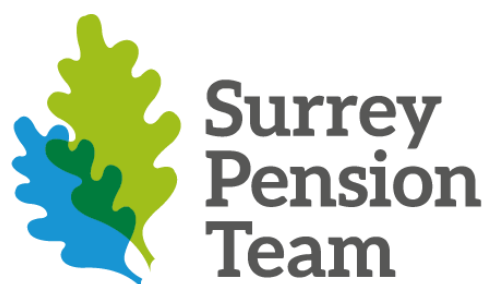


Glossary

FOR SURREY LOCAL PENSION BOARD REPORTS
& SURREY PENSION FUND COMMITTEE

Surrey Pension Team



Providing our customers with
a better tomorrow

Glossary

Explanation of Abbreviations and Acronyms

The following is a list of abbreviations and acronyms that have occurred in reports to the Surrey Local Pension Board or Surrey Pension Fund Committee, It is not intended to be an exhaustive list of those used throughout the Surrey Pension Fund, however it will be reviewed prior each Meeting and updated should new examples occur.

Definition - A to Z

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Index Definition

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AAF	Audit and Assurance Faculty
ABS	Annual Benefit Statement
ACGA	Asian Corporate Governance Association
ACS	Authorised Contractual Scheme, the collective investment scheme used by Border to Coast for asset pooling
AI	Artificial intelligence
AICPA	American Institute of Certified Public Accountants
AIFM	Alternative Investment Fund Manager
APR	Annual Percentage Rate

ARE	Asia Research Engagements
ASB	Accounting Standards Board: UK body that sets accounting standards. A subsidiary body of the Financial Reporting Council
AUM	Assets Under Management
AVC	Additional Voluntary Contributions
B	Back to Index
B of E	Bank of England
BAU	Business as usual
BBB	British Business Bank
BCE	Benefit Crystallisation Events
BCP	Business Continuity Plan
BCPP	Border to Coast Pensions Partnership
BIA	Business Impact Assessments
C	Back to Index
CARE	Career Average Revalued Earnings
CAY	Compensatory Added Years
CBRE	Coldwell Banker Richard Ellis
CCB	China Construction Bank
CDP	Climate Disclosure Projects
CETV	Cash Equivalent Transfer Value
CI	Continuous Improvements
CIO	Chief Investment Officer
CIPFA	The Chartered Institute of Public Finance and Accountancy

CLG	Communities and Local Government (former name of MHCLG)
CMA	Competition and Markets Authority
COD	Contracted Out Deduction
COO	Chief Operating Officer
COP	Conference of Parties, A UN conference on climate change
CPI	Consumer Price Index
CRC	Compliance and Reporting Committee
CRT	Customer Relationship Team
CRRF	Council Risk and Resilience Forum
CSR	Corporate Social Responsibility, a term under which companies report their social, environmental, and ethical performance

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DAA	Dynamic Asset Allocation
DCU	Deferred choice underpin
DGF	Diversified Growth Fund
DLUHC	Department for Levelling up, Housing and Communities (see MHCLG)
DWP	Department for Work and Pensions

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ECB	European Central Bank
ELT	Extended Leadership Team
EM	Emerging Markets
EMEA	Europe, The Middle East & Africa
EMT	Emergency Management Team

ESG	Environmental, Social and Governance – factors in assessing an investments sustainability
ESOG	Effective System of Governance
EU	European Union
EY	Ernst and Young
F	<u>Back to Index</u>
FAIRR	Farm Animal Investment Risk and Return
FCA	Financial Conduct Authority
FED	Federal Reserve
FOI	Freedom of Information
FRC	Financial Reporting Council
FSS	Funding Strategy Statement
FTA	FTSE Actuaries UK Gilts Index Series
FTSE	Financial Times Stock Exchange
FX	Foreign Exchange
G	<u>Back to Index</u>
GAAP	Generally Accepted Accounting Practice
GAD	Government Actuary’s Department
GCOP	General Code of Practice
GDP	Gross Domestic Product
GEM	Global Emerging Markets
GMP	Guaranteed Minimum Pension
GRESB	Global ESG Benchmark for Real Assets

