

Accounting for Nonprofit Organizations: A Case Study of a Norwegian Housing co-operative

The paper presents a case study of a Norwegian housing co-operative, focusing on its accounting development and aiming at developing more informative financial statements for this nonprofit organization. The experiences reported in the paper cannot be generalized statistically to other organizations. On the other hand, the accounting terms – or accounting language – developed in this case study, are offered to the readers for potential use when they prepare and/or study the accounts of other nonprofit organizations.

INTRODUCTION

Norwegian housing co-operatives are established for carrying out one specific objective, namely providing and managing apartments for their unit holders. Hence, they are not established for generating profit from entering into any profitable activity (e.g., buying and selling various products). This means that Norwegian housing co-operatives belong to the group of organizations, which do not have a profit objective, generally referred to as ‘nonprofit organizations’.

The purpose of the paper is to undertake a case study of a Norwegian housing co-operative, focusing on its accounting development and aiming at developing more informative financial statements for this nonprofit organization:

“... the case study ... does not represent a “sample”, and the investigator’s role is to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization).” (Yin, 1984, p. 21)

This means that the analysis of the accounting development of the nonprofit organization studied cannot be generalized statistically to other nonprofit organizations. On the other hand, the accounting terms – or accounting language – developed in this particular case study, are offered to the readers for potential use when they prepare and/or study the accounts of other nonprofit organizations:

“... the main purpose should be to generate theories formulated for and based on specific social situations, which have been studied empirically. These theories form ‘languages’ that provide means for understanding the situation studied. Such theories can then be used by people involved in similar situations, when they are trying to improve their understanding of their own reality.”(Brunsson, 1985, p. 11)

The paper is structured as follows: The next section presents the concept fields of revenue and expenditure, in order to establish a framework for subsequent sections. Then, two principally different types of accounts – cameral accounting and commercial accounting – are briefly explained. Since these two types of accounts focus on different effects of the revenues and expenditures, this section will extend the revenue/expenditure framework. Thereafter, a case study of a Norwegian housing cooperative – *Skramsvei* – is presented. First, its official accounts are presented. Second, alternative accounts for *Skramsvei* are developed. The paper ends with a discussion and a concluding section.

REVENUES AND EXPENDITURES

According to Mülhaupt (1987), the two main accounting concepts are *revenue* and *expenditure*. The former concept may be defined as claims on cash receipts, whereas the latter concept may be defined as obligations for cash payments. Accordingly, the revenues and expenditures will always have money effects in the form of immediate or later cash receipts and immediate or later cash payments, respectively. These money effects influence the money deposit of an organization, in the form of monetary assets minus liabilities. Furthermore, the revenues and expenditures may also have an additional effect, a profit effect. The profit effects of the revenues and expenditures influence the equity of an organization, in the form of monetary and non-monetary assets minus liabilities. When explaining the money and profit effects of the revenues and expenditures in more detail below, Figure 1 will be used as a reference.

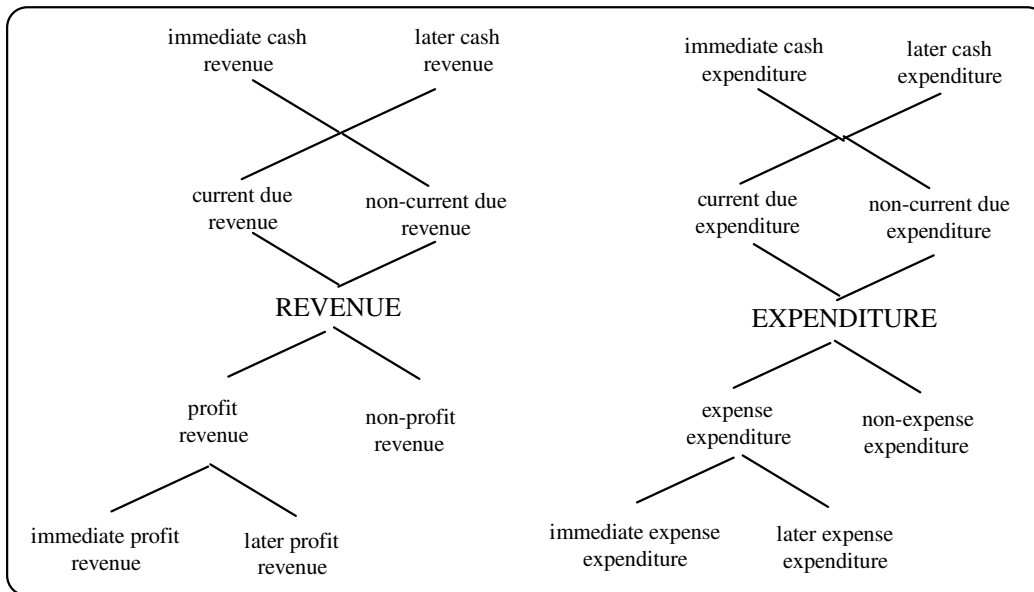


Figure 1: The concepts of ‘revenue’ and ‘expenditure’ (Source: Monsen, 2011, Figure 2.1, p. 10; translated from Norwegian)

When preparing the accounts for a specific period, the revenues and expenditures may be accrued with a view to their respective *money effects* or their respective *profit effects*. We therefore face two different accrual principles, a *money accrual principle* and a *profit accrual principle*.

The money accrual principle of accounting

In Figure 1, the concepts of ‘revenue’ and ‘expenditure’ refer to revenues incurred and expenditures incurred, respectively. Those parts of the revenues and expenditures that have been instructed for cash receipt and cash payment are referred to as ‘current due revenue’ and ‘current due expenditure’, respectively. The term ‘current due’ is in fact an English translation of the German term *Soll*, presented by the German professor Karl Oettle, when referring to revenues and expenditures which have been instructed for cash receipt and cash payment, respectively, and thus representing current due amounts (see Oettle, 1990).

The remaining parts of the revenues and expenditures that have not been instructed for cash receipt and cash payment are referred to as ‘non-current due revenue’ and ‘non-current due expenditure’, respectively. The concepts of ‘immediate cash revenue’ and ‘immediate cash expenditure’ refer to those parts of the revenues and expenditures which have been received in cash and paid cash, respectively, during the period in

question. The concepts of 'later cash revenue' and 'later cash expenditure' refer to those parts of the revenues and expenditures, which are to be received in cash and paid cash, respectively, in later periods.

