

## GLOSSARY OF TERMS

### **Actuarial gains and losses**

These are changes in deficits or surpluses that arise because either actual experience or events have not been exactly the same as the assumptions adopted at the previous valuation (experience gains and losses) or the actuarial assumptions have changed.

### **Amortised**

Written off over a period of time.

### **Bond Fund**

A fund primarily invested in government and corporate bonds. The value of the investment changes as the market value of assets held by the fund changes.

### **Call Account**

A call account is a deposit account with a financial institution without a fixed maturity date.

### **Capital Receipts**

Receipts from the sale of capital assets.

### **Cash Equivalent**

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Cash Flow**

The movement of money into or out of the County Council during the financial year.

### **Collection Fund**

A fund maintained by each district council to receive all income raised through the Council Tax and Business Rates. The County Council precepts the district councils to receive its share of Council Tax receipts.

### **Contingent Asset**

A possible asset arising from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the County Council's control.

### **Commutation Factor**

Factor used to determine the amount of lump sum payable from the amount of annual pension commuted.

### **Contingent Liability**

A condition which exists at the balance sheet date, where the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the County Council's control, or where it is not probable that an outflow of resources will be required to settle the obligation.

### **Contingent Rent**

The portion of a lease payment that is not fixed at the start of the lease but is based on the future amount of a factor that changes other than with the passage of time (e.g. amount of future use, future price indices).

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### **County Fund**

The main revenue fund of the County Council into which precept income and Government grants are paid and from which day-to-day payments are made.

### **Creditors**

Amounts owed by the County Council for work done, goods received or services rendered within the financial year for which payment has not yet been made.

### **Current Asset**

An asset which will be used up during the next accounting period eg stocks.

### **Curtailement**

Early retirement costs calculated in accordance with accounting standard IAS19.

### **Debtors**

Amounts owed to the County Council for services carried out during the financial year but not yet received.

### **Deferred Income**

Prepaid income credited to the Balance Sheet and amortised to the Comprehensive Income and Expenditure Statement to match the benefit of the receipts over the term of the contractual arrangement.

### **Depreciation**

The systematic write-off of the reduction in value of a tangible fixed asset due to wear and tear, passing of time and technological changes over its economic useful life.

### **Derecognition**

Removal of an asset or liability from the Balance Sheet.

### **Equity instrument**

A contract such as an equity share in a company.

### **Fair value**

Fair value is generally the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. This definition is modified by the Code for certain categories of assets and liabilities e.g. Property, Plant and Equipment.

### **Financial asset**

A right to future economic benefits controlled by the County Council that is represented by cash, an equity instrument of another entity, a contractual right to receive cash (or another financial asset) from another entity or a contractual right to exchange financial assets/liabilities with another entity under conditions that are potentially favourable to the County Council.

### **Financial liability**

An obligation to transfer economic benefits controlled by the County Council that is represented by a contractual obligation to deliver cash (or another financial asset) to another entity, or a contractual obligation to exchange financial assets/liabilities with another entity under conditions that are potentially unfavourable to the County Council.

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### **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Financial instruments include bank deposits, investments, debtors, long-term debtors, creditors, temporary loans and borrowings.

### **Financial Year**

The County Council's accounts cover the period from 1 April in one year to 31 March in the next year.

### **Fixed Asset**

A tangible asset that yields benefit to the County Council and the services it provides for a period of more than one year.

### **General Government Grants**

These are general grants paid by central government in aid of local authority services as opposed to specific grants which may only be used for a specific purpose. The main general grant is Revenue Support Grant.

### **Hedge Fund**

A hedge fund is a form of investment partnership.

### **Impairment**

A reduction in the carrying value of an asset arising from physical damage, obsolescence or a significant decline in market value.

### **Inventories**

Raw materials and stores which the County Council has bought and holds in stock for use as required such as salt for roads and catering supplies.

### **Intangible Asset**

An asset that does not have physical substance but is identifiable and controlled by the organisation through custody or legal rights e.g. software licenses.

### **International Financial Reporting Standards (IFRS)**

These are issued by the International Accounting Standards Board and provide standards for the preparation of financial statements.

### **Lease**

A method of financing capital expenditure where a rental charge is paid for an asset for a specified period of time.

### **Lessee**

A party to a lease agreement who makes payment to use an asset.

### **Lessor**

A party to a lease agreement who receives payment for the use of an asset.