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HMRC His Majesty's Revenue and Customs

HMT His Majesty's Treasury

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IAASB International Auditing and Assurance Standards Board

ICARA Internal Capital and Risk Assessment

ICGN International Corporate Governance Network

IDRP Internal Dispute Resolution Procedure

IFAC International Federation of Accountants

IIGCC Institutional Investor Group on Climate Change

INFRA. Infrastructure

IPDD Investor Policy Dialogue on Deforestation

IRR Internal Rate of Return

ISAE3402 The International Standard on Assurance Engagements (ISAE) number 3402 supersedes SAS70, "Assurance Reports on Controls at a Service Organisation", was introduced in December 2009 by the International Auditing and Assurance Standards Board (IAASB), which is part of the International Federation of Accountants (IFAC).

ISS Investment Strategy Statement

ISSB International Sustainability Standards Board

ISP integrated service providers

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JC Joint Committee

K [Back to Index](#)

KOSPI Korea Composite Stock Price Index

KPIs Key Performance Indicators

KRX Korea Exchange

L [Back to Index](#)

LAC Lifetime Allowance Charge

LAEF Lifetime Allowance Enhancement Factor

LAPFF Local Authority Pension Fund Forum

LGA Local Government Association

LGE Local Government Employers

LGIM Legal and General Investment Management

LGPS Local Government Pension Scheme

LIBOR London Inter Bank Offered Rate, a benchmark interest rate at which global banks lend to one another

LOLA Local Government Pension (LGPS) Scheme Online Learning Academy

LPB Local Pension Board

LSA Lump Sum Allowance

LSDBA Lump Sum and Death Benefit Allowance

LSE London Stock Exchange

LTA Lifetime Allowance

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MAC Multi Asset Credit

MaPS Money and Pensions Service

MHCLG	Ministry of Housing, Communities and Local Government
MI	Management Information
MSCI	Formerly Morgan Stanley Capital International, publisher of global indexes
N	<u>Back to Index</u>
NED	Non-Executive Director
NRA	Normal Retirement Age
NT	Northern Trust, Global Custodian
O	<u>Back to Index</u>
OECD	Organisation for Economic Co-operation and Development
OOG	Officer Operations Group
ORA	Own Risk Assessment
OTA	Overseas Transfer Allowance
P	<u>Back to Index</u>
PASA	Pension Administration Standards Association
PCLS	Pension Commencement Lump Sum
PDP	Pensions Dashboard Programme
PF	Pension Fund
PFC	Pension Fund Committee
PLSA	Pensions and Lifetime Savings Association
PMI	Purchasing Managers' Index
PRI	The UN-supported Principles for Responsible Investment
PSLT	Pension Senior Leadership Team

PSPS	Public Service Pension Scheme
Q	Back to Index
QROPS	Qualifying Recognised Overseas Pension Schemes
R	Back to Index
RBCE	Relevant Benefit Crystallisation Events
RI	Responsible Investment
RPI	Retail Price Index
S	Back to Index
S&P	Standard and Poors, ratings agency and provider of equity indices
S151	An officer with responsibilities under s151 of the Local Government Act 1972.
SAB	Scheme Advisory Board
SAS70	Statement on Auditing Standards (SAS) No. 70 – relating to service organisation control reports – successor reports include information about a service organisation’s controls and risk management procedures relating to financial reporting (SSAE16/ISAE3402) or to security, availability, processing integrity, confidentiality and privacy (SOC2)
SCAPE	Superannuation Contributions Adjusted for Past Experience
SCC	Surrey County Council
SDG	Sustainable Development Goals
SEC	Security and Exchange Commission
SILB	Sterling Index Linked Bonds
SLA	Service Level Agreements
SLA	Standard Lifetime Allowance

