

## Accounting Officer

A person appointed by HM Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is, by convention, usually the head of a department or other organisation or the Chief Executive of a non-departmental public body (NDPB).

## Appropriations in aid (A in A)

Income received by a government department which it is authorised to retain to finance related expenditure. Such income is voted by Parliament and accounted for in departmental Resource Accounts.

## Banking Code

A voluntary code that sets standards of good banking practice. NS&I and most banks, building societies and credit card companies subscribe to the code.

## Basis points (bps)

This is one hundredth of a percentage point.

## Bonds

Apart from specific bonds issued by NS&I, a bond is another name given to fixed interest securities – including those issued by governments.

## Capital

The total amount of deposits in the customer's account, or the original investment in the customer's bond or certificate.

## Capitalised interest

Interest that has been added to the customer's investment and may now be earning further interest in accordance with the terms and conditions of the product.

## Delagged

Used in relation to our Value Add performance measure (see page 107). Delagged Value Add allows for timing differences between product interest rate changes being announced and the rate coming into effect. From 2006–07, NS&I switched to lagged Value Add to measure our performance.

## Departmental expenditure limit (DEL)

Expenditure limit within which a government department has responsibility for allocation, although some elements may be demand led.

## Director of Savings

The person appointed by HM Treasury to manage NS&I in accordance with the statutory functions set out in the National Debt Act and the National Savings Bank Act. Since we acquired Executive Agency status, the Director of Savings has also been the Chief Executive and the Accounting Officer.

## Dormant holdings

Savings or investments belonging to a customer with whom we've lost contact. Customers who think they have dormant holdings can contact us to trace them through [www.mylostaccount.org.uk](http://www.mylostaccount.org.uk)

## Efficiency ratio

NS&I uses basis points as a measure of the efficiency of our administration. We calculate the ratio of total administrative costs in the year to the average funds invested in the year by our customers as a number of basis points.

## End-year flexibility (EYF)

A financial system that allows government departments to carry forward any unspent resources from one year to the next.

## Equities

Investments (shares) in a company listed on a stock market.

## Executive Agency

NS&I is a government department and an Executive Agency of the Chancellor of the Exchequer. Executive Agencies have greater autonomy than departments in making management decisions to ensure the effective delivery of their services.

## Financial Ombudsman Service (FOS)

The independent service for settling disputes between businesses that provide financial services and their customers.

**Financial Services Authority (FSA)**

The regulator of the financial services industry in the UK.

**Fixed or guaranteed rate products**

Savings and investments which have rates of interest fixed at the outset for a specified period.

**Flows**

Annual flows of total sales and repayments on NS&I products and investments.

**Gilts (or gilt-edged stock)**

The name given to marketable UK Government securities. The name came from the original certificate issued for these securities, which had gilded edges.

**Gross inflows**

The total inflows from all deposits, including retention of maturing monies.

**Gross interest**

The taxable rate of interest without deduction of UK Income Tax.

**Growth**

How the customer's savings grow through the addition of interest.

**Hedge**

Using our Guaranteed Equity Bond as an example, the Exchequer's exposure to paying an equity-linked return is covered by entering a swap (exchanging a variable rate of interest for the equity-linked return) with a third party bank. (No NS&I customer is exposed to risk with a third party bank.)

**Index-linking**

For Index-linked Savings Certificates, this means that the value of a Certificate moves in line with changes in the Retail Prices Index (RPI) – a commonly used measure of inflation.

**Inflation-beating**

Inflation-beating is achieved through the addition of interest, on top of index-linking.

**Investment term (or term)**

For fixed rate products, this refers to the period of time for which the interest rates are fixed.

**ISO14001**

An international standard used to evaluate an organisation's environmental management systems.

**Issue / Series**

Our fixed rate products are sold in either Issues or Series, each with its own guaranteed interest rate(s). We bring out a new Issue / Series whenever the fixed rate on offer changes.

**Lagged**

Used in relation to our Value Add performance measure (see below). From 2006–07, NS&I switched from delagged to lagged Value Add to measure our performance. Lagged Value Add does not allow for timing differences between product interest rate changes being announced and the rate coming into effect.

**LIBOR**

LIBOR stands for the London Interbank Offered Rate. It is a reference rate used by the financial services industry to help set and manage interest rates, based on the average rates being used by banks when lending money to each other. It is calculated daily and published by the British Bankers' Association.

**Net Financing**

Net Financing is the measure of the net change of NS&I funds, meaning total inflows from deposits, retention of maturing monies and capitalised and accrued interest less the total outflows from withdrawals and interest or Premium Bond prize draw payments. A positive Net Financing figure represents a positive contribution to government financing.

**Net interest**

This is the rate of interest payable after the deduction of UK Income Tax at the rate specified by law.

**Public Private Partnership (PPP)**

A long-term partnership between a public sector and private sector organisation, designed for mutual benefit. Our PPP with Siemens encompasses the provision of transaction processing together with front and back-office operations.

**Retail market**

The market for the sale of securities or banking facilities to members of the public.

**Retail Prices Index (RPI)**

A frequently used measure of price inflation, calculated by the Office for National Statistics each month.

**Tax foregone**

As NS&I's tax-free products potentially deprive HM Treasury of tax revenue, this tax foregone is taken into account when calculating Value Add.

**Tax-free**

This means that the interest is exempt from UK Income Tax and Capital Gains Tax.

**Treasury Bills**

Treasury Bills are short-term government bonds. They don't earn interest. Instead, they are sold at a discount to their face value.

**UK Debt Management Office (DMO)**

An Executive Agency of HM Treasury responsible for cash management on behalf of the Exchequer and the sale of government stock (gilts) and Treasury Bills.

**UK Government Securities**

Our bonds and certificates are UK Government Securities issued by HM Treasury under the National Loans Act 1968.

**Value Add**

A relative measure of our cost-effectiveness in raising finance for Government. The total cost of NS&I raising funds is compared with how much it would cost the Government to raise funds through the wholesale market via gilts and Treasury Bills.

**Variable rate products**

Savings and investments where the rate of interest can be changed from time to time in accordance with the terms and conditions.

**Warrant**

A type of payment similar to a cheque.

**Wholesale markets**

Used to describe the market in which non-retail financial services customers operate, for example the sale of gilts or Treasury Bills by the Government to banks and other financial institutions such as pension funds or other fund managers.