### **Liabilities**

Amounts owed by the County Council which will be paid at some time in the future.

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### **Limited Liability Partnership**

A partnership in which some or all partners have limited liabilities.

### **Long Term Investments**

Investments that are not due to mature within the next 12 months.

### **Money Market Fund**

Funds are invested in short dated assets including certificates of deposits, government securities and commercial papers making them highly liquid. Money Market Funds must be AAAMf rated, invest in high credit quality assets and maintain a weighted average maturity of 60 days or fewer. Investments have a stable net asset value and dividends are paid to investors on their investment.

### **Mortality Assumptions – Abbreviations**

S1PA and S1PA Heavy - Mortality tables issued as part of the "S1" series of mortality tables produced by the Continuous Mortality Investigation. The "S1" mortality tables are based on mortality experience in Self-Administered Pension Schemes between 2000 and 2006.

### **Net Debt**

The County Council's borrowings and finance liabilities less cash and liquid resources.

### **Net Operating Expenditure**

The amount which it costs to provide services after any specific grants and/or income from fees and charges is taken into account, but ignoring general government grant and local taxation.

### **Non-current Asset**

A long-term asset that is not expected to be used up or realised within the next 12 months e.g. Property, Plant and Equipment.

### **Non Domestic Rate**

A levy on businesses based on a national rate in the pound set by the government multiplied by the 'rateable value' of the premises they occupy.

### **Pooled Fund**

Funds from individual investors are aggregated for the purposes of investment and returns are apportioned between investors according to the size of the investment.

### **Pooling**

Where services benefit larger areas than the local authorities which provide them, the expenditure is sometimes pooled according to a formula which reflects usage of the service.

### **Precept**

The levy made by the precepting authority (the County Council) on billing authorities (the district councils in Oxfordshire) requiring the latter to collect income from council taxpayers on their behalf.

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### **Private Finance Initiative (PFI)**

A scheme to encourage private sector investment in the public sector. Typically these involve a private sector operator building or enhancing property and operating services on behalf of a public sector organisation.

### **Professional Fees**

The fees paid by the County Council for professional services such as those of architects and quantity surveyors.

### **Provision**

An amount of money put aside in the accounts for anticipated liabilities which cannot be accurately estimated eg insurance provision for claims awaiting resolution.

### **Public Works Loan Board**

A central government agency which provides long and shorter term loans to local authorities at interest rates slightly higher than those at which the government itself can borrow. Local authorities are able to borrow a proportion of their requirement to finance capital spending from this source.

### **Reserves**

Amounts of money put aside to meet certain categories of expenditure in order to avoid fluctuations in the charge to the County Fund.

### **Revenue Expenditure**

The County Council's day-to-day expenditure on items which include wages, supplies and services and interest charges.

### **Revenue Expenditure Funded from Capital Under Statute**

Capital expenditure as defined by statute that does not result in the acquisition, creation or enhancement of fixed assets and is charged to the Comprehensive Income & Expenditure Statement in accordance with the accounting policy.

### **RIA**

Receipts received in advance.

### **Segregated Mandate Fund**

Funds from individual investors are invested on a segregated basis so that the holdings can be directly attributed to investors.

### **Settlement (Retirement Benefits)**

Settlement relates to a bulk transfer out of the Fund as a result of outsourcing. It reflects the difference between the liability transferred (calculated in accordance with accounting standard IAS19) and the assets transferred to settle the liability.

### **Specific Grants**

Grants paid by the Government in respect of specific services.

### **Strategic Measures**

This comprises interest on balances and capital financing charges. The former involves surplus cash from the County Fund which is either invested or used to reduce the need to borrow externally. The interest received is credited to the County Fund. Capital financing

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charges include the minimum revenue provision required and interest on outstanding debt, together with a general revenue contribution to finance capital spending.

### **Supported Capital Expenditure (Revenue) (SCE(R))**

Borrowing supported by the government through general grant.

### **Transfer Values**

An amount paid or received by the Pension Fund in respect of pension rights transferred from one pension scheme to another for employees joining the County Council from another job or leaving the County Council to move to another job.

### **Unusable Reserves**

Reserves that the County Council cannot use to provide services. These include reserves that hold unrealised gains and losses, e.g. the Revaluation Reserve, and reserves that hold timing differences between when items are recognised in the accounts in accordance with accounting policy and when they are recognised as a charge or credit to the County Fund, e.g. Financial Instruments Adjustment Account.