailments	Large, multiple departments (surgery, ICU, maternity, diagnostics), handles outpatient and inpatient care
Services offered	Primary care, vaccinations, prescriptions, basic first aid. No major surgeries or overnight stays.	Comprehensive care including emergency, major surgeries, specialised treatments, intensive care and long term patient admission
Staff	Usually few doctors, nurses, pharmacists, limited specialist availability.	Wide range of specialists, surgeons, nurses, technicians, support staff

Facilities	Limited diagnostic tools, basic pharmacy	Advanced diagnostics labs, imaging, (X-Ray, MRI), operation theaters, pharmacy blood bank
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1.2.2 Items of Expenditure in Dispensary :

Accounting for a dispensary involves various costs incurred for operating facilities and providing services. Generally, these expenses are related to Following are some of the expenditures and relevant items to it:

1. Direct Costs (Cost of Goods Sold - COGS):

In case of expenditures in dispensary, direct costs related to medicines and pharmaceuticals which is the major expenditures. It includes the cost of all drugs, injectables, vaccines, medical gases, and other pharmaceutical products purchased from wholesalers or manufacturers for dispensing to patients. It also consists of freight and transportation cost, import duties, excise duty or GST etc,

2. Staff-Related Expenses (Salaries and Benefits):

The dispensary has to expend on various staff related expenses such as Doctor's Salaries/ Fees for consulting doctors, visiting specialists or full-time medical officers, Pharmacist's Salaries, Nurse's Salaries, Medical Assistant/Attendant Salaries, Receptionist/Administrative Staff Salaries for appointment, billing and front desk operations, Housekeeping/Cleaning Staff Salaries for maintaining hygiene.

Further the dispensary has to provide other Employee Benefited facilities such as Provident Fund (PF) Contributions by employer, Employee State Insurance (ESI) Contributions, Gratuity, Bonuses and Incentives, Leave Encashment and Medical Insurance/ Benefits.

3. Facility and Utilities Expenses:

The dispensary has to incur expenditures on facilities and utilities provided as Rent/ Lease Payments for the dispensary premises, Property Taxes, Electricity Charges, Water Charges, Internet and Telephone Charges, Security Services, Cleaning and Housekeeping Supplies, Waste Management/Bio-Medical Waste Disposal etc.

4. Medical Supplies and Consumables:

The dispensary has following expenditures other than direct medicines for sale -

- **Surgical Supplies:** Bandages, gauze, cotton, surgical tape, gloves, masks, syringes, needles, spirit swabs, etc.
- **Diagnostic Consumables:** Reagents for basic lab tests (if conducted in-house), test strips.
- **First Aid Supplies:** For general use and minor injuries.
- **Disposable Items:** Paper towels, soap, hand sanitizers, patient gowns (if applicable).
- **Stationery and Forms:** Prescription pads, patient registration forms, billing paper, pens.

5. Equipment and Maintenance Expenses:

The dispensary contains various medical equipment. It has to expend on their maintenance and repairs as Servicing of BP apparatus, stethoscopes, nebulizers, diagnostic machines, refrigerators, etc. it also charges depreciation on medical equipment, furniture, fixtures, and computers. It also incurred the expenses on precision medical instruments as Calibration costs.

6. Administrative and Office Expenses:

The dispensary has to do expenses on various administrative and office expenses such as Office Stationery, Computer Software/IT Support, Printing and Photocopying, Postage and Courier, Bank Charges, Professional Fees, Auditor/Accountant Fees, Legal Fees, Consultancy Fees, Insurance Premiums, Professional Indemnity Insurance for doctors/ dispensary, Property Insurance, General Liability Insurance, Licenses and Registration fees for medical licenses, pharmacy licenses, shop establishment licenses, GST registration, Memberships and Subscriptions etc.

7. Marketing and Promotion Expenses:

If the hospital has made wide publicity of its services, then the dispensary has to incurred expenses on Advertising and Publicity, Website Maintenance, promotional Materials as business cards and pamphlets.

8. Miscellaneous Expenses:

The dispensary has miscellaneous expenses as travelling Expenses, conveyance, refreshments, repairs and maintenance (General), Training and Development, Donations and Sponsorships if any.

1.2.3 Sources of Incomes in Dispensary :

In India, the main source of an Outpatient Department (OPD) is a combination of direct patient payments and in some of the cases the government schemes or partnerships are treated as source. Following are the sources of income:

1. Direct Patient Payments:

It includes the following sources of income generation:

a) Medicine Sales:

This is the main source of income which gives consistent revenue for dispensary. Patients directly purchase prescribed medications, over-the-counter drugs, and other health products from the dispensary. Dispensaries purchase medicines at wholesale prices and sell them at a retail price so they earn more profit on sale of medicines.

b) Consultation Fees:

If the dispensary has doctors providing consultations, the fees charged for these services are a direct source of income. This applies to general physicians, specialists (if available), or Ayurvedic/Homeopathic doctors in AYUSH dispensaries.

c) Diagnostic Test Charges:

If the dispensary offers basic in-house diagnostic tests of blood pressure check, blood sugar testing, basic urine tests etc, the fees for these tests contribute to revenue.

d) Minor Procedure Charges:

The dispensary also charges fees for minor procedures like injections, wound dressing, nebulization, or vaccinations.

e) Medical Supplies/Consumables Sales:

The dispensary gets revenue by selling items like bandages, gauze, medical masks, thermometers, or other basic medical consumables.

2. Government Funding/Schemes (Especially for Public or Charitable Dispensaries):

a) Government Grants and Subsidies:

Public dispensaries or those operating under specific government health programs like Ayushman Bharat or state-specific health schemes may receive direct funding or subsidies from the central or state government to provide free or highly subsidized care to eligible patients.

b) Reimbursements from Public Health Programs:

For services rendered to beneficiaries of certain government health insurance schemes, the dispensary might be reimbursed by the government or the designated insurance agency.

c) Procurement Budgets:

Government dispensaries receive budgets for procuring medicines and other supplies. While not direct “income” in the commercial sense, it ensures the availability of inventory for free dispensing, which is the core service.