SOC2	System and Organisation Controls type 2 - SOC 2, aka Service Organization Control Type 2, is a cybersecurity compliance framework developed by the American Institute of Certified Public Accountants (AICPA). The primary purpose of SOC 2 is to ensure that third-party service providers store and process client data in a secure manner.
SONIA	Sterling Over Night Index Average, the overnight interest rate paid by banks
SPA	State Pension Age
SPT	Surrey Pension Team
SSA16	SSAE 16, or the Statement on Standards for Attestation Engagements No. 16, is a set of auditing standards and guidance on using the standards published by the Auditing Standards Board of the American Institute of Certified Public Accountants (AICPA) for redefining and updating how service companies report on compliance control
T	Back to Index
TCFD	Taskforce on Climate Related Financial Disclosures
TPAS	The Pension Advisory Service (formerly OPAS)
TPO	The Pension Ombudsman
tPR	The Pensions Regulator
TPS	Teachers' Pension Scheme
TV	Transfer Value
U	Back to Index
UFPLS	Uncrystallised Funds Pension Lump Sum
UNSDGs	United Nations Sustainable Development Goals
W	Back to Index
WBA	World Benchmarking Alliance

WCA Web Content Accessibility
WDI Workforce Disclosure Initiative

Accounting Terms

Definition - A to Z

A B C D E F G H I J
K L M N O P Q R S T
U V W X Y Z

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Accounting Period

The length of time covered by the accounts. In the case of these accounts, it is the year from 1 April to 31 March.

Accrual Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Accrued Expense

Expenses that have been incurred but not yet paid.

Accrued Revenues

Revenues that have been earned but not yet received.

Actuarial Gains and Losses

Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

Actuarial Valuation

A three yearly valuation of the Fund undertaken by the Actuary to ensure that the Pension Fund is sufficiently well managed and that its assets meet its liabilities. Employer contribution rates are set as part of the valuation process.

Actuary

A professionally qualified independent person appointed by the administering authority in order to value the Pension Fund and therefore set contribution rates.

Amortisation

A measure of the cost of economic benefits derived from intangible assets that are consumed during the period.

Asset

Any resource owned by an entity that has economic value and is expected to provide future benefits.

Audit

An independent examination of an organisation's financial statements and related operations to ensure accuracy and compliance with applicable laws and regulations.

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Balance Sheet

A financial statement that shows an organisation's assets, liabilities, and equity at a specific point in time.

Balances

These represent the accumulated surplus of revenue income over expenditure.

Book Value

The value of an asset as it appears on the balance sheet, calculated as the asset's original cost minus accumulated depreciation.

Budget

An expression, mainly in financial terms, of the Authority's intended income and expenditure to carry out its objectives.

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Capital Adjustment Account

The Account accumulates (on the debit side) the write-down of the historical cost of non-current assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance Capital expenditure. The balance on the account thus represents timing differences between the amount of the historical cost of non-current assets that has been consumed and the amount that has been financed in accordance with statutory requirements.

Capital

Financial assets or the financial value of assets such as cash, equipment, and property.

Capital Expenditure

Payments for the acquisition, construction, enhancement, or replacement of non-current assets that will be of use or benefit to the Authority in providing its services for more than one year.

Cash Equivalents

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

Cash Flow Statement

A financial statement that shows the cash inflows and outflows from operating, investing, and financing activities.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in public services.

Contingent Liability

A contingent liability is either:

- A possible obligation arising from a past event whose existence will be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Authority; or
- A present obligation arising from past events where it is not probable that there will be an associated cost, or the amount of the obligation cannot be accurately measured.

Creditors

Amounts owed by the Authority for work done, goods received, or services rendered, for which payment has not been made at the balance sheet date.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

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Debit

An entry that represents an increase in assets and a decrease in liabilities or equity. It represents the ownership interest.

Debtors

Amounts due to the Authority that have not been received at the balance sheet date.

Depreciation

The measure of the consumption, wearing out or other reduction in the useful economic life of non-current assets that has been consumed in the period.

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Employee Benefits

Amounts due to employees including salaries, paid annual leave, paid sick leave, and bonuses. These also include the cost of employer's national insurance contributions paid on these benefits, and the cost of post-employment benefits, i.e. pensions.

Equity

The residual interest in the assets of an entity after deducting liabilities. It represents the ownership interest.

