

Glossary of Accounting Terms

Term	Definition
Accounting Period	The period of time covered by the accounts, normally a period of twelve months.
Accrual	The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid
Asset Management Revenue Account	This is an account introduced as a result of the new system of capital accounting which enables authorities to ensure the capital charges shown as a cost in the Revenue Account are removed, and offset by actual charges for depreciation and interest, thus ensuring that the capital charges have a neutral impact on the amounts required to be raised from local taxation.
Balance Sheet	This represents a summary of all the assets and liabilities of the Police Authority.
Capital Charges	Charges made to the Revenue Account, based on the value of assets employed comprising interest and depreciation as appropriate
Capital Expenditure	Expenditure on new assets or on the enhancement of existing assets so as to prolong their useful life or enhance value.
Capital Financing Account	This account represents amounts set aside from revenue or capital receipts to finance expenditure on fixed assets or for the repayment of external loans and certain other capital financing transactions.
Capital Receipts	Proceeds from the sale of fixed assets.
Capital Financing Requirement	The capital financing requirement is a measure of the extent to which the Police Authority needs to borrow to support capital expenditure. It does not necessarily relate to the actual amount of borrowing at any point in time.
Carry Overs	These are underspendings at the end of the financial year, which are carried forward into the next financial year to support that year's expenditure plans.
CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the main professional accountancy body relating to the public sector.
Contingent Liabilities	A potential liability at the date when the accounts are submitted for approval. The liability will be included in the Balance Sheet only if it can be estimated with reasonable accuracy. Otherwise the liability will be disclosed as a note to the accounts.
Creditors	Amounts owed by the authority for goods received or services rendered but not yet paid for at the end of the financial year.
Debtors	Sums of money due to the authority for work done or services supplied but not received at the end of the financial year
BVACOP	The Best Value Accounting Code of Practice establishes 'proper practice' with regard to consistent financial reporting below the Statement of Accounts level. The guidance seeks to provide a means for the aggregation of the cost of policing.
Deferred Grants	Amounts received which have been used to finance capital expenditure within the year. These amounts are written off on the same basis as the assets to which they relate.
Deferred Liabilities	Liabilities which by arrangement are payable beyond the next year at some points in the future or paid off by an annual sum over a period of time.

Depreciation	A charge representing the part of an asset used in the year
Financial Regulations	A written code of procedures approved by the Authority to provide a framework for the proper financial management of the Authority.
Fixed Asset Restatement Account	This account represents principally the balance of the surpluses or deficits arising on the periodic revaluation of fixed assets.
Fixed Assets	Tangible assets that yield benefits to the Authority for a period of more than year.
Intangible Assets	Capital expenditure which does not create a tangible asset
Minimum Revenue Provision	The minimum amount which must be charged to the Revenue Account each year and set aside for provision for credit liabilities, presently 4% of the capital financing requirement.
Precept	A levy which the Police Authority makes through the Council Tax, to pay for services
Provision	An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise are uncertain
Reserves	General reserves are accumulated balances available to support revenue or capital spending and meet unforeseen events. Specific reserves are amounts set aside for an agreed purpose in one financial year and carried forward to meet expenditure in future years.
Revenue Expenditure	Spending on day to day items, including salaries, premises costs and supplies and services.
Revenue Support Grant	A grant paid by Central Government towards the costs of the service.
Third Party Payments	Services which are performed by another Authority or public body where the third party is reimbursed for the cost of work done.
Unapplied Capital Receipts	Income from the sale of assets that is available for use to finance capital expenditure.