3. Corporate Tie-ups/Wellness Programs:

a) Corporate Health Programs:

Some dispensaries might tie up with local businesses or corporations to provide health check-ups, consultations, or medicine dispensing services to their employees. The company would then pay the dispensary for these services.

b) Employee Welfare Schemes:

Similar to corporate tie-ups, but often part of larger employee welfare benefits where the employer covers a portion or all of the healthcare costs.

4. Other Potential, Less Common, or Ancillary Income Sources:

a) Referral Fees (Ethical Considerations Apply):

While often controversial and sometimes illegal in India, in some informal setups, there might be a practice of receiving referral fees for sending patients to specific diagnostic centres’ or specialists. However, this is generally frowned (an expression of displeasure) upon and ethically questionable.

b) Rental Income:

If the dispensary owns the premises and leases out a portion of it for other allied services (e.g., a small lab collection center, a vision care outlet, or a dental clinic), rental income could be generated.

c) Sale of Allied Products:

This could include health supplements, personal care products, Ayurvedic/Herbal products (if applicable to the dispensary’s focus), or medical devices like blood glucose monitors.

d) Donations/Charity:

For charitable dispensaries, donations from individuals, trusts, or corporate social responsibility (CSR) initiatives can be a significant source of funding.

e) Training Programs:

If the dispensary is large enough and recognized, it might offer training programs for pharmacy assistants or other healthcare support staff, generating course fees.

The specific mix of income sources will depend heavily on the type of dispensary (e.g., a standalone private pharmacy with a doctor, a charitable clinic, a government-run OPD), its location, and the services it offers. For a typical private OPD dispensary in India, medicine sales and consultation fees would be the dominant revenue streams.

1.2.4 Classification of Expenses :

Expenses in a dispensary are classified into two basis i.e

a) On the basis of Nature

b) On the basis of Period (Time)

The following are the expenses are based on nature and period:

1. Recurring Expenses:

Generally, these expenses are known as Revenue expenses or Operating expenses. These expenses incurred repeatedly and regularly to run the day-to-day operations of the dispensary. These expenses are typically expensed in the period when they are incurred. All these expenses are shown in the Income and Expenditure Account. The recurring expenses are as Staff salaries, rent, utility bills, cost of medicines consumed, repairs and maintenance, stationery, professional fees.

2. Capital Expenses:

These expenses generally incurred on acquiring or improving health of assets in long term period. These assets are capitalized and depreciated over their useful life. For example: Purchase of medical equipment (X-ray machine, ECG machine), purchase of land and building, furniture and fixtures, vehicles etc.

3. Prepaid Expenses:

The expenses for services or benefits paid in advance are treated as prepaid expenses. Such expenses are treated as assets until the benefit is consumed, at which point they are

expensed. E.g.: rent **paid** for the next three months, insurance premiums paid for the next year, annual maintenance contract paid in advance.

4. Accrued Expenses / Outstanding Expenses/Due but not paid:

Accrued expenses are also known as outstanding expenses or expenses due but not paid. It is the liability for the accounting year and recognized as expenses in the period they are incurred, even if cash has not been disbursed. For example-Salaries payable to staff for the last month of the accounting period, utility bills received but not yet paid, interest accrued on a loan.

1.2.5 Preparation of Financial Statements :

For a dispensary, the primary financial statements are the Receipt and Payment Account, Income and Expenditure Account and Balance Sheet.

1. Receipts and Payments Account :

This account is similar to cash book having summary of cash and bank transactions over a period. Receipts and payment account is a real account. It records all actual cash inflows known as receipts and cash outflows which is known as payments for past, current and future period. they are revenue or capital in nature. It shows the overall cash position of dispensary and cash flow during the period. It never reflects profitability.

Receipt and Payment Account (Cash-based Summary Account) :

This is a summary of all cash and bank transactions during the accounting period, usually for a year. It starts with opening balances and ends with closing balances.

Format of Receipt and Payment Account

Dispensary Name.....

Receipts and Payments Account for the year ended

Receipts	Amount (₹)	Payments	Amount (₹)
Opening Balance:		Salaries to Doctors	
– Cash in Hand	Xxxx	Salaries to Staff/Nurses	xxxx
– Cash at Bank	Xxxx	Medicines Purchased	xxxx

Donations Received	Xxxx	Rent and Utilities	xxxx
Government Grant	Xxxx	Medical Equipment Purchased	xxxx
Fees from Patients	Xxxx	Stationery and Printing	xxxx
Interest on Investments	Xxxx	Repairs and Maintenance	xxxx
Sale of Old Equipment	Xxxx	Electricity Charges	xxxx
Any Other Income	Xxxx	Miscellaneous Expenses	xxxx
		Closing Balances:	
		– Cash in Hand	xxxx
		– Cash at Bank	xxxx
Total	(₹) xxxxx	Total	(₹) xxxxx

2. Income and Expenditures Account :

This account is similar to a Profit and Loss Account for non-profit organizations or departments, prepared on an accrual basis. It's a nominal account. It records all revenue incomes and revenue expenditures related to the current accounting period, irrespective of whether cash has been received or paid. It excludes the capital items. It does not have an opening balance. The main purpose is to ascertain surplus or deficit for the accounting period which is transferred to the capital fund or General fund in the Balance sheet.

Format of Income and Expenditure Account (for the year ended)

Expenditure	(₹)	Income	(₹)
To Salaries	XX	By Donations (General)	XX
To Rent	XX	By Government Grants (Revenue)	XX
To Medicines Consumed	XX	By Interest Received	XX
To Honorarium to Doctors	XX	By Sale of Old Newspapers	XX
To Printing & Stationery	XX	By Income from Events	XX

To Electricity & Water	XX	By Miscellaneous Income	XX
To Repairs & Maintenance	XX		
To Depreciation (on assets)	XX		
To Other Operation Exp.	XX		
To Surplus (Balancing Figure)	XX	By. Deficit (Balancing Figure)	XX
Total	XX	Total	XX

1. Medicines Consumed:

- o Opening Stock of Medicines + Purchases of Medicines - Closing Stock of Medicines = Medicines Consumed

2. Outstanding Expenses: Add outstanding expenses for the current year.

3. Prepaid Expenses: Deduct prepaid expenses from the current year.

4. Accrued Income: Add accrued income (income earned but not yet received).

5. Income Received in Advance: Deduct income received in advance.

6. Donations: General donations are usually treated as revenue income. Specific donations (e.g., for building fund) are capitalized and shown in the Balance Sheet.

