

Glossary of Terms¹



Dunedin Community Accounting

A free service for clubs, societies and other not-for-profits

A B

Accounting

- » "The language of business". The recording of the monetary and economic transactions of an entity.

Asset

- » An item that has arisen from a past transaction, under the present control of the organisation and will provide a future economic benefit.

Balance date

- » The date in which the financial year ends for your organisation each year (e.g. 31 March).

C D

Credit

- » An entry signifying an increase in a liability, revenue or equity account or a decrease in an asset or expense account.

Debit

- » An entry signifying an increase in an asset or expense account or a decrease in a liability, revenue or equity account.

Depreciation

- » A non-cash expense relating to the decrease in value of an asset in one year.

Double Entry Accounting

- » Every type of transaction that an organization engages in has a two-fold effect. For example, your subscription fees. The first entry is a debit entry into your cash account and then at the same time your second entry will be a credit entry to your income account, thus a double entry has occurred.

E F

Equity

- » Net assets of the organization, e.g. assets less liabilities. What the organisation actually owns in the business after all debts have been paid.

Expense

- » Money spent to carry out the activities of the organisation

G H

GST*

- » Goods and Services Tax. Note, some Goods and Services are "Exempt Supplies", and therefore, are not subject to GST, e.g. bank fees, donated goods and services sold by not-for-profit bodies.

I

Income

- » Money received while carrying out the activities of the organisation.

IRD/GST Registration Number*

- » Each organisation will have a unique IRD number. This number will be used for all taxes in which your organisation is liable for, e.g. PAYE, GST and ACC. (If your organisation is a GST registered entity).

J K L

Liability

- » Money owed by the organisation.

M N

Net Book Value (Assets)

- » Total cost of assets less the accumulated depreciation, e.g. cost less the total depreciation written off since the asset was purchased.

O P

Petty Cash Fund

- » A small amount of cash kept to pay for minor expenses (e.g. milk and stamps). It records the purchases and the balances. When the amount of cash in the petty cash account gets low, a petty cash cheque is issued to reimburse the fund for the amount spent.

Q R S - Z

Surplus (Deficit)

- » Net result for period (income less expenses).

¹ SOURCE: COMMUNITY RESOURCE KIT WWW.COMMUNITY.NET.NZ VERSION 1/OCTOBER 2006

• IF YOU HAVE ANY QUESTIONS ABOUT INCOME TAX, GST OR PAYE FOR YOUR ORGANISATION THEN WE ADVISE THAT YOU SEEK THE ADVICE OF A CHARTERED ACCOUNTANT..