

## ***Jargon Buster***

Every now and then it's worth taking a break from the bombardment of jargon and acronyms that we have to live with every day, and have a look at our understanding of them. Jargon can be useful when it is used appropriately, as a shortcut communication style. It should never be used where it can mystify others, and when it is used, it is often worth checking if there is a shared understanding of it.

Below is a list of some of the more common terms, and an attempt at the definitive explanation for them:

### **Tendering**

A written or formal offer to supply goods or services for an agreed price. (Dictionary definition)

### **Procuring**

The obtaining of a contract to provide a service for an agreed price. (Dictionary definition)

### **Commissioning**

The process of assessing need, identifying resources, allocating resources, arranging service delivery, evaluating the service and re-evaluating need. (NCVCCO – Glossary of terms)

### **Procurement**

Procurement is the whole process of buying goods and services, from initial advertising through to appropriate contracting arrangements. (NCVCCO – Glossary of terms)

### **Capitalisation**

When property or equipment is purchased and treated as an asset on the balance sheet – the cost is not charged to the expense account as it isn't treated as an operational cost.

### **Cost of generating funds**

The financial cost of activities and expenditure relating to any fundraising purpose in the organisation

### **Unrestricted Funds**

Funds held by the charity to be spent on any general purpose as decided by the trustees in line with charity objects.

### **General Funds**

Unrestricted funds that have not been earmarked and may be used generally to further the charity's objects.

### **Designated Funds**

Funds earmarked for a particular purpose by the trustees, although essentially unrestricted in the way this designation can be applied.

### **Restricted Funds**

Funds which have to be used for a specified purpose as dictated by the funder (whether contract or letter from a donor, or terms of a public appeal) – within the charity objects.

### **Support Costs**

The central costs which an organisation incurs in support of a variety of projects and activities, which may include a proportion of a central office running costs, or the cost of a central function (finance, admin etc).

**Fixed Assets**

Assets that continue to be of value to the organisation year after year and which the trustees hold on a long-term basis.

**Tangible Fixed Assets**

Long term assets owned by the charity, which have a significant substance such as a building or equipment.

**Permanent Endowment**

A fund where the trustees must retain the fund intact as capital and use the funds to generate income or hold the assets – as set by the terms of the trust. It cannot be converted to expendable income

**Expendable Endowment**

A fund which the trustees do have the discretion eventually to convert into expendable income.

**Creditors**

The amounts owed by an organisation to others

**Debtors**

The amounts owed to an organisation for goods or services supplied.

**Microfinance**

Microfinance is a general term that applies to financial services aimed at micro-enterprises, sole traders and individuals, usually in under-invested communities. (NCVCCO – Glossary of terms)

**Overhead costs**

An organisation's overhead, core or central, as opposed to project costs (management and leadership, research, development and innovation, support functions - premises, financial and personnel management etc). (NCVCCO – Glossary of terms)

**Business Plan**

A document prepared by an organisation's management, detailing the past, present, and future of the charity in terms of activities, organisation, and finances. (www.trusteelearning.org)

**Executive Summary**

A summary of the key points of a business plan or report.

**Source:** Unless otherwise stated – A practical Guide to Financial Management for charities and voluntary organisations, 2007, Kate Sayer, DSC.