

# Non – Profit Organisations

## Definition:

These are organizations whose main aim is NOT to make a profit but exist to provide a service or entertainment to the local community. These organizations are like clubs and charities.

## Accounting terms differences between Profit organizations and non-profit organizations:

### **Profit Orientated**

Trading and Profit and Loss Account

Net Profit

Net Loss

Capital

### **Non-profit orientated**

Income and Expenditure Account

Surplus of income over expenditure

Excess of expenditure over income

Accumulated Fund

A common feature in clubs is also a *summary of the Cash Book* called the **Receipts and Payments Account**.

It is possible that some clubs and charities also have a profit making business within the organization ( such as a Bar or a Canteen) in order to raise money. A normal Trading and Profit and Loss Account must be drawn up for such a facility. The profit from the Trading and Profit and Loss Account must be transferred to the Income section of the Income and Expenditure Account.