In the public sector, at least in continental European countries as well as in Norway, there is a basic principle saying that instructions for cash receipts and cash payments are to be issued by an actor with receipt and payment instruction authority, such as the chief municipal administrative officer. Then cash may be received and cash may be paid, respectively, by another actor with cash receipt and payment execution authority, such as the municipal cashier. This is, however, not a principle in the business sector, where cash is exchanged for goods and services without first issuing cash receipt or cash payment instructions. In any case, revenues may be received in cash (referred to as 'immediate cash revenue'), whereas expenditures may be paid cash (referred to as 'immediate cash expenditure'), independent of whether instructions for cash receipts and cash payments have been/will be issued or not. This also appears from Figure 1.

The explanation above implies that we face three different alternatives for how to accrue the revenues and expenditures with regard to their respective money effects. That is, the revenues and expenditures may be accrued with a view to whether they have been incurred, have been instructed for cash receipt and cash payment, respectively, or have been received in cash and paid cash, respectively. These three alternatives are reflected in the three concepts of the 'incurred principle', the 'current due principle' and finally, the 'cash principle'.

The profit accrual principle of accounting

As distinct from the upper part of Figure 1, which focuses on the money effects of the revenues and expenditures, the lower part of the figure focuses on their profit effects, if this is relevant for the organization in question. It is for instance of interest to business enterprises, but not to the governmental administration (Monsen, 2011). Given such an interest, we may first split the revenues and expenditures into two groups: revenues and expenditures having profit effects and revenues and expenditures not having profit effects. Revenues with positive profit effects are referred to as 'profit revenue', while expenditures with negative profit effects are referred to as 'expense expenditure'. Revenues and expenditures without profit effects are referred to as 'non-profit revenue'

and 'non-expense expenditure', respectively. Examples here may be loan revenues and instalment expenditures.

The profit revenues and expense expenditures may in turn be categorized as follows: The part of the revenues which has a positive profit effect during the period in question is referred to as 'immediate profit revenue', while the part of the expenditures which has a negative profit effect during this period is referred to as 'immediate expense expenditure'. Examples here may be revenues from sale of pens and expenditures for raw materials which have been used during the period in question for producing the pens. Revenues and expenditures with profit effects in later periods are referred to as 'later profit revenue' and 'later expense expenditure', respectively. Examples here may be revenues in the form of prepayment from customers, which will have positive profit effects in later periods and investment expenditures, which will have negative profit effects (in the form of depreciation) in later periods.

CAMERAL ACCOUNTING VS COMMERCIAL ACCOUNTING

When accounting for revenues and expenditures, different types of accounts may be used, including cameral accounting (CAM) and commercial accounting (COM). CAM has been developed for use in the public sector in the continental European German-speaking countries (see e.g., Buschor, 1994), whereas COM has been developed for use in the business sector (see e.g. Walb, 1926; Kosiol, 1967). In later years, however, there seems to be an international trend where COM is being introduced in the public sector (see e.g., Lüder and Jones, 2003). Also in the nonprofit sector, it seems as COM is receiving increased attention (see e.g., Larkin and DiTommaso, 2008).

Today there are two main versions of CAM: administrative cameralistics (ACAM) and enterprise cameralistics (ECAM), developed for use in the governmental administration and in governmental enterprises, respectively (see e.g., Monsen, 2002). They are both based on the use of single-entry bookkeeping, 'the single-entry bookkeeping method of ACAM' and 'the systematic single-entry bookkeeping method of ECAM', respectively. When using the former bookkeeping method, the revenues and expenditures are accrued with a view to their respective money effects by use of the principle of current dues (see the upper part of Figure 1). Therefore, the single-entry bookkeeping method of ACAM forms the basis of 'money accounts in the form of current due accounts' (see Figure 2).

On the other hand, when using the latter bookkeeping method, the revenues and expenditures are accrued with a view to their respective profit effects (see the lower part of Figure 1), supplemented with reporting the money effects of the revenues and expenditures (see the upper part of Figure 1). Accordingly, the systematic single-entry bookkeeping method of ECAM is used for preparing ‘modified money accounts/profit accounts’ (see Figure 2). A further explanation of cameral single-entry bookkeeping may be found in Appendix 3.

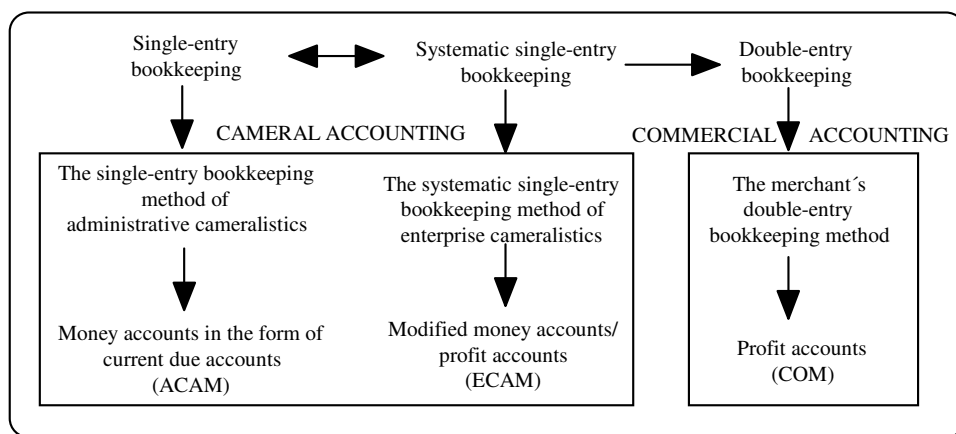


Figure 2: Cameral accounting and commercial accounting (Source: Monsen, 2010b, Figure 10.1, p. 135; translated from Norwegian).

In the current version of COM, the revenues and expenditures are accrued with a view to their respective profit effects (see the lower part of Figure 1). For this purpose, the merchant’s double-entry bookkeeping method is used, allowing for reporting the profit result (i.e., the difference between the positive profit effects of the revenues and the negative profit effects of the expenditures) for the period in question both in the balance accounts (also referred to as the balance sheet, representing the payment side of the transactions) and in the profit result accounts (also referred to as the profit and loss statement or the income statement, representing the activity side of the transactions) (Walb, 1926). Moreover, integrated complete balance accounts are prepared, reporting the assets, liability and equity at the balance account date. Accordingly, the merchant’s double-entry bookkeeping method forms the basis of ‘profit accounts’ (see Figure 2).

