Glossary of Terms

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| **Term or Acronym** | **Definition** |
| **Account Code** | A unique number given to each category of income, expenditure, asset or liability, used to classify financial transactions in the accounts and budgets. See also *Charts of Accounts* |
| **Accrual** | Adjustment made at the end of an accounting period to recognise expenses that have been incurred during the period but for which no invoice has yet been received. |
| **Asset** | Any possession or claim on others which is of value to the organisation. See also *Fixed Assets* and *Current Assets*. |
| **Asset Register** | A list of the Fixed Assets of the organisation, usually giving details of value, serial numbers, location, purchase date etc. |
| **Audit** | A formal check on the accounts by an independent person (auditor). |
| **Audit trail** | The ability to follow the course of any reported transaction through an organisation’s accounting systems. |
| **Authorisation** | This is the process of approval over transactions, normally the decision to purchase or commit expenditure. Authorisation by a budget holder is a way of confirming that spending is in line with budget and is appropriate. |
| **Balance sheet** | A summary of the financial position of an organisation at a particular date, showing the assets owned by the organisation and the liabilities (or debts) owed to others. |
| **Bank book** | A register which records all transactions passing through a bank account. Also known as a cashbook or a Cash Analysis Book. |
| **Bank reconciliation** | The process of comparing the entries and ending balance in the cashbook with the bank statement, and identifying any differences. It provides an important check on the completeness and accuracy of the cashbook entries. |
| **Bi-lateral funder** | One national government funding agency who gives directly to another country |
| **Budget** | A best estimate of the amount of money that an organisation plans to raise and spend for a set purpose over a given period of time. |
| **Budget holder** | The individual who holds the authority and has the responsibility for managing, a budget for a specified activity, project, programme, department or organisation. |
| **Burn rate** | This is a measure, expressed as a percentage, of the amount of a grant or budget used up since the start of the project. |
| **Capital expenditure** | Expenditure on equipment, property and other fixed assets which will be used to support activities over more than one accounting period. |
| **Cashbook** | A book or spreadsheet that lists all of the receipts and payments made in to and out of a particular bank or cash account. |
| **Cash reconciliation** | Comparing the month end physical cash counted to the expected month end balance in the petty cashbook. |
| **Cashflow** | The difference between cash received and cash spent in a period. |
| **Cashflow forecast** | A report that shows the expected timing of receipts and payments for the next 3-6 months (or longer). |
| **CBO** | Community Based Organisation |
| **CCB** | Citizen Community Board |
| **Chart of accounts** | A list of all the accounts codes and cost centre codes that are used in an organisation’s accounting system, with a description of each. |
| **Contract** | A legally binding agreement between two of more parties, usually in written form and signed by the parties involved. |
| **Core costs** | Central support costs shared by many projects. Also called overheads or indirect costs. |
| **Cost centre** | A way of distinguishing between different activities or projects to define where costs are incurred or income is ‘earned’. Cost centres are closely linked to the concept of budget-holders. |
| **Creditor** | Anyone the organisation owes money to. |
| **Current assets** | Cash and other short-term assets in the process of being turned back into cash – e.g. debtors. They can, in theory, be converted into cash within one year. |
| **Current liabilities** | Short-term sources of ‘finance’ (e.g. from suppliers, bank overdraft) awaiting payment in the next 12 months. |
| **Debtor** | Any person or other party who owes money to the organisation. |
| **Depreciation** | A proportion of the original cost of a fixed asset which is internally charged as an expense to the organisation in the Income & Expenditure Account. |
| **Derogation letter** | A formal request to a funder for a waiver from rules specific in the grant agreement |
| **Direct cost** | A cost which can be identified as originating in a specific activity, department or project |
| **Donation in kind** | A grant or contribution to a project made in the form of goods or services, rather than a cash grant or donation |
| **Double entry bookkeeping** | The method of recording financial transactions whereby every item is entered as a debit in one account and a corresponding credit in another. |
| **Double funding** | Occurs where more than one funder provides more (restricted) funds than are needed for the same budget line or activity. |
| **Drawn down** | Amount of a grant requested (and received) from the funder so far. |
| **External audit** | A review of the year-end financial statements carried out by a professionally qualified and legally registered auditor resulting in an opinion about whether they give a true and fair view. |
| **Financial accounting** | Recording, classifying and sorting historical financial data, resulting in financial statements for those external to the organisation. |