Expected Rate of Return on Pensions Assets

The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the pension scheme.

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Fair Value

The amount for which an asset could be exchanged, or a liability settled, in an orderly transaction between market participants at the measurement date.

Fair Value Hierarchy and Inputs

In measuring fair value of assets and liabilities, the valuation technique used is categorised according to the extent of observable data that is available to estimate the fair value – this is known as the fair value hierarchy. Observable inputs refers to publicly available information about actual transactions and events in the market. Unobservable inputs are used where no market data is available and are developed using the best information available. The fair value hierarchy has three levels of inputs: Level 1: Quoted prices for identical items in an active market – i.e. the actual price for which the asset or liability is sold; Level 2: Other significant observable inputs – i.e. actual prices for which similar assets or liabilities have been sold; Level 3: Unobservable inputs – i.e. where market data is not available and other information is used in order to arrive at a best estimate of fair value.

Financial Accounting

The branch of accounting focused on recording summarizing and reporting an organisation's financial transactions to external users.

Financial Instrument

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities, from straightforward trade receivables (invoices owing) and trade payables (invoices owed) to complex derivatives and embedded derivatives.

Financial Ratios

Metrics used to evaluate a company's financial performance and Liquidity such as current ratio, debt to equity ratio, and return on equity.

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General Fund

The main revenue fund of the Authority which is used to meet the cost of services paid for from the Pension Fund for which the Authority is the administering authority.

General Ledger

A complete record of all financial transactions of a business organised by accounts.

Goodwill

The excess of the purchase price of a business over the fair value of its identifiable assets and liabilities.

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Income Statement

A financial statement that shows an organisation revenues, expenses and net income or loss over a specific period.

Intangible Assets

Assets that do not have physical substance but are identifiable and controlled by the Authority. Examples include software and licences.

Interest Cost

For defined benefit pension schemes, the interest cost is the present value of the liabilities during the year as a result of moving one year closer to being paid.

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Journal Entry

The recording of a financial transaction in the accounting system.

Journal

The record where all financial transactions are initially recorded before they are posted to ledger accounts.

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Leasing

A method of acquiring the use of capital assets for a specified period for which a rental charge is paid.

Liability

An amount due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are those that are payable within one year of the balance sheet date.

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Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value, less the cumulative amount provided for depreciation.

Non-Current Asset

An item that yields benefit to the Authority for a period of more than one year.

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Operating Expenses

Expenses incurred in the ordinary course of business such as rent, salaries and utilities.

Overhead

The indirect costs of running a business such as administrative expense and utilities.

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Past Service Cost

Past service costs arise from decisions taken in the current year but whose financial effect is derived from service earned in earlier years.

Prepaid Expenses

Expenses paid in advance which will be recognised as expense in future accounting periods.

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Reserves

The residual interest in the assets of the Authority after deducting all of its liabilities. These are split into two categories, usable and unusable. Usable reserves are those reserves that contain resources that an authority can apply to fund expenditure of either a revenue or capital nature (as defined). Unusable reserves are those that an

authority is not able to utilise to provide services. They hold timing differences between expenditure being incurred and its financing e.g. Capital Adjustment Account.

Retained Earnings

The cumulative earnings of a company that have not been distributed to shareholders as dividends.

Revenue Expenditure

Spending incurred on the day-to-day running of the Authority. This mainly includes employee costs and general running expenses.

S **[Back to Accounting Definitions](#)**

Statement of Retained Earnings

A financial statement that shows the changes in retained earnings over a specific period, including net income, dividends and prior period adjustments.

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Tax Accounting

The branch of accounting focused on calculating and managing taxes owed by an organisation to governmental agencies.

Trial Balance

A list of all the account balance s in the ledger to check the accuracy of the debits and credits

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Useful Economic Life

The period over which the Authority expects to derive benefit from non-current assets.

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Write off

The difference between current assets and current liabilities representing the short-term financial health of a business.

Working Capital

The difference between current assets and current liabilities, representing the short-term financial health of a business.

Further definitions A- Z glossary of pension terms and abbreviations and what they mean can be found on the [Surrey Pension website](#)