ECAM reports precisely the same type of information as COM: profit information in the form of profit result accounts supplement with integrated complete balance accounts. Furthermore, ECAM has a stronger money focus than COM, something that is related to

the fact that profit information is supplemented with money information within ECAM, while the profit focus has replaced the money focus within COM (see e.g., Monsen, 2001). The reason why such a development has been possible within ECAM, is its use of single-entry bookkeeping, carried out on the cameral account with different columns (see Appendix 3). When using cameral single-entry bookkeeping, we may undertake one or more single-entries (in different columns on the cameral account), depending on what type(s) of information we want to report. On the other hand, when using double-entry bookkeeping, carried out on the merchant's accounts (with only one column on the debit and credit sides, respectively; see Appendix 2), we always have to undertake two entries with the same amount on two different accounts (cp. debit=credit). Accordingly, single-entry bookkeeping is more flexible than double-entry bookkeeping, allowing for the reporting of more types of information.

SKRAMSVEI

BRL Amalie Skramsvei 6 (referred to as *Skramsvei*) is an independent housing co-operative in Bergen, Norway, which today consists of 36 apartments. In this paper, the focus is on the years 2005-2007 in order to allow for studying the accounts of *Skramsvei* both before and after the current accounting regulation (F2005) became effective from 1. January 2006. (Amounts below are in NOK.)

Official accounts

Skramsvei has prepared its official accounts in accordance with the accounting regulations applicable to housing co-operatives. Since F2005 deviates from the previous regulation, a problem occurred with regard to the presentation of accounting figures for subsequent years. In this connection, we can read the following in the accounting regulation:

“For the first accounting year the housing co-operatives prepare the annual accounts in accordance with the accounting act and this regulation, housing co-operatives may omit to prepare comparative figures in accordance with the accounting act and this regulation. Housing co-operatives shall as an enclosure to the annual accounts present an operating statement, an overview of assets and liabilities and notes from the previous accounting year.” (F2005, §7, second sub-section; translated from Norwegian)

This is the easiest way of fulfilling the requirement to report accounting figures for both the year in question (2006) and for the previous year (2005), because one does not have to adapt the accounting figures for 2005 in order to make them comparable with the accounting figures for 2006. Since F2005 allows for this simple procedure, it is under-

standable that *Skramsvei* has not adapted the accounting figures for 2005 according to the new regulation, when preparing the accounts for 2006 (see Appendix 3 in Monsen, 2010a).

F2005 requires the housing co-operatives to accrue their revenues and expenditures in accordance with a profit accrual principle (see the lower part of Figure 1; see Monsen, 2010a, for further details). Moreover, F2005 also requires that housing co-operatives shall prepare an overview of disposable resources, something that *Skramsvei* has done (the following overview is extracted from the official accounts for 2007):

<i>Disposable resources</i>				
	Accounts 2007	Accounts 2006	Budget 2007	Budget 2008
Change in disposable resources during the period:				
Disposable resources at 01.01.	280 460	1 544 040	280 460	0
Period result	-16 488	-1 553 019	0	0
Period result budget	0	0	52 122	55 162
Deduction for upgrading	0	-12 643	0	0
Addition for new loans	0	450 000	0	0
Deduction for instalments on other loans	-80 563	-157 918	-80 999	-60 000
Change in instalments incurred	0	10 000	0	0
Change in disposable resources at 31.12.	-97 051	- 1 263 580	-28 877	- 4 838
Disposable resources at 31.12.	<u>183 409</u>	<u>280 460</u>	<u>251 583</u>	<u>-4 838</u>
Specification of disposable resources:				
Accounts receivable	-12 547	-12 383	0	0
Cash and bank deposits	<u>302 343</u>	<u>328 769</u>	<u>0</u>	<u>0</u>
Total current assets	289 796	316 386	0	0
- Short-term debt	106 386	35 925	0	0
Disposable resources at 31.12.	<u>183 409</u>	<u>280 460</u>	<u>0</u>	<u>0</u>

The purpose of preparing this overview is to report the acquisition and spending of financial resources, as well as the deposit of disposable resources at 31. December. Even though the purpose is good, the method is not good. First, one starts by focusing on the profit result (referred to as 'period result'). Since this result appears as the difference between the positive profit effects of the revenues and the negative profit effects of the expenditures (see the lower part of Figure 1), it does not provide information about the acquisition and spending of financial resources, or in other words about the money effects of the revenues and expenditures (see the upper part of Figure 1). Therefore, various adjustments need to be incorporated, before arriving at 'change in disposable resources', when departing from the profit result. Accordingly, the overview as it is required by F2005, starts by focusing on what one should not focus on (i.e., non-monetary items, beginning with the profit result, followed by various adjustments, like

upgrading), instead of focusing on what one should focus on (i.e., monetary items in the form of cash receipts and cash payments). Second, one could ask what negative accounts receivable (-12,547 for 2007) represent. Maybe they represent short-term debt? If so, why not use the term 'short-term debt'? But this is probably not correct, because we will see from the overview that there is another item referred to as 'short-term debt' (106,386 for 2007), which probably is not the same as 'negative accounts receivable'.

Another problem with the accounts of *Skramsvei* is the comparison of accounting and budgetary figures (see Appendix 1). F2005 states (§3) that budgetary figures may be given as comparative figures for the accounting figures. If it is to be meaningful comparing accounting and budgetary figures, these figures should be comparable. Unfortunately, this is not the case for housing co-operatives, because the revenues and expenditures are accrued with a view to their respective profit effects (see the lower part of Figure 1) in the official accounts, whereas the revenues and expenditures are accrued with a view to their respective money effects (see the upper part of Figure 1) in the budget. With regard to *Skramsvei*, we find one more comparative problem (see Appendix 1). In the accounts for 2007, an allocation for a board fee with 78,500 has been undertaken, in addition to the original board fee with 78,500. The sum of these two figures is 157,000. The allocation with 78,500 could probably be motivated within the framework of profit accounting (see the lower part of Figure 1). However, a relevant question to ask is why this allocation was first undertaken in the accounts for 2007, motivated with new accounting principles for housing co-operatives, given the fact that these new principles applied also for 2006. If it was necessary to undertake such an allocation for the board fee in order to comply with the accounting rules in the new regulation (F2005), the first allocation should have been undertaken in the accounts for 2006 and not in the accounts for 2007. Furthermore, now it becomes even more meaningless to compare accounting and budgetary figures: What does the variance between the accounting board fee with 157,000 (78.500+78.500; see 'immediate expense expenditure' in Figure 1) and the budgetary board fee with 78,500 (see 'expenditure' in Figure 1) tell us?