7. Entrance Fees/Admission Fees: Usually capitalized and added to Capital Fund, unless stated otherwise or if the amount is small and recurring.

8. Legacies: Generally capitalized as they are significant, non-recurring receipts from wills.

9. Sale of Asset: Profit or Loss on sale of an asset is shown here (Sale Price - Book Value). The sale proceeds themselves are capital receipts.

3. Balance Sheet :

The Balance Sheet presents a dispensary's financial position for the financial year. The main purpose is to provide a comprehensive view of what the dispensary owns (assets), what it owes to others (liabilities), and the owners' equity or accumulated fund. It reflects the financial health and solvency of the dispensary. This represents the accumulated surplus of the organization

over the years, along with specific funds. It records capital items only. The surplus or deficit from the Income and Expenditure Account is transferred to the Capital Fund.

Format of Balance Sheet (as on)

Dispensary Name.....

Balance Sheet as on

Liabilities	Amt (₹)	Assets	Amt (₹)
Capital Fund		Fixed Assets	
Opening Balance	XXX	Building (less depreciation)	XXX
Add: Surplus (or Less: Deficit)	XXX	Medical Equipment (less depreciation)	XXX
Add: Specific Donations (e.g., Building Fund)	XXX	Furniture & Fixtures (less depreciation)	XXX
Add: Legacies	XXX		
Add: Entrance Fees (capitalized)	XXX	Current Assets	
Specific Funds		Cash in Hand	XXX
Building Fund	XXX	Cash at Bank	XXX
Endowment Fund	XXX	Stock of Medicines (Closing)	XXX
Sports Fund	XXX	Accrued Income	XXX
Current Liabilities		Prepaid Expenses	XXX
Outstanding Expenses	XXX	Investments (Fixed Deposits, etc.)	XXX
Creditors for Medicines	XXX		
Other Current Liabilities	XXX		
Total	XXXX	Total	XXXX

Steps to Prepare:

Start with Receipts and Payments Account: This is the cash summary of the organization.

1. Identify Revenue vs. Capital Items:

- o **Revenue Items:** Go to Income and Expenditure Account.
- o **Capital Items:** Go to Balance Sheet.

2. Adjustments:

Apply all necessary adjustments for outstanding/prepaid expenses, accrued/advance income, depreciation, and stock of medicines.

3. Calculate Capital Fund (Opening):

If not given, prepare an “Opening Balance Sheet” at the beginning of the accounting period.

- o $\text{Opening Capital Fund} = \text{Opening Assets} - \text{Opening Liabilities}.$

4. Prepare Income and Expenditure Account:

- o Debit all revenue expenses and losses.
- o Credit all revenue incomes and gains.
- o Calculate Surplus or Deficit.

5. Prepare Balance Sheet:

- o List all assets (fixed and current) on the assets side. Adjust fixed assets for depreciation and additions/disposals.
- o List all liabilities (specific funds, current liabilities) on the liabilities side.
- o Update the Capital Fund by adding Surplus or deducting Deficit from the Income and Expenditure Account.
- o Ensure the Balance Sheet balances ($\text{Assets} = \text{Liabilities} + \text{Capital Fund}$).

Illustration 1

The “Social Dispensary” provides free medical consultations and dispenses medicines at subsidized rates. Following is the information for the year ended March 31, 2025:

Opening Balances (as on April 1, 2024):

- Cash in Hand: ₹ 5,000
- Cash at Bank: ₹ 50,000
- Furniture: ₹ 20,000
- Medical Equipment: ₹ 1,00,000
- Stock of Medicines: ₹ 15,000
- Outstanding Salaries: ₹ 3,000

Transactions during the year ended March 31, 2025:

- Subscriptions Received: ₹ 1,20,000 (Includes ₹ 5,000 for 2023-24 and ₹ 10,000 for 2025-26)
- Donations (General): ₹ 40,000
- Donations for Building Fund: ₹ 50,000
- Sale of Medicines (Cash): ₹ 30,000
- Salaries to staff Paid: ₹ 60,000 (Includes ₹ 3,000 for 2023-24 and ₹ 7,000 for 2025-26)
- Rent Paid: ₹ 24,000
- Purchase of Medicines (Cash): ₹ 50,000
- Purchase of New Medical Equipment (Cash): ₹ 20,000
- Printing & Stationery Expenses: ₹ 5,000
- Interest Received on Investments: ₹ 2,000
- Investment Purchased: ₹ 30,000

Adjustments (as on March 31, 2025):

1. Subscriptions Outstanding for 2024-25: ₹ 8,000
2. Salaries Outstanding for 2024-25: ₹ 4,000
3. Stock of Medicines on Hand: ₹ 20,000
4. Depreciation on Furniture: 10% p.a., Depreciation on Medical Equipment: 20% p.a.

5. The closing cash balance equals to opening cash balance.

6. Surplus on Income and Expenditure Account -Rs 30,000

Prepare Receipt and Payment of Social Dispensary for the year ended 31st March, 2025 and Balance sheet on the same date. Also show the working of Capital fund as on 1st April, 2024.

