

A Short Glossary of Terms

Asset

Anything owned by an individual or a business that has commercial or exchange value. Assets may consist of specific property or claims against others, in contrast to obligations due others. (See also Liabilities).

Asset-based development

A development strategy that recognises the possession of tangible assets (land, buildings, share capital) as a key to achieving self sufficiency and sustainability.

Balance sheet

An itemised statement that lists the total assets and liabilities of a given business, to portray its net worth at a given moment in time. The amounts shown on a balance sheet are generally the historic cost of items and not their current values.

Bank reconciliation

The verification of a bank statement balance and the enterprise's transactions and balances.

Benefits

Business terminology that describes the intangible (but often desirable) aspect of a product or service.

Bookkeeping

The practice of regular and systematic recording of the transactions affecting a business.

Break-even point

The point at which revenues and costs are equal; a combination of sales and costs that will yield a no profit/ no loss operation

Business plan

A written plan used to chart a new or ongoing business' strategies, sales projections, and key personnel to obtain financing and/or provide a strategic foundation under which a business can operate.

Capital

Material wealth used or available for use in the production of more wealth.

Cause related marketing

Used by commercial corporate organisations of a social, environmental or other cause in partnership with one or more stakeholders associated with a cause to advance that organisation's market position.

Community business

A trading venture owned and controlled by the local community. The enterprises aim for self-supporting local employment and/or local development. Social enterprises with strong geographical definition and focus on local markets.

Community/business Partnership

People and organisations of public, business and civil constituencies which engage in voluntary, mutually beneficial, innovative relationships to address common social aims by combining their resources and competencies.

Cash flow

A financial diary of an organisation's expected expenditure and income.

Common bond

The rules and/or purpose of a cooperative style venture which determines the philosophy and who may join. They may include:

- community or residential – anyone who lives within a boundary.
- employment – all employees of a company or group of

- companies.
- association – membership of a trade union, trade association or other group.

Cooperative

An enterprise or organisation that is owned and managed jointly by those who use its facilities or engage in producing its products or services.

Cost of goods sold

The cost of labour and materials required to produce products for sale.

Credit union

A financial cooperative bound by a common bond.

Customer

Those who purchase goods and services. Those who must be satisfied for an enterprise to achieve results.

Economic development

Measurement of employment, capital investment and trade, based on economic activity that will result in wealth generation. Two common forms include growth (increased economic activity) and efficiency (improved output with minimal additional investment).

Features

Business terminology that describes tangible aspects of a product or service eg engine capacity. Features are product characteristics that deliver benefits (See also Benefits).

Incorporated association

Registered not-for-profit organisation

Investor

A person, organisation or business which commits (invests) money or capital to gain a financial (or other) return.

Key financial ratios

See sensitivity analysis

Liabilities

In accounting it is a loan, expense, or any other form of claim on the assets of an entity that must be paid or otherwise honoured by that entity.

Low/no interest loan schemes

Loans to disadvantaged persons to purchase capital items with little or no interest payments required over the agreed repayment of the loan.

Market

The exchange of goods or services for a fee. Including identification of persons or organisations who are/will be customers.

Marketing

An integrated approach by enterprises to the offer for sale of goods, services or ideas.

Mission statement

An organisation's stated reason for being, its purpose.

Micro-finance

Small savings and lending facilities. Financial services designed for persons on low incomes including insurance, bill payment and money transfer.

Not-for-profit (NFP)

Terminology for an organisation whose purpose in trading is to benefit the organisation's objectives and re-invest any trading surplus into the organisation a NFP organisation does not distribute profits to individual shareholders.

Objectives

Specific and measurable levels of achievement.

Propriety limited company

Registered businesses with a maximum of 50 shareholders.

Sensitivity analysis: key performance ratios

Key ratios: Financial performance ratios used by financial analysts in judging the financial condition of an enterprise. Such ratios would include the ratio of capital to total assets, ratio of the loan loss reserve to total loans, ratio of loans to deposits, ratios measuring various forms of liquid assets, and performance ratios such as the ratio of net income to average assets (return on assets–ROA), net income to average equity (return on equity–ROE).

Social capital

A measurement of social organisation including networks, trust and cooperation for mutual benefit.

Social enterprise

Social enterprise is a means by which people come together and utilise market based ventures to achieve agreed social ends. It is characterised by creativity, entrepreneurship, and a focus on community rather than individual profit. It is creative endeavour that results in social, financial, service, educational, employment, or other community benefits.

Social entrepreneur

A leader for social change who is generating a new approach to achieving greater impact and sustainability in social development, and inspiring others.

Socially responsible business

Recognition of corporations that they exist as an integral part of society and therefore have a responsibility to the community.

Venture capital

Capital applied to business enterprises and the creation of financial wealth.

Stakeholders

People or groups who have a particular interest in your organisation. These may include investors, volunteers, members, partners, government agencies, employees, suppliers, customers and others whose interest must be considered.

Triple bottom line accounting

Measurements of an enterprise's impact, taking social, environmental and financial factors into account.

Vision/mission statement

A picture of the organisation's purpose and desired future.

This glossary was created using edited materials from the publication *Social Enterprise in Australia* (Chris Talbot, Peter Tregilgas, and Kerrie Harrison, 2001) produced by Adelaide Central Mission and the former Social Entrepreneurs Network (SEN).