In summary, we find several problems with regard to the accounting figures of a housing co-operative, illustrated by the accounts of *Skramsvei*. Some of the problems have their origin in the accounting regulation, which is based on the accounting act with

its focus on the profit effects of the revenues and expenditures (see the lower part of Figure 1), while budgetary figures, if any, focus on the money effects of the revenues and expenditures (see the upper part of Figure 1). Moreover, in practice other problems could also come into being, to the extent that one undertakes particular bookkeeping entries in the accounts (like bookkeeping of various types of allocations), motivated by profit accruing of the revenues and expenditures, at the same time as corresponding entries are not undertaken in the budget, where a money accrual principle is used. In total, these problems result in a situation where it is difficult to understand, compare and use accounting and budgetary figures of a housing co-operative. Therefore, there is a need for a new and more informative presentation of the accounting and budgetary figures of housing co-operatives.

Alternative accounts

As an alternative to the profit accounts for *Skramsvei* prepared in accordance with the accounting regulations (see Appendices 1 and 2), 'money accounts' and 'supplementary accounts' are prepared (see Appendix 3). Moreover, based on these alternative accounts, two specific financial statements are prepared.

Statement of financial status

The 'Statement of financial status' reports the status of the following items at 31. December: liquid assets and accounts receivable, short-term debt and money deposit (see below). The money deposit constitutes the difference between liquid assets/accounts receivable and short-term debt. This means that this statement reports the money status of *Skramsvei* in the form of money available for current spending (liquid assets), money claims (accounts receivable for which cash receipt instructions have been given) and money obligations (short-term debt for which cash payment instructions have been given). As a supplement, other items of interest to the housing co-operative are reported (about buildings, mortgage loan, housing co-operative deposit and unit holder's capital).

Statement of financial status at 31.12.

2005

2006

2007

**LIQUID ASSETS AND
ACCOUNTS RECEIVABLE**

Cash and bank deposits	1,845,503	328,769	302,342
Accounts receivable	5,357	0	3,796
Total (A)	1,850.860	328,769	306,138

SHORT-TERM DEBT

Prepaid apartment rent, received	0	12,383	16,343
Supplier debt	16,705	27,530	7,235
Building creditors	273,671	0	0
Total (B)	290,376	39,913	23,578

MONEY DEPOSIT

Net money deposit at 01.01 (A-B)		1.560.484	288,856
Net revenue		-1.271.628	-6,296
Net money deposit at 31.12		288.856	282,560

SUPPLEMENTARY INFORMATION:

Buildings	4,771,933	4,784,576	4,784,576
Mortgage loan	852,363	1,134,445	1,053,882
Housing co-operative deposit	315,428	315,428	315,428
Unit holder's capital	3,600	3,600	3,600

The 'Statement of financial status' is prepared based on the money accounts and the supplementary accounts of *Skramsvei* (see Tables 1 and 2, respectively, in Appendix 3). The following procedure has been applied: The liquid assets, accounts receivable and short-term debt are extracted from the rest columns in Table 1 (cp. the column 'Rests or residual dues brought forward' (RD) and the column 'Rests or residual dues carried forward' (R) in Table 1 refer to the beginning and the end of 2007, respectively). A similar procedure has been applied for the years 2005 and 2006. In a similar way, the supplementary information is extracted from the rest columns in Table 2 for 2007 (and from corresponding columns in corresponding tables for the years 2005 and 2006).

Statement of revenues and expenditures

The 'Statement of revenues and expenditures' reports the development of current due revenues and current due expenditures during the latest three-year period (2005-2007). Also, budgetary revenues and expenditures for the latest year (2007) and variances between budgetary and accounting revenues and expenditures for this year (2007) are prepared (see below).

A current due revenue represents an instruction for cash receipt, whereas a current due expenditure represents an instruction for cash payment (see 'current due revenue' and 'current due expenditure', respectively, in Figure 1). These cash receipt and cash payment instructions will not change, even though new accounting principles are introduced within the framework of profit accounting (see the lower part of Figure 1), such as we have seen has been the case when a new accounting regulation for housing co-operatives has replaced a previous regulation. Hence, there is no problem related to comparing the current due revenues and current due expenditures for different years

(2005-2007). Neither is there a problem in comparing the current due revenues and current due expenditures with the budgetary revenues and budgetary expenditures, respectively. This is so because the budgetary revenues and budgetary expenditures are planned to be instructed for cash receipt and cash payment, respectively, as well as planned to be received in cash and paid cash, respectively, during the budgetary year. Accordingly, the budgetary figures for 2007 (in the form of current due revenues and current due expenditures) are comparable with the accounting figures for 2007 (in the form of current due revenues and current due expenditures).

