



AAT

Business Awareness

Pocket Notes

These Pocket Notes support study for the following AAT qualifications:

AAT Diploma in Accounting – Level 3

AAT Certificate in Bookkeeping – Level 3

AAT Diploma in Accounting at SCQF Level 6



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chapter

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The business organisation

- The need for organisation and its types.
- Not for profit organisations.
- Services vs. manufacturing organisations.
- Separation of ownership and control.
- Types of funding.
- Equity and debt.

The need for organisation and its types

Organisations are social arrangements for the controlled performance of collective goals

Two or more people working together in a structured way
Duties and responsibilities being assigned to each individual

Organisations use systems (e.g. swiping in when entering office) and procedures (e.g. cash handling rules) to regulate staff behaviour

All organisations pursue certain goals, these are considered to be over and above individual aspirations

Organisations exist:

- to satisfy social needs
- to overcome the individuals' limitations
- to enable individuals to specialise
- to save time through joint effort
- to pool knowledge and ideas
- to pool expertise
- to provide synergy.

Organisational types

Organisations can differ depending on their areas of activity, geographical spread of operations, size etc. However the two main types of the organisation can be classified:

1 by profit orientation

profit-seeking organisations:

- seek to maximise the wealth of their owners
- (e.g. commercial companies)

not-for-profit organisations (NFPs):

seek to satisfy the needs of their members, profit is no longer a primary objective (e.g. schools, hospitals).

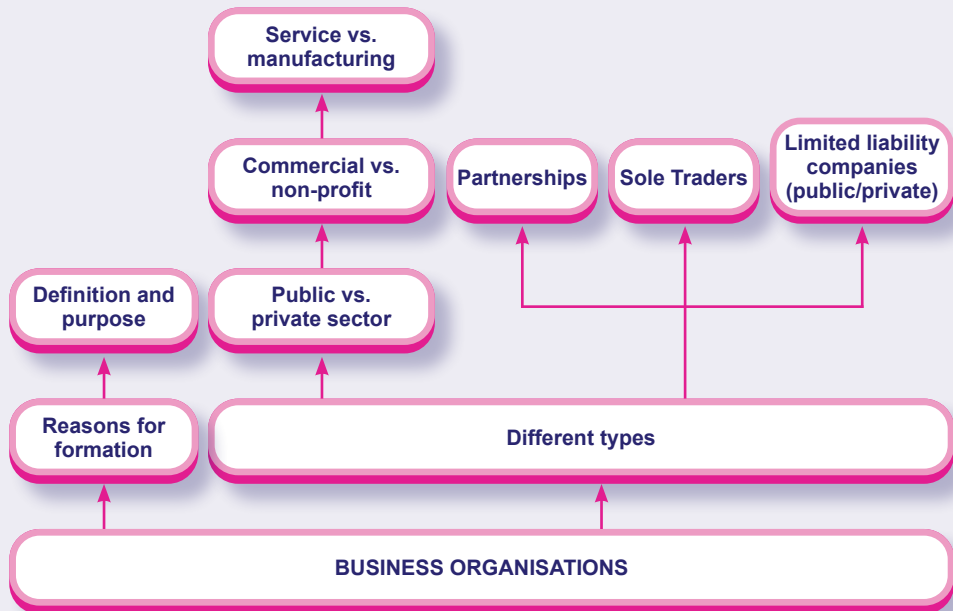
2 by ownership/control

public sector:

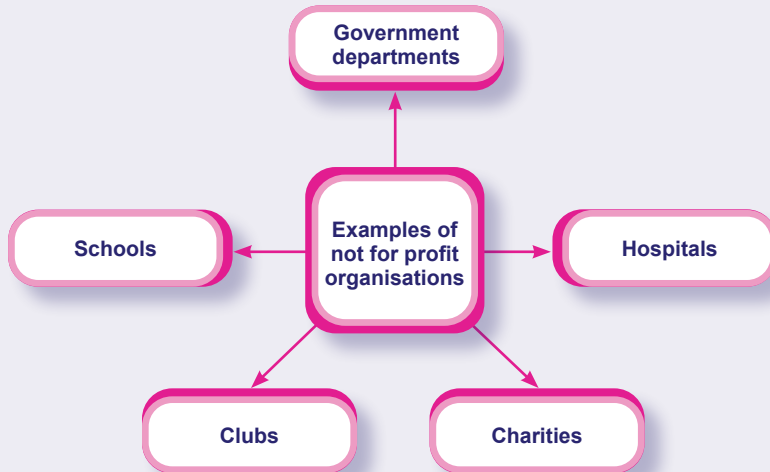
provision of basic governmental services
(e.g. police, education, healthcare)

private sector limited liability
(Ltds and plcs)

- partnerships
- clubs
- cooperatives owned by people who buy or use their services.



Not for profit organisations





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