| **Fixed asset** | An item of high value owed by the organisation for use over a long period. Normally office equipment, vehicles and property. |
| **Fixed assets register** | A list of the Fixed Assets of the organisation, usually giving details of value, serial numbers, location, purchase date, etc. |
| **FRC** | Fund Reporting Code |
| **Fund** | A source of income which will have expenditure recorded against it so that it can be reported back to the funder |
| **Funder Audit** | An independent audit required by a funder, usually checking how their funds have been used for the funded activities |
| **Funding Grid** | A table of figures used where a programme has more than one funder to see which funders are funding which budget lines. This reveals where there are funding gaps or ‘double funding’. |
| **General funds** | Unrestricted funds which have not been earmarked and which may be used generally to further the organisation’s objectives. Often referred to as Reserves. |
| **Grant** | Money given by a funder, usually for a clearly defined purpose |
| **Grant schedule** | A tool for tracking the income, budget and expenditure of grants |
| **GRN** | Goods Received Note- provided by suppliers to be signed to acknowledge that the goods are delivered in good order |
| **Income & expenditure account** | Summarises income and expenditure transactions for the accounting period, adjusting for transactions that are not yet complete or took place in a different accounting period. |
| **Indirect cost** | A cost which cannot be specifically assigned to one activity, department or project, e.g. the fee for the annual audit. |
| **Institutional funder** | The term used to describe national or supra-national government funder agencies such as USAID and World Bank |
| **Journal entry** | An entry in the books of account which covers a non-monetary transaction – eg for recording a donation in kind or an adjustment for correcting a recording error. |
| **Liabilities** | Amounts owed by the organisation to others, including grants received in advance, loans, accruals and outstanding invoices. |
| **Loan** | Money which has to be repaid at some time |
| **Management accounting** | The provision of financial information to management for the purposes of planning, decision-making, and monitoring and controlling performance. |
| **Match funding** | Also known as co-funding, cost share or recipient share. |
| **Memorandum of Understanding (MOU)** | This document lays out the terms of reference and operating guidelines between a funder NGO and its implementing partner or government. It is not a legally binding document. |
| **Multi lateral funder** | An institution or agency with multiple participating nations or parties, used to channel funds to focussed areas of work, such as World Health Organisation and UNHCR. |
| **Net book value (NBV)** | The cost of an asset less its accumulated depreciation to date. |
| **Nominal code** | See Account code |
| **NICRA** | Negotiated Indirect Cost Rate Agreement. The pre agreed rate of indirect/overhead reimbursement rate negotiation between the US Federal government and a grantee organisation |
| **Petty cash book** | The day-to-day listing of petty cash paid out. |
| **Prepayments** | Amounts paid in advance at a particular accounting period – e.g. annual insurance premium. |
| **Project** | A body of work that seeks to achieve a specific goal or outcome for conservation |
| **Reconciliation** | Checking mechanism which verifies the integrity of different parts of an accounting system. Especially balancing the cash book to the bank statement. |
| **Reserves** | Funds set aside from surpluses produced in previous years. |
| **Restricted funds** | Income which has conditions attached to how used, usually with a requirement to report back to the funder. |
| **Signatories** | People who are authorised to sign cheques on behalf of the organisation. |
| **Single Audit** | The annual audit required on US statutory funds when the spending threshold is exceeded |
| **Sub-grantee** | An organisation who receives a grant or funding from an intermediary agency (e.g. an international NGO), not directly from the source funder. |
| **Statement of account** | A report from a supplier, usually produced each month, that shows the current status of a customer’s account. It lists invoices and payments received and any totals outstanding. |
| **Supporting document** | The original documents that describe each transaction. These may include, receipts, invoices, delivery notes, sign sheets etc. |
| **Trial balance** | The list of debit and credit balances on individual nominal accounts from which an income and expenditure statement is prepared. |
| **Trustee** | A member of an NGO’s most senior governing body, who shares overall responsibility for the NGOs work. |
| **Unrestricted funds** | Funds held for the general purposes of the organisation, for spending within the stated objectives. |
| **Variance** | The difference between the budget and the actual amount of income or expenditure. |
| **Working advance (or Advance)** | A sum of money entrusted to someone to spend on behalf of the organisation, which needs to be accounted for. |
| **Year end** | The cut-off point for the annual financial accounting period. |
| **Zero based budgeting** | A method of preparing budgets which involves calculating estimates from scratch, by considering each cost area afresh. |