Statement of revenues and expenditures

2005	Accounts 2006	2007		Budget 2007	Variance 2007
			Operating activities		
			Revenues:		
569,116	614,066	673,510	Apartment revenues	673,970	-460
10,410	9,620	8,876	Other revenues	5,000	3,876
17,657	18,771	9,285	Interest revenues	5,000	4,285
			Expenditures:		
-91,723	-97,570	-105,114	Operating expenditures	-89,000	-16,114
-40,852	-35,536	-40,239	Wages	-39,745	-494
-65,000	-68,250	-78,500	Board fee	-78,500	0
-14,232	-14,958	-17,711	Payroll tax	-16,673	-1,038
-51,601	-57,004	-54,363	Business manager fee	-54,482	119
-3,039	-3,250	-3,875	Auditing fee	-3,640	-235
0	-1,800	-7,550	Voluntary communal work fee	-2,000	-5,550
-45,016	-48,191	-34,043	Electricity fee	-50,477	16,434
-171,478	-175,786	-170,127	Tax on real property/municipal tax	-181,625	11,498
-30,000	-30,000	-21,223	Building maintenance	-30,000	8,777
-5,200	-5,200	-5,200	Ground rent	-5,200	0
-18,983	-24,423	-25,367	Insurance expenditures	-26,666	1,299
-49,365	-31,619	-54,092	Interest expenditures	-53,841	-251
10,694	48,870	74,267	A. Net operating activities	52,121	22,146
			Investment activities		
4,819,390	0	0	Sales revenues (new apartments)	0	0
-3,610,626	-1,612,580	0	Expenditures (new apartments)	0	0
1,208,764	-1,612,580	0	B. Net investment activities	0	0
			Financial activities		
3,500,000	450,000	0	New long term loan, received	0	0
-3,649,739	-157,918	-80,563	Instalment long term loan, paid	-80,999	436
-149,739	292,082	-80,563	C. Financial activities net	-80,999	436
1,069,719	-1,271,628	-6,296	Net revenue (A+B+C)	-28,878	22,582
			Change in liquid assets		
1,069,719	-1,271,628	-6,296	Net revenue		
-1,759	12,383	3,960	Change in prepaid apartment revenue		
-5,357	5,357	0	Change in outstanding apartment revenue		
0	0	-3,796	Increase in prepaid operating expenditure		
8,073	10,825	-20,295	Change in supplier debt		
270,671	-273,671	0	Change in building creditors		
1,341,347	-1,516,734	-26,427	Change in liquid assets		

The 'Statement of revenues and expenditures' is prepared based on the money accounts of *Skramsvei* (see Table 1 in Appendix 3). The following procedure has been applied: The revenues for 2007 (in the form of current due revenues) and the expenditures for 2007 (in the form of current due expenditures) are extracted from the Current dues (CD) columns on the revenues and expenditures sides of the cameral account in Table 1, respectively. A similar procedure has been applied for the years 2005 and 2006. Budgetary revenues and expenditures for 2007, however, are extracted from the budget of *Skramsvei* (see Appendix 1), including budgetary instalment expenditure (identical with instalment paid during the year; see Appendix 2), which is a part of the budgetary expenditures, even though it is not reported in the column Budget 2007 in Appendix 1. The various items explaining the change in liquid assets during the year in question (see the lower part of the 'Statement of revenues and expenditures'), are extracted from the 'Statement of financial status' (cp. the change from the beginning to the end for the various years).

The statement of revenues and expenditures reports, among other things, the net difference between the current due revenues and the current due expenditures during the year in question, referred to as 'net revenue' (-6,296 for 2007). This net revenue is also reported in the statement of financial status, explaining the net change in money deposit (in the form of liquid assets plus accounts receivable minus short-term debt) during the year in question (-6,296 for 2007).

DISCUSSION

Administrative cameralistics

All organizations incur expenditures which must be financed by revenues. Different types of organizations acquire, however, revenues in different ways. For instance, business enterprises acquire revenues through market-exchange transactions, where goods and services are exchanged for money. Danielsson (1977) thus refers to business enterprises as 'market-linked organizations'. The governmental administration (like a city treasury), however, primarily receives revenues in the form of taxes from the inhabitants without giving a direct service in return. In other words, it receives revenues through one-way money transactions. The expenditures (from service delivery to the inhabitants) are incurred in various parts of the administration (like the school department, the health department, etc.), while the tax revenues are received by the treasury department. Therefore, the budget is used for allocating the tax revenues to the various departments, so they can finance their expenditures. Danielsson (1977) thus refers to the governmental administration as a 'budget-linked organization'.

In the governmental sector we also find governmental enterprises (like municipal electricity companies and municipal bus companies) in addition to the governmental administration. These enterprises are financed by revenues, which they receive in exchange for service delivery (electricity, bus transport) to the inhabitants (the electricity customers, the bus passengers). Accordingly, governmental enterprises receive revenues through market-exchange transactions and not through one-way money transactions. Governmental enterprises have therefore more similarities with business enterprises than with the governmental administration with regard to the acquisition of revenues for financing expenditures incurred.

A housing co-operative has more similarities with the governmental administration than with a business or governmental enterprise with regard to the acquisition of revenues for financing its expenditures. This is so, because a housing co-operative does not sell goods/services thorough market-exchange transactions, but acquire revenues through one-way money transactions from the unit holders (in the form of apartment revenues). It is therefore important for a housing co-operative to make sure that the revenues are sufficient for financing the expenditures, since the revenues do not follow from the expenditures. This implies that a housing co-operative, like a governmental administration, needs information about the money effects of the revenues and expenditure (see the upper part of Figure 1). Since ACAM reports the money effects of the revenues and expenditures, housing co-operatives should prepare their accounts in the form of ACAM.

Four tasks of administrative cameralistics

ACAM has been developed for fulfilling four specific tasks. The first task is to contribute to *budgetary control* in the form of comparing accounting figures (extracted from the cameral account) and budgetary figures (extracted from the budget). With regard to the budget, we do not face alternative figures to use: the budgetary revenues and expenditures are planned to be instructed for cash receipt and cash payment, respectively, as well as planned to be received in cash and paid cash, respectively, during the budgetary year. Regarding which accounting figures to use as the basis for comparison with the budgetary figures, we have two alternatives, resulting in an actual comparison or a current due comparison (v.Wysocki, 1965). An *actual comparison* is based on using revenues and expenditures that have been received in cash and paid cash, respectively (see 'immediate cash revenue' and 'immediate cash expenditure', respectively, in Figure 1), extracted from the A-columns on the revenues and expenditures sides, respectively, on the cameral account (see Table 2). A *current due comparison*, however, is based on using revenues and expenditures that have been instructed for cash receipt and cash payment, respectively (see 'current due revenue' and 'current due expenditure', respectively, in Figure 1), extracted from the CD-columns on the revenues and expenditures sides, respectively, of the cameral account (see Table 2).

The second task of ACAM is *receipt/payment control*. The cameral account with separate columns for receipt/payment instructions (CD) and cash receipts/cash

payments (A), as well as the single-entry bookkeeping method of ACAM with its two bookkeeping rules (no A-entry without an earlier or simultaneous CD-entry and $R=RD+CD-A$) have been specifically developed so receipt/payment control becomes an integrated part of the bookkeeping itself, by a comparison of the cash receipts/cash payments with the cash receipt instructions/cash payment instructions (i.e., a horizontal study of the cameral account; Mülhaupt, 1987). Furthermore, in addition to this receipt/payment control, it is also important to control the cash receipt and cash payment process itself, referred to as *cash control*. This is therefore the third task of ACAM, and is carried out by a vertical study of the A-columns. In the A-columns the cash receipts and cash payments are entered on the revenues side and the expenditures side, respectively, on the cameral account. Net cash change appears as the difference between total entries in the A-column on the revenues side and total entries in the A-column on the expenditures side.