Solution:

Capital Fund as on April 1, 2024

Liabilities	Amount (₹)	Assets	Amount (₹)
Outstanding Salaries	3,000	Cash in Hand	5,000
Capital Fund (Bal. Fig.)	1,87,000	Cash at Bank	50,000
		Furniture	20,000
		Medical Equipment	1,00,000
		Stock of Medicines	15,000
Total	1,90,000	Total	1,90,000

**Receipt and Payment Account of Social Dispensary for the year ended
March 31, 2025**

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d		By Salaries to staff	60,000
Cash in Hand	5,000	By Rent Paid	24,000
Cash at Bank	50,000	By Purchase of Medicines	50,000
To Subscriptions Received	1,20,000	By Purchase of Medical Equipment	20,000

To Donations (General)	40,000	By Printing & Stationery	5,000
To Donations for Building Fund	50,000	By Investment Purchased	30,000
To Sale of Medicines	30,000	By Balance c/d	
To Interest Received	2,000	Cash in Hand	5,000
		Cash at Bank	1,03,000
Total	2,97,000	Total	2,97,000

Balance Sheet of Social Dispensary as on March 31, 2025

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund		Fixed Assets	
Opening Capital Fund		Furniture 20,000	
1,87,000	2,17,000	Less:	
Add: Surplus 30,000		Depreciation (2,000)	18,000
		Medical Equipment	
Donation for Building Fund	50,000	Opening 1,00,000	1,00,000
		Add:	
		Additions 20,000	
		Less:	
		Depreciation 20,000	
		Investments	30,000
Current Liabilities		Current Assets	
Outstanding Salaries (24-25)	4,000	Cash in Hand	5,000
Subscriptions Received in Advance (25-26)	10,000	Cash at Bank	1,03,000

		Stock of Medicines	20,000
		Subscriptions Outstanding (24-25)	8,000
Total	2,81,000	Total	2,81,000

1.2.5.2 Preparation of Income and Expenditure Account and Balance sheet :

Illustration 2. The “Healthy Dispensary” provides free medical consultations and dispenses medicines at subsidized rates. Following is the Balance sheet as on 1st April, 2025 and Receipt and Payment Account for the year ended March 31, 2025 is given below:

Balance sheet as on 1st April, 2025 Capital Fund

Liabilities	Amount (₹)	Assets	Amount (₹)
Outstanding Salaries	3,000	Cash in Hand	5,000
Capital Fund (Bal. Fig.)	1,87,000	Cash at Bank	50,000
		Furniture	20,000
		Medical Equipment	1,00,000
		Stock of Medicines	15,000
Total	1,90,000	Total	1,90,000

Receipt and Payment Account of Healthy Dispensary for the year ended March 31, 2025

Receipts	Amount (₹)	Payments	Amount (₹)
To Balance b/d		By Salaries to staff	60,000
Cash in Hand	5,000	By Rent Paid	24,000

Cash at Bank	50,000	By Purchase of Medicines	50,000
To Subscriptions Received	1,20,000	By Purchase of Medical Equipment	20,000
To Donations (General)	40,000	By Printing & Stationery	5,000
To Donations for Building Fund	50,000	By Investment Purchased	30,000
To Sale of Medicines	30,000	By Balance c/d	
To Interest Received	2,000	Cash in Hand	5,000
		Cash at Bank	1,03,000
Total	2,97,000	Total	2,97,000

Adjustments —(as on March 31, 2025):

1. Subscriptions Outstanding for 2024-25: ₹ 8,000
2. Salaries Outstanding for 2024-25: ₹ 4,000
3. Stock of Medicines on Hand: ₹ 20,000
4. Depreciation on Furniture: 10% p.a., Depreciation on Medical Equipment: 20% p.a.

Prepare Income and Expenditure of the Dispensary and General Income and Expenditure account of the trust for the year ended 31.3.2025 and Balance sheet of Healthy Dispensary.

Solution:

Income and Expenditure Account of Healthy Dispensary For the year ended March 31, 2025

Dr.			Cr
Expenditure	Amount (₹)	Income	Amount (₹)
		By Subscriptions Received 1,20,000	

To Salaries to staff 60000 Less: Previous Year (23-24) 3000 Less: Next Year (25-26) 7000 Add: Outstanding (24-25) 4,000	54000	Less: Previous Year (23-24) 5000 Less: Next Year (25- 26) 10000 Add: Outstanding (24- 25) 8,000	1,13,000
To Rent	24,000	By Donations (General)	40,000
To Medicines Consumed		By Sale of Medicines	30,000
Opening Stock 15,000 Add: Purchases 50,000 Less: Closing Stock (20,000)	45,000	By Interest Received	2,000
To Printing & Stationery	5,000		
To Depreciation Furniture (10% of 20,000)	2,000		
To Depreciation Medical Equipment (20% of 1,00,000)	20,000		
To Surplus (Excess of Income over Expenditure)	30,000		
Total	1,80,000	Total	1,80,000

Balance Sheet of Healthy Dispensary as on March 31, 2025

Liabilities	Amount (₹)	Assets	Amount (₹)
Capital Fund		Fixed Assets	
Opening Capital Fund	2,17,000	Furniture 20,000	
18,000			

1,87,000 Add: Surplus 30,000		Less: Depreciation (2,000)	
Donation for Building Fund	50,000	Medical Equipment Opening 1,00,000 Add: Additions 20,000 Less: Depreciation (20,000)	1,00,000
		Investments	30,000
Current Liabilities		Current Assets	
Outstanding Salaries (24-25)	4,000	Cash in Hand	5,000
Subscriptions Received in Advance (25-26)	10,000	Cash at Bank	1,03,000
		Stock of Medicines	20,000
		Subscriptions Outstanding (24-25)	8,000
Total	2,81,000	Total	2,81,000

You are required to prepare Income and Expenditure Account for the year ended 31.3.2020 and the Balance sheet as on that date.

Sources of Income

Source	Years		
	1 st year (Rs)	2 nd year (Rs)	3 rd year (Rs)
Medicine Sales			
Consultation Fees			
Diagnostic Test Charges			
Minor Procedure Charges			
Medical Supplies/Consumables Sales			
Govt Grants or Fundings			
Other Potential, Less Common, or Ancillary income			
Miscellaneous income			

➤ Dispensary Expenses

Expenses	Years		
	1 st year (Rs)	2 nd year (Rs)	3 rd year (Rs)
Direct Costs (Cost of Goods Sold - COGS)			
Staff-Related Expenses (Salaries and Benefits)			
Facility and Utilities Expenses			
Medical Supplies and Consumables			

Equipment and Maintenance Expenses			
Administrative and Office Expenses			
Marketing and Promotion Expenses			
Miscellaneous Expenses			
Total			

