

# Jargon Busting

Andrea Shupinski FCA

## DEFINITIONS

*May be called*

Accounting Records	<i>Books, Books of Account, Books of Prime Entry, Business Records, Financial Records</i>	Where financial transactions are recorded for an organisation
Accruals basis of reporting		Records income when it is earned and expenses when they are incurred
Cash basis of reporting	<i>Receipts and payments accounting</i>	Records income when the money is received and expenses when the money is paid out
Audit		Independent review of accounts, books and documentation by a qualified auditor
Stakeholder		A person, group or organisation that has interest or concern in an organisation. Includes creditors, directors/trustees, funders, suppliers, employees, service users, the community
Charities SORP	<i>SORP</i>	Statement of Recommended Practice (set by Financial Reporting Council) gives guidance on financial reporting and accounting to charitable entities
FRS		Financial Reporting Standard - one of the rules on how companies should give financial information about their activities
CRO		Companies Registration Office "central repository of public information on Irish companies and business names"
CRA		Charities Regulatory Authority "Ireland's national statutory regulator for charitable organisations. The Charities Regulator is an independent authority and was established on the 16th of October 2014 under the Charities Act 2009"
Internal Controls		Essential checks and procedures put in place by an organisation in order to safeguard its assets, administer finances and assets in such a way as to identify and manage risk, ensure accuracy and completeness of its accounting data, produce reliable and timely financial and management information and ensure adherence to its policies and plans
Transparency		The availability of full information without hidden agendas and conditions
Accountability		The obligation of an organisation to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner including responsibility for money or other property

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## BALANCE SHEET DEFINITIONS

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Balance sheet		A financial statement which shows assets and liabilities at a specific date
Asset		Anything owned by the organisation that has a monetary value e.g. stock, bank balances, debtors
Fixed Asset	<i>Tangible Assets</i>	Assets purchased by an organisation that will be used by the organisation over a long period of time and are not held for resale
Current Asset		Short terms assets that can be converted into cash within 12 months
Stock		Assets purchased by an organisation that are held for resale
Liability		due with 12 months, long term if due after one year
Debtors		Amounts owed to the organisation
Debtors Ledger	<i>Accounts Receivable or Sales Ledger</i>	A record of transactions for goods and/or services which have been provided to a customer, and for which money may still be owed
Creditors		Amounts owed to suppliers of goods and services
Creditors Ledger	<i>Accounts Payable or Purchase Ledger</i>	A record of transactions for goods and/or services which have been provided by a supplier and for which money may still be owed
Depreciation		A figure that represents notional reduction in the value of a fixed asset due to wear and tear over time
Bank reconciliation		The bank balance from the accounting records of the organisation compared to, reconciled and agreed with the bank statement

## INCOME AND EXPENDITURE ACCOUNT DEFINITIONS

*May be called*

Income and Expenditure Account	<i>Profit and Loss Account, Statement of Financial Activities (SOFA)</i>	An account that summarises the financial activities for a period of time - usually one year. It shows income earned, expenses and the financial result for the period
Income	<i>Revenue, earnings, funding</i>	The amount of money or its equivalent received during a period of time from sales of good or services, funding or profits from investments
Expenses	<i>Cost</i>	Money spent or costs incurred in running an organisation/business

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## BUDGET DEFINITIONS

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Budget		A plan drawn up that sets put planned income for a future financial period and planned spending for that period. It estimates the amounts and sources of incoming funds and the nature of planned expenditure
Budget Holder		of the budget and for monitoring and controlling it
Fixed Costs		Costs, or overheads , which are incurred by an organisation whether or not it is operating or generating income, such as wages, rent, insurance, utilities (for example electricity, gas, water), depreciation
Variable Costs		Costs which vary according to the changes in activity, production, etc. of the organisation
Cost Centre		Parts of an organisation such as a project or department which does not produce external customer revenues or profit through trading
Profit Centre		A project or department which trades with external customers and is responsible for producing profit
Cost Control		A management process which ensures that departments within an organisation do not exceed their budget