As pointed out above, a money accrual principle in form of the current due principle is used within ACAM for accruing the revenues and expenditures with a view to their respective money effects. This implies that revenues and expenditures are entered in the CD-columns of the cameral account (on the revenues and expenditures sides, respectively) by using the current due principle. When studying the CD-columns vertically, a money result thus appears as the difference between current due revenues and current due expenditures. Hence, *money result reporting* is the fourth task of ACAM, showing to what extent expenditures instructed for cash payment have been financed by revenues instructed for cash receipt.

Nonprofit cameralistics

The single-entry bookkeeping method of ACAM uses the principle of current dues for accruing the revenues and expenditures with a view to their respective money effects. As a result, only revenues/expenditures for which cash receipt/cash payment instructions have been given will be entered on the cameral account (see the two upper parts of Table 1 in Appendix 3, referred to as 'Accounts receivable' and 'Short-term debt'). If, however, this bookkeeping method is extended by also entering 'net income' and 'cash/bank deposit' on the cameral account, although no cash receipt/cash payment instructions are to be given for these items (see the lower part of Table 1 in Appendix 3, referred to as 'Closing'), we have a developed version of the single-entry bookkeeping

method of ACAM. By using this version, more information is reported compared to the information reported in ACAM, without having a negative influence on the fulfilment of the four money tasks of ACAM (budgetary control, receipt/payment control, cash control and money result reporting). This is so, because the added information (about net revenue and cash/bank deposits) is added to ACAM's information (i.e., reported in a separate closing section), as opposed to being incorporated into ACAM's information in the two upper parts of Table 1 in Appendix 3, referred to as 'accounts receivable' and 'short-term debt'.

Furthermore, to the extent that it is desirable to report supplementary information to what is reported in the 'money accounts' (see Table 1 in Appendix 3), this could be done by adding 'supplementary accounts' (see Table 2 in Appendix 3). These supplementary accounts are prepared by using the systematic single-entry bookkeeping method of ECAM to report information about revenues/expenditures for which no cash receipt/cash payment instructions have been/will be given (e.g., about buildings, mortgage loan, housing co-operative deposit and unit holder's capital).

In summary, in this case study ACAM has been further developed for use by a housing co-operative, representing a nonprofit organization. This developed version of ACAM may be referred to as *nonprofit cameralistics* (NCAM), consisting of two parts: (1) Money accounts and (2) Supplementary accounts. The bookkeeping method used in NCAM may be referred to as the 'single-entry bookkeeping method of NCAM'. By using this particular bookkeeping method, it would be easy to prepare informative financial statements in the form of a 'statement of financial status' and a 'statement of revenues and expenditures' (supplemented with budgetary figures extracted from the budget; cp. the 'statement of financial status' and the 'statement of revenues and expenditures' of *Skramsvei* presented earlier in the paper).

CONCLUSION

The case study approach has been applied in this paper, with *Skramsvei* being the case studied. Given this approach, the experiences reported in the paper cannot be generalized statistically to other nonprofit organizations. On the other hand, these experiences are offered to the readers for use when studying the accounts of other nonprofit organizations. Specifically, the readers can themselves consider if it would be of interest to prepare 'money accounts' and 'supplementary accounts', forming the basis for the preparation of a 'statement of financial status' and a 'statement of revenues and expenditures', for other nonprofit organizations. In particular, the specific contents and designs of these two particular financial statements as they are prepared for *Skramsvei* could be used as a starting point for developing similar financial statements for other nonprofit organizations. Although it is not necessary to use the 'single-entry bookkeeping method of NCAM' for preparing these two financial statements, this particular bookkeeping method has been specifically developed for this purpose. Thus it may be worthwhile to consider using this bookkeeping method, if one wants to prepare these two financial statements. Furthermore, the accounting terms developed in this paper, consisting of 'money accounts', 'supplementary accounts', 'statement of financial status', 'statement of revenues and expenditures', 'nonprofit cameralistics' (NCAM) and 'the single-entry bookkeeping method of NCAM', can be analytically generalized, in the sense that they can be applied when preparing and/or studying accounting for other nonprofit organizations.

Appendix 1
BRL Amalie Skramsvei 6:
Official accounts

Result

	Accounts 2007	Accounts 2006	Budget 2007	Budget 2008
Operating revenues:				
Collected common expenses	673 510	614 066	673 970	690 277
Other revenues	8 876	9 620	5 000	5 000
Total operating revenues	<u>682 386</u>	<u>623 686</u>	<u>678 970</u>	<u>695 277</u>
Operating expenses:				
Wage expenses	39 141	36 945	39 745	37 332
Voluntary communal work fee	7 550	1 800	2 000	2 000
Board fee	157 000	68 250	78 500	78 500
Payroll fee	28 625	15 501	16 673	16 332
Business manager fee	54 363	57 004	54 482	56 500
Auditing fee	3 875	3 250	3 640	5 500
Electricity	34 043	48 191	50 477	50 477
Tax on real property/municipal tax	170 127	175 786	181 625	181 625
Ground rent	5 200	5 200	5 200	5 200
Insurances	25 367	24 423	26 666	27 650
Operating expenses	105 114	97 571	89 000	97 000
Maintenance	10 000	857 538	30 000	50 000
Restoration	11 223	772 400	0	0
Total operating expenses	<u>651 628</u>	<u>2 163 858</u>	<u>578 007</u>	<u>608 116</u>
Operating result	<u>30 758</u>	<u>-1 540 172</u>	<u>100 963</u>	<u>87 162</u>
Financial revenues and expenses:				
Interest revenues on common resources	8 935	18 140	5 000	5 000
Other interest revenues	350	631	0	0
Total financial revenues	9 285	18 771	5 000	5 000
Interests to bank/financial institutions	-54 092	-31 619	-53 841	-37 000
Allocation for interests incurred	-2 440	0	0	0
Total financial expenses	56 532	31 619	53 841	37 000
Result of financial revenues/expenses	<u>-47 246</u>	<u>-12 848</u>	<u>-48 841</u>	<u>-32 000</u>
Result	<u>-16 488</u>	<u>- 1 553 019</u>	<u>52 122</u>	<u>55 162</u>
Transferred to/from funds	-16 488	- 1 553 019	0	0