➤ **Classification of Dispensary Expenses (if possible)**

Expenses	Years		
	1st year (Rs)	2nd year (Rs)	3rd year (Rs)
Recurring Expenses			
Capital Expenses			
Prepaid Expenses			
Accrued Expenses / Outstanding Expenses/Due but not paid			
Total			

➤ **As you are known about balance sheet items, make a table for assts and liabilities before visit to hospital or dispensary.**

Liabilities	Rs	Assets	Rs

Note for students:

- **Refer formats and examples on preparation of Income and Expenditure Account, Receipt and Payment Account and Balance sheet for getting detailed information of dispensary/ Hospital.**

1.2.5.3 Guidelines for Field Project on Dispensary/Hospital Accounting :

A) Before go for field work :

- Before go for field work, the students should read therotical background or theory on dispensary/ hospital accounting. It helps you in preparation of various accounts for project.
- Enlist the figures for sources of income, expenses, assets and liabilities for the current year or last 3 years / 5 years if possible by preparing tables given as (*Students can do their own according to their study, this is for only understanding purpose*)

B) On FieldWork:

1. Select a nearby dispensary/hospital visit once or twice for getting permission to do the project.
2. Collect personal information of Dispensary/hospital .
3. Collect details of dispensary /hospital services towards society.
4. Collect data regarding sources of income, expenses, assets and liabilities by communication with the accountant and management of dispensary/hospital . Refer above tables and statements for easy going.
5. Get financial statements of dispensary/hospital .
6. Get Geotag photographs of your visit for proving original project report prepared by you.
7. Collect all information regarding your project carefully and follow the next step for preparing your project.

C) Steps in Project Preparation:

The students should follow the following steps for preparation of project.

1. Select Dispensary/hospital
2. Prepare questionnaire
3. Prepare Schedule of visit to dispensary/hospital
4. Collection of data and information
5. Prepare Accounting record
6. Prepare final Statements-Receipt and Payment Account, Receipt and Expenditure Account (if possible), Income and Expenditure Account and Balance Sheet.

D) Structure of Field Project Report

- **Preliminary pages-**

Cover pages, Declaration by the student, Certificate of Dispensary and Hospital, Declaration by Guide, Acknowledgement, Index, and Content, List of table / Charts / Graphs / Maps.

- **Unit No. 1- Introduction and Theoretical background:**

- -Introduction, Introduction to hospital and dispensary, Global scenario, Information about local area, Types of Dispensary/Hospitals, Accounting information of Dispensary/Hospital.

- **Unit No. 2- Information at glance of selected dispensary and hospital:**

- -Name of Dispensary/Hospital, Location (Address), Establishment year, Types of Dispensary/Hospital, Information about Dispensary/Hospital (Profile), Number of staff and specialization.

- **Unit No. 3- Data Presentation and Analysis:**

- -Presentation and analysis of financial statement of these Dispensary/Hospital.

- **Unit No. 4- Conclusion and suggestion:**

- -Conclusion should be drawn on data analyzed, Difficulties/ problems of Dispensary/Hospital, Experience about Doctor, Staffs and Patients, Your opinion about

- Dispensary/Hospital.
- **Annexure:** List of books, Questionnaire and interview schedule, Geo-tagged photo-Hospital and dispensary with self-fee.

Note : the students should refer Topic no 2 for detailed form of questionnaire and Structure of Project.

1.3 Summary :

A dispensary in hospital is also known as a hospital pharmacy. It is a department within a hospital which is responsible for managing and dispensing medication to patients “Accounting for Dispensaries (OPD)” refers to the financial and inventory management processes related to Outpatient Department (OPD) dispensaries in healthcare facilities such as hospitals or clinics. The dispensaries are needed to improve the patient care, reduce medication errors and efficient inventory control. Apart from these accounting for dispensaries, particularly those operating as Outpatient Departments (OPDs), involves specific considerations within the broader healthcare accounting framework. It covers various aspects of accounting as revenue recognition, Expenses management, inventory management, Accounting software and system, Financial reporting and regulatory compliance. This topic mainly focuses the items of expenditure in Dispensary like direct cost , Staff-Related Expenses (Salaries and Benefits), Facility and Utilities Expenses, Medical Supplies and Consumables, Equipment and Maintenance Expenses, Administrative and Office Expenses, Marketing and Promotion Expenses, on the other hand it has various sources of income as Direct Patient Payment which includes Medicine Sales, Consultation Fees, Diagnostic Test Charges, Minor Procedure Charges and Medical Supplies/Consumables Sales. Further it includes income or fund from Government Funding/Schemes (Especially for Public or Charitable Dispensaries) or Corporate Tie-ups/Wellness Programs and other sources. Expenses in a dispensary are classified into two basis i.e On the basis of Nature and On the basis of Period (Time). These expenses are classified into Recurring Expenses, Capital Expenses, Prepaid Expenses and Accrued Expenses / Outstanding Expenses/Due but not paid. The financial statement like receipt and payment account, income and expenditure account and balancesheet are to be prepared at the end of every financial year. The students should follow the above theory and practical problems before go for field project.

1.4 Terms to Remember :

- 1. Dispensary:** a place where medicines and medical supplies are dispensed.
- 2. Recurring :** payments or actions that happen on a regular schedule.
- 3. Outpatient Departments (OPD):** the part of a hospital or clinic where patients receive medical care without being admitted for overnight stay.

1.5 Reference for further study :

1. A Hand book on Accounting for Hospital Management: Prof. D. K. Chatterjee, Himalaya Publication House
2. Hospitals Management: Mohamed Amer, Kindle Publication House
3. HFMA's Introduction to Hospital Accounting by Healthcare Financial Management Association
4. Healthcare Accounting: Comprehensive Practices and Key Insights



Unit 2

Hospital Accounting

Index -

- 2.0 Objectives**
- 2.1 Introduction**
- 2.2 Presentation of Subject Matter**
 - 2.2.1 Meaning and types of Hospitals**
 - 2.2.2 Hospital Accounting**
 - 2.2.3 Need for Maintenance of Accounts**
 - 2.2.4 Books of Account**
 - 2.2.5 Income and Expenses of Hospital**
 - 2.2.6 Assets and Liabilities of Hospital**
 - 2.2.7 Capital and Liabilities of Hospital**
 - 2.2.8 Final Account of Hospital Accounts**
- 2.3 Summary**
- 2.4 Reference Books**

2.0 Objectives :

After studying this chapter, you should be able to:

1. Identify hospital is non-profit making organizations.
2. Understand the accounting of Hospital.
3. Understand the accounting treatment of items which are peculiar to a hospital accounts.
4. Student should understand and prepare on-field project.

2.1 Introduction :

Today, Hospital is a one of the service sector industry. Hospital is an important service sector in India, because of India belongs to rich country for poor people, illiterate people, and

unhealthy people. In India hospital services provided by Government, Trust, Public sector & Private Sector.

The hospitals are profit as well as non-profit institutional/organization. The object of non- trading organization is not to earn profit but provide service to society or to its members. Such institution are work for general welfare of their member i.e. **Non-profit seeking concern** such as hospital, charitable trusts, school, college, sports clubs, trade union etc.

2.2 Presentation of Subject Matter

Now we are going to learn main points. It is a core points of the unit. Which includes hospital, hospital accounting, and types of hospital, profit oriented and non-profit oriented hospital. They maintain their books and accounts prepare on-field project.

2.2.1 Meaning and types of Hospitals :

Now we are going to learn main points. It is a core points of the unit. Which includes hospital, hospital accounting, and types of hospital, profit oriented and non-profit oriented hospital. They maintain their books and accounts prepare on-field project.

2.2.1 Meaning and Types of Hospitals:

Hospitals are health care centers for needs people. Hospital is an institution which provides medical facilities to patients. There are different types of hospitals i. e. Government hospital, charitable hospital or trust hospital and commercial hospital. Some of them are as follows.

1) Governmental Hospital:

Government Hospitals are managed & operated by governments such as state Govt., Municipal. Govt. health department etc. Govt. account is used for Govt. hospitals. Govt. provides 100% grand's to these hospitals for managing all the activities of hospitals or providing varies medical facilities to the needy people totally free service.

All the expenses of govt. hospital are paid by central & State govt. & all the revenues generated by Govt. hospitals are owned by Govt. In case of Govt. hospitals expenses are tremendously high than income. Not included-1.Railway 2.Defence 3. Transportation outside India.

2) Charitable Hospital (Trust):

Charitable hospitals are not profit making organization. Certain Charitable Trust runs the hospital for providing hospital services to the poor or needy people for charity purpose.

They provide free hospital facilities to patient. In the case of charitable hospital the expenditures are met out from Govt. grant's, donation received from industrialist & rich people of the society, & the income from the properties of hospital. General charitable hospitals are owned by private Doctors and operated on "No profit, No loss basis." When Charitable hospital maintain their books of account they prepared receipt & payment account, income & expenditure account and Balance Sheet at the end of year.

3) Commercial Hospital:

There hospitals are opened by private doctors, group of doctor or private sector undertaking on commercial basis are called Commercial Hospital. When hospital run by private sector undertaking treated as industries hence its applies company rules & principles. It is run under guidance of company Act 156. Such hospitals do not get any grant's from Govt. The main income or source of these hospitals is fees charged from patients. The objective of these hospitals is to earn the profit. When profit oriented hospital maintain their books of account they prepared Profit & Loss Account (Income & Expenditure Account) and Balance Sheet at the end of year.

2.2.2 Hospital Accounting :

Hospital accounting is a particular system of accounting which accumulates, communicates and interprets historical & projected economic data that are useful for the purpose of ascertaining the financial position and operating result of a hospital.

The useful information relating to the activities of a hospital is presented by a statistical form which is historical and projected nature in the same time. The statistical information is equally important to the users of internal management of the hospital and the external parties. In hospital accounting two types of financial statements (reports) are prepared at the end of financial year. i.e. 1. Balance Sheet 2. Income Statement.

1. Balance Sheet- Shows financial position of Hospital.
2. Income Statement- that is Income & Expenditure account (Profit & Loss Account) shows operations results of the hospital.

2.2.3 Need for Maintenance of Accounts:

Huge amount is collected by the hospital by way fees from patient, subscription, donation from charitable institution & public and Govt. Grant's. For public faith and confidence, it is necessary to have proper control over the huge funds collected by hospital. This control is possible only with the help of final account and proper books of accounts. Hospital maintain

the following books i. e. cash book, journals, ledger, membership registers, and minutes book
The reason of maintenance of accounts is -

1. To avoid the chances of misappropriation of funds by the office bears.
2. To ascertain whether their income is sufficient to meet operating expenses.
3. To review the financial position at regular interval.
4. To Consider utility public funds for the lawful purpose.
5. It is compulsory that statutory books of accounts to be submitted to the government

2.2.4 Book of Account:

Hospital maintain the following books.

1. Cash book. 2. Journals. 3. Ledger. 4. Membership registers. 5. Minutes book

2.2.5 Income and Expenses of Hospitals:

(A) Income of a Hospital: Hospital income means money earned by the hospital for providing medical and related services. Hospital income includes all receipts earned from medical services, diagnostic services, pharmacy sales, and other supporting services provided to patients.

Main Sources of Hospital Income:

1. Patient Service Income (Major Income)-

- OPD (Out-Patient) consultation fees
- IPD (In-Patient) room charges
- Operation / surgery charges
- Nursing charges
- ICU charges

2. Diagnostic & Investigation Income-

- Laboratory test fees
- X-ray, MRI, CT scan, ECG charges

3. Pharmacy Income-

- Sale of medicines
- Medical supplies to patients

4. Professional Fees-

- Doctors' consultation fees
- Specialist visit charges

5. Operation Theatre Income-

- Surgery fees
- OT usage charges
- Anaesthesia charges

6. Other Service Income-

- Ambulance charges
- Physiotherapy charges
- Blood bank charges
- Diet and canteen charges

7. Non-Operating Income-

- Rent received (shops, canteen space)
- Interest on deposits
- Donations and grants

8. Accrued or Outstanding Income- Income due but not yet received may be termed as outstanding income and Income due but not receivable as at the end of the accounting year may be termed as accrued income.