Balance

	2007	2006
ASSETS		
FIXED ASSETS		
Permanent operating assets		
Buildings	4 784 576	4 784 576
Total fixed assets	<u>4 784 576</u>	<u>4 784 576</u>
CURRENT ASSETS		
Accounts receivable		
Debtors	3 796	0
Bank deposits, cash		
Common resources due	297 343	323 769
Cash in hand	5 000	5 000
Total current assets	<u>306 139</u>	<u>328 769</u>
TOTAL ASSETS	<u>5 090 715</u>	<u>5 113 345</u>
EQUITY AND LIABILITY		
EQUITY		
Equity deposited:		
Unit holder's capital	3 600	3 600
Equity earned:		
Other equity	3 595 075	3 611 564
Total equity earned	<u>3 595 075</u>	<u>3 611 564</u>
Total equity	<u>3 598 675</u>	<u>3 615 164</u>
LIABILITY		
Long-term debt:		
Other mortgage loan	1 053 882	1 134 445
Housing co-operative deposit	315 428	315 428
Total long-term debt	<u>1 369 310</u>	<u>1 449 873</u>
Short-term debt:		
Prepaid common expenses	16 343	12 383
Supplier debt	7 235	27 530
Allocation of board fee with payroll tax	89 569	0
Payroll tax	388	543
Allocation of holiday pay	2 754	3 852
Interests incurred	6 440	4 000
Total short-term debt	<u>122 729</u>	<u>48 308</u>
Total liability	<u>1 492 040</u>	<u>1 498 181</u>
TOTAL EQUITY AND LIABILITY	<u>5 090 715</u>	<u>5 113 345</u>

Appendix 2

BRL Amalie Skramsvei 6: Double-entry bookkeeping

Double-entry bookkeeping is carried out on the merchant's double-sided accounts. The left side of the account is referred to as the debit side and the right side of the account is referred to as the credit side. On each side (i.e., on the debit and credit sides, respectively) there is only one column. Every bookkeeping entry is debited on one account and credited on another account with the same amount. Originally, double-entry bookkeeping, referred to as the *merchant's double-entry bookkeeping method*, was developed for use by business enterprises, accruing the revenues and expenditures with a view to their respective profit effects.

In this appendix it is illustrated how double-entry bookkeeping is used for preparing the official accounts of *Skramsvei* in accordance with the current accounting regulation for housing co-operatives in Norway (F2005) (see Monsen, 2010a, for further details). The two basic principles of double-entry bookkeeping (i.e., debit=credit and use of two different accounts), which apply to the merchant's double-entry bookkeeping method, also apply to the double-entry bookkeeping method of Norwegian housing co-operatives. In addition, the accounting regulation for the Norwegian housing co-operatives contain special rules for these organizations (e.g., with regard to the bookkeeping of buildings without depreciations), implying that their double-entry bookkeeping method is not identical to, but rather a variant of, the merchant's double-entry bookkeeping method. The former method is therefore referred to as the *double-entry bookkeeping method of Norwegian housing co-operatives*.

(OB = opening balance; EB = ending balance)

BALANCE 31.12. 2006

Bank account	323,769	Unit holder's capital	3,600
Cash account	5,000	Other equity	3,611,564
Accounts receivable	0	Mortgage loan	1,134,445
Buildings	4,784,576	Housing co-operative depos.	315,428
		Prepaid common expenses	12,383
		Supplier debt	27,530
		Allocation of board fee with payroll tax	0
		Payroll tax	543
		Allocation of holiday pay	3,852
		Interests incurred	4,000
	5,113,345		5,113,345

Bank account				Result accounts			
OB	323,769	3)	40,239	3)	39,141	1)	673,510
1)	673,674	4)	7,550	4)	7,550	2)	8,876
2)	8,876	5)	78,500	5)	157,000	18)	8,935
18)	8,935	8)	17,711	6)	11,069	19)	350
19)	350	9)	54,363	7)	17,556		
		10)	3,875	9)	54,363	23)	16,489
		11)	34,043	10)	3,875		
		12)	170,127	11)	34,043		
		13)	5,200	12)	170,127		
		14)	25,367	13)	5,200		
		15)	125,409	14)	25,367		
		16)	10,000	15)	105,114		
		17)	11,223	16)	10,000		
		20)	54,092	17)	11,223		
		22)	80,563	20)	54,092		
		EB	297,342	21)	2,440		
	1,015,604		1,015,604		708,160		708,160

Cash account			
OB	5,000		
		EB	5,000
	5,000		5,000

Accounts receivable			
OB	0		
1)	3,796	EB	3,796
	3,796		3,796

Buildings			
OB	4,784,576		
		EB	4,784,576
	4,784,576		4,785,576

Housing co-operative deposit			
		OB	315,428
EB	315,428		
	315,428		315,428

Supplier debt			
15)	20,295	OB	27,530
EB	7,235		
	27,530		27,530

Payroll tax			
8)	17,711	OB	543
EB	388	7)	17,556
	18,099		18,099

Interests incurred			
		OB	4,000
EB	6,440	21)	2,440
	6,440		6,440

Unit holder's capital			
		OB	3,600
EB	3,600		
	3,600		3,600

Other equity			
23)	16,489	OB	3,611,564
EB	3,595,075		
	3,611,564		3,611,564

Mortgage loan			
22)	80,563	OB	1,134,445
EB	1,053,882		
	1,134,445		1,134,445

Prepaid common expenses			
		OB	12,383
EB	16,343	1)	3,960
	16,343		16,343

Allocation of board fee with payroll tax			
		OB	0
		5)	78,500
EB	89,569	6)	11,069
	89,569		89,569

Allocation of holiday pay			
3)	1,098	OB	3,852
EB	2,754		
	3,852		3,852

BALANCE 31.12. 2007

Bank account	297,342	Unit holder's capital	3,600
Cash account	5,000	Other equity	3,595,075
Accounts receivable	3,796	Mortgage loan	1,053,882
Buildings	4,784,576	Housing co-operative depos.	315,428
		Prepaid common expenses	16,343
		Supplier debt	7,235
		Allocation of board fee with payroll tax	89,569
		Payroll tax	388
		Allocation of holiday pay	2,754
		Interests incurred	6,440
	5,090,714		5,090,714