(B) Hospital Expenses:

Hospital expenses are the costs incurred by a hospital to run its services and provide medical care to patients. These expenses include all spending related to treatment, administration, maintenance, and support services of the hospital. Hospital expenses are all costs incurred to provide healthcare services and are classified based on nature, function, and purpose of expenditure.

Classification of Hospital Expenses: Hospital expenses are generally classified into the following categories:

1. Operating (Revenue) Expenses- These are regular expenses required for day-to-day functioning of the hospital. It is a recurring nature of the hospital.

- Salaries and wages of doctors, nurses, and staff
- Cost of medicines and medical supplies
- Food and diet expenses for patients
- Electricity, water, telephone charges
- Repairs and maintenance
- Laundry and housekeeping expenses

2. Non-Operating Expenses- These expenses are not directly related to patient care. It is a recurring nature.

- Interest on loans
- Loss on sale of assets
- Legal and audit fees

3. Capital Expenses- These are long-term expenses for acquiring assets. The benefit of an expenditure are likely to be received for long period the said expenditure is treated as capital expenditure.

- Purchase of medical equipment (X-ray, MRI, ventilators)
- Building construction or renovation
- Furniture and fixtures

4. Department-wise Classification- Expenses are grouped based on hospital departments:

- **Clinical departments:** OPD, IPD, Surgery, ICU, Laboratory
- **Non-clinical departments:** Administration, Accounts, Stores

5. Direct and Indirect Expenses-

- **Direct expenses:** Directly related to patient treatment (medicines, doctor fees)
- **Indirect expenses:** Support services (administration, electricity, security)

6. Prepaid Expenses and Accrued / Outstanding Expenses-

- Expenses paid in advance are called prepaid expenses. Certain expenses like Municipal Tax, Insurance premium, are payable in advance etc.
- Expenses that have been incurred during the current accounting year but have not yet been paid are termed as outstanding. Like outstanding salaries etc.

2.2.6 Assets and liabilities of Hospital:

Hospital accounting deals with recording, classifying, and reporting financial transactions of a hospital. Like any organization, a hospital prepares a **Balance Sheet**, which shows **Assets** and **Liabilities**.

1) Assets of a Hospital: Assets are the resources owned by the hospital that help it to provide medical services and earn income. Assets show what the hospital owns, while liabilities show what the hospital owes. Proper classification of assets and liabilities is essential for effective financial management and decision-making in hospital accounting.

Classification of Hospital Assets:

(A) Fixed Assets: These are long-term assets used for hospital operations. These assets are in permanent nature are called fixed assets. These assets are shown after depreciation in accounts. . Examples:

- Land and Building (hospital building, wards, operation theatres)
- Medical Equipment (X-ray machines, MRI, CT scan, ventilators)
- Furniture and Fixtures (beds, chairs, cupboards)
- Ambulances
- Computers and Hospital Management Software

(B) Current Assets: These are short-term assets which can be converted into cash within one year. These assets are in temporary permanent nature are called current assets. Examples:

- Cash in hand and Cash at bank
- Bills receivable from patients
- Stock of medicines and surgical supplies
- Consumable items (gloves, syringes, bandages)
- Prepaid expenses (insurance, rent paid in advance)

(C) Intangible Assets: These assets have no physical form but give benefits to the hospital. Examples:

- Hospital license and registration
- Goodwill (reputation of the hospital)
- Computer software

(D) Investments: Funds invested by the hospital to earn income. Examples:

- Government securities
- Fixed deposits
- Shares and debentures

2) Liabilities of a Hospital: Liabilities are the obligations or debts of the hospital which it has to pay in the future.

Classification of Hospital Liabilities

(A) Long-Term Liabilities: These are payable after one year. Examples:

- Long-term loans from banks
- Loan for construction of hospital building
- Debentures issued by hospital
- Mortgage loans

(B) Current Liabilities: These are payable within one year.

Examples:

- Creditors for medicines and equipment
- Outstanding salaries of doctors and staff
- Outstanding electricity, water, and telephone bills
- Bills payable
- Advance received from patients
- Taxes payable

(C) Capital Fund: Capital fund is also called accumulated or Corpus fund. Capital fund is a general fund which is similar to capital account trading organization. Non-trading organization do not have capital receipts that are capitalized are recorded through these accounts. This represents the owner's or trust's interest in the hospital.

Examples:

- Capital introduced by owner
- Government grants
- Donations received for hospital development

- General fund or capital fund (in charitable hospitals)

(D) Provisions: Amounts set aside for future expenses or losses.

Examples:

- Provision for doubtful debts
- Provision for depreciation
- Provision for gratuity or pension of staff

2.2.7 Capital and Revenue Items:

Preparation of financial account both trading and non-trading concern depends on the clear demarcation between revenue and capital items in the accounts. The capital items recorded in the balance sheet while all the revenue items recorded to the revenue account i. e. Profit and Loss account or Income or Expenditure Account. For example the wages of workers in a factory is a revenue item to be shown in a revenue account while wages of workers engaged in the construction of factory building is a capital item. It should be charged to building account in the balance sheet. If wages of workers on construction are mixed up with normal wages of workers and debited to profit and loss account, the profit will be understated and therefore untrue.

Capital items indicate capital receipts and payments. Revenue items indicate revenue receipts (income) and revenue payments (expenses)

2.2.8 Final Account of Hospital Accounts:

On the basis of cash book, journal and Ledger the following final accounts are prepared by a charitable hospital at the end of every year i. e. 1. Receipts and Payments Account, 2. Income and Expenditure Account, 3. Balance Sheet.

1) Receipts and Payments Account:

A Receipts and Payments Account is a summary of all cash and bank transactions of a hospital for a particular accounting period, recorded date-wise. All cash receipts & all cash payments are recorded in this book. Cash receipts mean both for revenue & capital receipts are recorded on the receipt side (Dr. Side) and cash payments mean both capital and revenue expenses are recorded on the payment side. The term receipt means all receipts pertaining to past, present & future period of capital & revenue nature. Similarly the term payment means all payments of capital & revenue nature pertaining to past, present & future period. Also recorded opening balance & closing balance.