Appendix 3

BRL Amalie Skramsvei 6: Single-entry bookkeeping

Cameral single-entry bookkeeping is carried out on the cameral account, consisting of a revenues side and an expenditures side. Revenues are entered on the revenues side, while expenditures are entered on the expenditures side. On both sides we find the following four columns: Rests or residual dues brought forward (RD), Current dues (CD), Actuals (A) and Rests or residual dues carried forward (R). Within *administrative cameralistics* (ACAM), revenues instructed for cash receipt (see 'current due revenue' in Figure 1) are entered in the CD-column on the revenues side, and expenditures instructed for cash payment (see 'current due expenditure' in Figure 1) are entered in the CD-column on the expenditures side. When a current due revenue is received in cash (see 'immediate cash revenue' in Figure 1), the cash receipt is entered in the A-column on the revenues side. A cash payment (see 'immediate cash expenditure' in Figure 1) resulting from the payment of a current due expenditure is entered in the A-column on the expenditures side. By following this procedure, bookkeeping rule (1) is followed, which states that an actuals-entry (A-entry) cannot be carried out without an earlier or simultaneous current dues-entry (CD-entry). Bookkeeping rule (2) states that the rest amount carried forward to the following period, appears as follows: Rests or residual dues carried forward = Rests or residual dues brought forward + current dues - actuals ($R=RD+CD-A$). These two bookkeeping rules apply separately on the revenues and expenditures sides of the cameral account. According to Mülhaupt (1997), the cameral account with separate columns for receipt/payment instructions and cash receipt/cash payments as well as the two cameral bookkeeping rules are specifically developed for contributing to receipt/payment control as an integrated part of the single-entry bookkeeping method of ACAM.

In this appendix a developed variant of the single-entry bookkeeping method of ACAM is used for preparing *money accounts* for *Skramsvei* (see Table 1 below). The development consists of adding a 'closing section' to ACAM (see the lower part of Table 1). Here, the net revenue (i.e., the net difference between current due revenues and current due expenditures) during the year in question is reported. Also, cash and bank deposits at the beginning and end of the accounting year in question, as well as the net change of cash and bank deposits during this year are reported in the 'closing section'. Since Table 1 is prepared by using the current due principle, only revenues and expenditures that have been instructed for cash receipt and cash payment, respectively, are reported here (except for reporting 'net revenue' and 'cash/bank deposits' in the closing section). As a result, the remaining parts of the revenues and expenditures (i.e., revenues/expenditures for which no receipt instructions/payment instructions have been/will be given) will not be reported in Table 1. It may therefore be of interest to supplement Table 1 with information about non-receipt instructed revenues and non-payment instructed expenditures. This has been done in Table 2, representing *enterprise cameralistics* (ECAM). Specifically, information about the following items are presented in Table 2: accounts receivable for which no cash receipt instructions have been given, short-term debt for which no cash payment instructions have been given, buildings for which no cash receipt instructions are to be given, mortgage loan for which no payment instructions have been given as well as housing co-operative deposit and unit holder's capital for which no payment instructions are to be given, unless the housing co-operative will close down its activities (see Monsen, 2010a, for further details).

Even though the two cameral bookkeeping rules (no A-entry without an earlier or a simultaneous CD-entry and $R=RD+CD-A$) *technically* are identical within ACAM and ECAM, the *interpretation* of them is different. This is related to the use of different accrual principles. Within ACAM the revenues and expenditures are accrued with a view to their respective money effects by use of the current due principle in the CD-columns (see the upper part of Figure 1), while the revenues and expenditures are accrued with a view to their respective profit effects in the CD-columns within ECAM (see the lower part of Figure 1). As a result of this difference, the *supplementary accounts* (Table 2), representing *enterprise cameralistics*, cannot be incorporated into the money accounts (Table 1), representing a *developed version of administrative cameralistics*, referred to as *nonprofit cameralistics* (NCAM).

	Revenues				Expenditures			
	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)
ACCOUNTS RECEIVABLE								
Apartment rev. (1)		677,470	673,674	3,796	12,383	3,960		16,343
Other revenues		8,876	8,876					
Interest revenues		9,285	9,285					
Total (A)	0	695,631	691,835	3,796	12,383	3,960	0	16,343
SHORT-TERM DEBT								
Operating exp.					27,530	105,114	125,409	7,235
Wage expenditures						40,239	40,239	
Board fee						78,500	78,500	
Payroll tax						17,711	17,711	
Bus. manager fee						54,363	54,363	
Auditing fee						3,875	3,875	
Voluntary com. work fee						7,550	7,550	
Electricity exp.						34,043	34,043	
Tax on real prop./municipal tax						170,127	170,127	
Maintenance exp.						21,223	21,223	
Ground rent						5,200	5,200	
Insurance exp.						25,367	25,367	
Interest expend.						54,092	54,092	
Instalment						80,563	80,563	
Total (B)					27,530	697,967	718,262	7,235
CLOSING								
Total (A) and (B)	0	695,631	691,835	3,796	39,913	701,927	718,262	23,578
Net revenue		6,296	6,296					
Cash/bank deposits	328,769		26,427	302,342				
	328,769	701,927	718,262	312,434	39,913	701,927	718,262	23,578

(1) Net apartment revenues (CD): 677,470 – 3,960 = 673,510.

Note: Cash receipt instructions/cash payment instructions have been given for the 'accounts receivable' and the 'short-term debt'.

Table 1: Money accounts of *Skramsvet* for 2007.

	Revenues				Expenditures			
	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)	Rests or residual dues b/f (RD)	Current dues (CD)	Actuals (A)	Rests or residual dues c/f (R)
Accounts receivable	0			0				
Short-term debt					0			0
Buildings	4,784,576			4,784,576				
Mortgage loan					1,134,445		80,563	1,053,882
Housing co-operative deposit					315,428			315,428
Unit holder's capital					3,600			3,600

Note: No cash receipt instructions/no cash payment instructions have been/will be given.

Table 2: Supplementary accounts of *Skramsvet* for 2007.

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