2) Income and Expenditure Account:

In Hospital Accounting, the Income and Expenditure Account is prepared at the end of the financial year. It is a statement indicating the summary of income and expenses of non-trading concerns for a financial year. It is just like profit and loss account. It is a real account. This account is divided into two sides, i. e. left hand side is recorded expenses and losses and right hand side recorded income and gain. In this account transaction relating to revenue receipt and revenue expenses are recorded while preparing these accounts. Transaction relating to previous year or subsequent year are not taken into these accounts. Provision for outstanding expenses or income has to be made in these accounts. The main object of this account is to ascertain surplus or deficit. The balance of income and expenditure account is transferred to Balance Sheet.

3) Balance Sheet:

The balance sheet of non-trading concerns is a statement showing its financial state of affairs at the end of accounting year. It is prepared on the same lines as the balance sheet of trading organization. Liabilities are recorded on left hand side and assets are recorded on right hand side. In trading organization excess of assets over liabilities is called 'capital' while non-trading organizations it is called 'Capital Fund'. Surplus or deficit on income and expenditure account is transferred to Balance Sheet to capital fund Account. The capital fund is built up out of surplus from Income and Expenditure Account.

Proforma of final Accounts:

1. Receipts and Payments Account of Hospital for the year ended _____

Receipts	Amount (₹)	Payments	Amount (₹)
To Opening Balance		By Salaries & Wages of Staff	xxx
Cash in hand	xxx	By Medicines & Drugs	xxx
Cash at bank	xxx	By Medical Supplies	xxx
To Consultation Fees	xxx	By Nursing Expenses	xxx
To OPD Fees	xxx	By Doctor's Fees	xxx
To IPD Charges	xxx	By Laboratory Expenses	xxx
To Operation Theatre Charges	xxx	By Laundry Expenses	xxx

To Room Rent (Patients)	xxx	By Repairs & Maintenance	xxxx
To Diagnostic Fees (X-ray, MRI, etc.)	xxxx	By Electricity & Water Charges	xxx
To Ambulance Charges	xxx	By Food & Diet Expenses	xxx
To Pharmacy Sales	xxx	By Administrative Expenses	xxx
To Registration Fees	xxx	By Stationery & Printing	xxx
To Grants from Government	xxx	By Insurance Expenses	xxxx
To Donations (General)	xxxx	By Audit Fees	xxxx
To Donations (Specific)	xxxx	By Purchase of Medical Equipment	xxx
To Interest Received	xxx	By Purchase of Furniture	xxx
To Sale of Old Assets	xxx	By Construction of Hospital Building	xxx
To Insurance Claims	xxx	By Loan Repayment	xxx
To Miscellaneous Receipts	xxx	By Investment Purchase	xxx
		By Closing Balance	
		Cash in hand	xxx
		Cash at bank	xxx
Total	xxxxx	Total	xxxxx

2. Income and Expenditure Account of Hospital for the year ended _____

Expenditure	Amount (₹)	Income	Amount (₹)
Salaries & Wages (Doctors, Nurses, Staff)	xxxx	Consultation Fees	xxxx
Medicines & Drugs Consumed	xxx	Operation / Surgery Charges	xxx

Medical Supplies & Consumables	xxx	Room Rent / Bed Charges	xxx
Laboratory & Diagnostic Expenses	xxx	Diagnostic / Lab Fees	xxx
Operation Theatre Expenses	xxx	X-ray / Scan Charges	xxx
Nursing Expenses	xxx	Pharmacy / Medicine Sales	xxx
Electricity, Water & Fuel	xxx	Registration Fees	xxx
Repairs & Maintenance (Building & Equipment)	xxx	Ambulance Charges	xxx
Rent, Rates & Taxes	xxx	Donation for General Purpose	xxx
Administrative Expenses	xxx	Government Grants (Revenue)	xxx
Insurance Premium	xxx	Interest on Investments	xxx
Depreciation on Fixed Assets	xxx	Miscellaneous Income	xxx
Audit Fees & Legal Charges	xxx		xxx
Other General Expenses	xxx		xxx
Surplus (Excess of Income over Expenditure)	xxx	Deficit (Excess of Expenditure over Income)	xxx
Total	xxxxx	Total	xxxxx

3. Balance Sheet as on 31st March ———

Liabilities	Amount (₹)	Assets	Amount (₹)
I. Capital Fund	xxx	I. Fixed Assets	xxx
Opening Balance	xxx	Land & Building	xxx
Add: Surplus (Income & Expenditure A/c)	xxx	Plant & Machinery	xxx

Less: Deficit (if any)	xxx	Medical Equipment	xxx
II. Specific Funds	xxx	Furniture & Fixtures	xxx
(Building Fund, Equipment Fund, Research Fund, etc.)	xxx	Less: Depreciation	xxx
III. Secured Loans	xxx	II. Investments	xxx
(Bank Loan, Mortgage Loan)	xxx	Government Securities	xxx
IV. Unsecured Loans	xxx	Fixed Deposits	xxx
V. Current Liabilities & Provision	xxx	III. Current Assets	xxx
Creditors for Supplies	xxx	Cash in Hand	xxx
Outstanding Expenses	xxx	Cash at Bank	xxx
Income Received in Advance	xxx	Debtors / Patients Receivable	xxx
		Stock of Medicines & Stores	xxx
		IV. Misc. Expenses & losses	xxx
Total	XXXXX	Total	XXXXX

2.3 Summary:

Hospital is a one of the service sector industry. Hospital is an important service sector in India, because of India belongs to rich country for poor people, illiterate people, and unhealthy people. In India hospital services provided by Government, Trust, Public sector & Private Sector.

The useful information relating to the activities of a hospital is presented by a statistical form which is historical and projected nature in the same time. The statistical information is equally important to the users of internal management of the hospital and the external parties.

2.4 Reference Books:

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Approved for printing after making
suggested corrections 18/2/2026
Vaibhav

Proof

(2-2-2026)

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B. Com. Part-II

Semester - IV

Hospital Accounting

(In accordance with National Education Policy 2020)
(Implemented from the Academic Year 2025-26)