

20 COMMONLY USED EXPRESSIONS IN *Accountancy*

BUSINESS ENGLISH WEEK
PART IV



BALANCE THE BOOKS

To ensure that debits and credits are equal and accurate in a company's financial records.

The accountant spent several hours balancing the books for the fiscal year.



CASH FLOW

The movement of money in and out of a business over a specific period.

The company's cash flow improved after implementing cost-cutting measures.



PROFIT AND LOSS STATEMENT

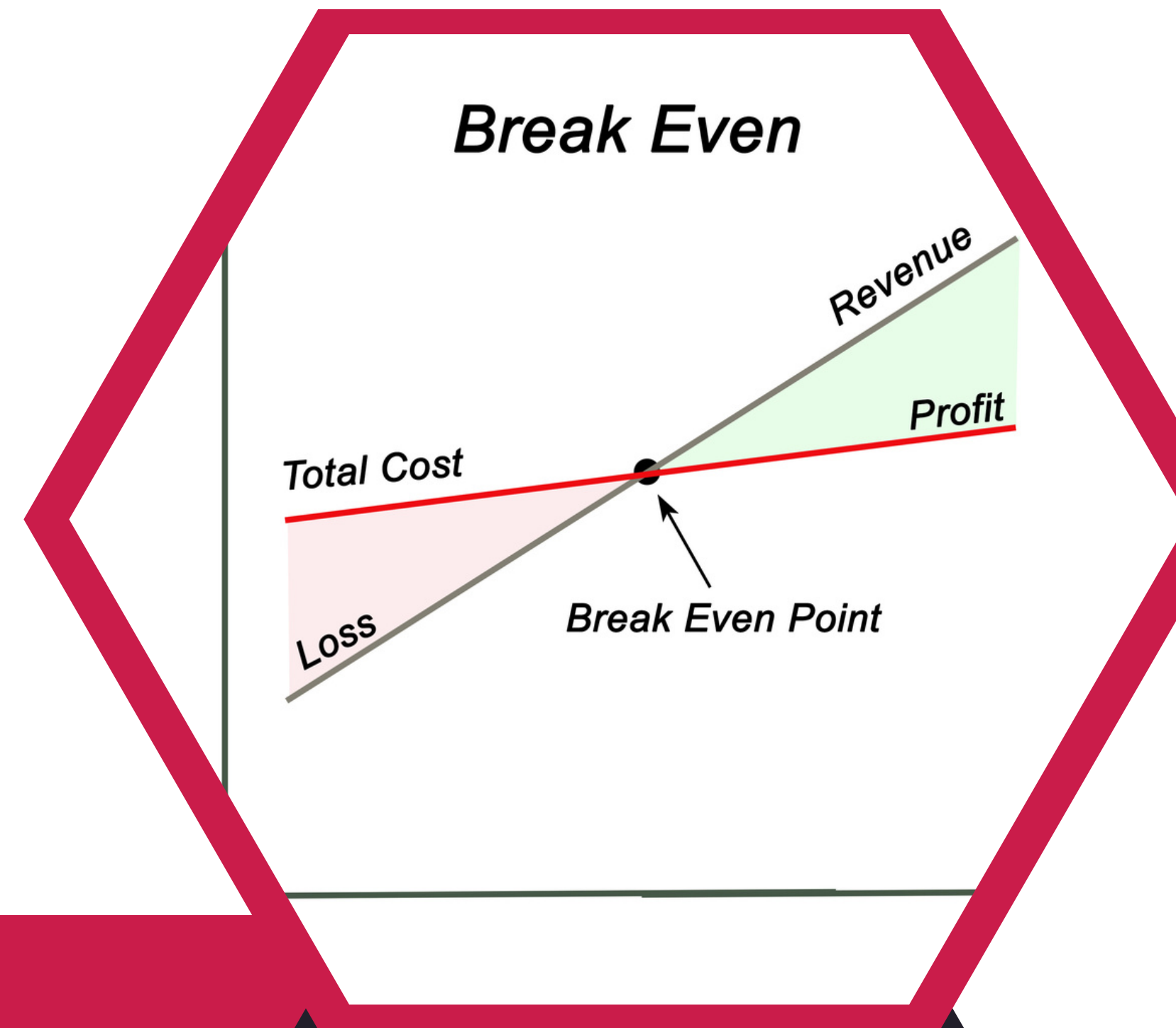
A financial statement that shows a company's revenues, expenses, and net income or loss during a specific period.



The profit and loss statement revealed a decline in profitability for the quarter.

BREAK-EVEN POINT

The level of sales or revenue at which a company's total costs equal its total revenue, resulting in neither profit nor loss.



The business needs to increase sales in order to reach the break-even point.

DEPRECIATION

The gradual decrease in the value of an asset over its useful life.

The company applied straight-line depreciation to allocate the cost of the equipment over five years.



COST OF GOODS SOLD (COGS)

The direct costs associated with producing or acquiring goods that are sold by a company.

The cost of goods sold increased due to higher raw material prices.



ACCOUNTS PAYABLE

The amount of money owed by a company to its suppliers or vendors for goods or services received but not yet paid for.

The accounts payable department is responsible for managing outstanding invoices.



ACCOUNTS RECEIVABLE

The amount of money owed to a company by its customers for goods or services provided but not yet paid for.



The company's accounts receivable increased as a result of higher sales.

LIQUIDITY

The ability of a company to meet its short-term financial obligations or convert its assets into cash quickly.



The company's liquidity position improved after securing a new line of credit.

RETURN ON INVESTMENT (ROI)

A measure of the profitability of an investment, calculated by dividing the net profit or gain from the investment by the initial cost or investment amount.

The marketing campaign generated a high return on investment, resulting in increased sales.



TRIAL BALANCE

A statement that lists all the accounts in a company's general ledger along with their debit or credit balances to ensure that total debits equal total credits.



The accountant prepared the trial balance to identify any discrepancies in the company's accounts.

FIXED ASSETS

Tangible or intangible assets that are not intended for sale in the normal course of business and have a useful life of more than one accounting period.



The company's fixed assets include buildings, machinery, and patents.

ACCRUAL ACCOUNTING

An accounting method that recognizes revenue and expenses when they are earned or incurred, regardless of when the corresponding cash is received or paid.

The company follows accrual accounting principles to accurately reflect its financial performance.



COST ACCOUNTING

A branch of accounting that focuses on determining and analyzing the costs associated with producing goods or services within a company.



The cost accounting department calculated the manufacturing costs for the new product line.

CAPITAL EXPENDITURE (CAPEX)

Expenditures made by a company to acquire, upgrade, or improve its fixed assets, usually with a long-term benefit.

The company invested in new manufacturing equipment as a capital expenditure to increase production efficiency.



INTERNAL CONTROLS

Procedures and measures implemented by a company to safeguard its assets, ensure accurate financial reporting, and prevent fraud or errors.

The company strengthened its internal controls to mitigate the risk of financial irregularities.



GENERAL LEDGER

A central repository that contains all the accounts and their respective transactions, serving as the foundation for a company's financial statements.



The accountant updated the general ledger with the latest journal entries.

COST OF SALES

The direct costs incurred to produce or acquire goods sold by a company, including raw materials, direct labour, and manufacturing overhead.

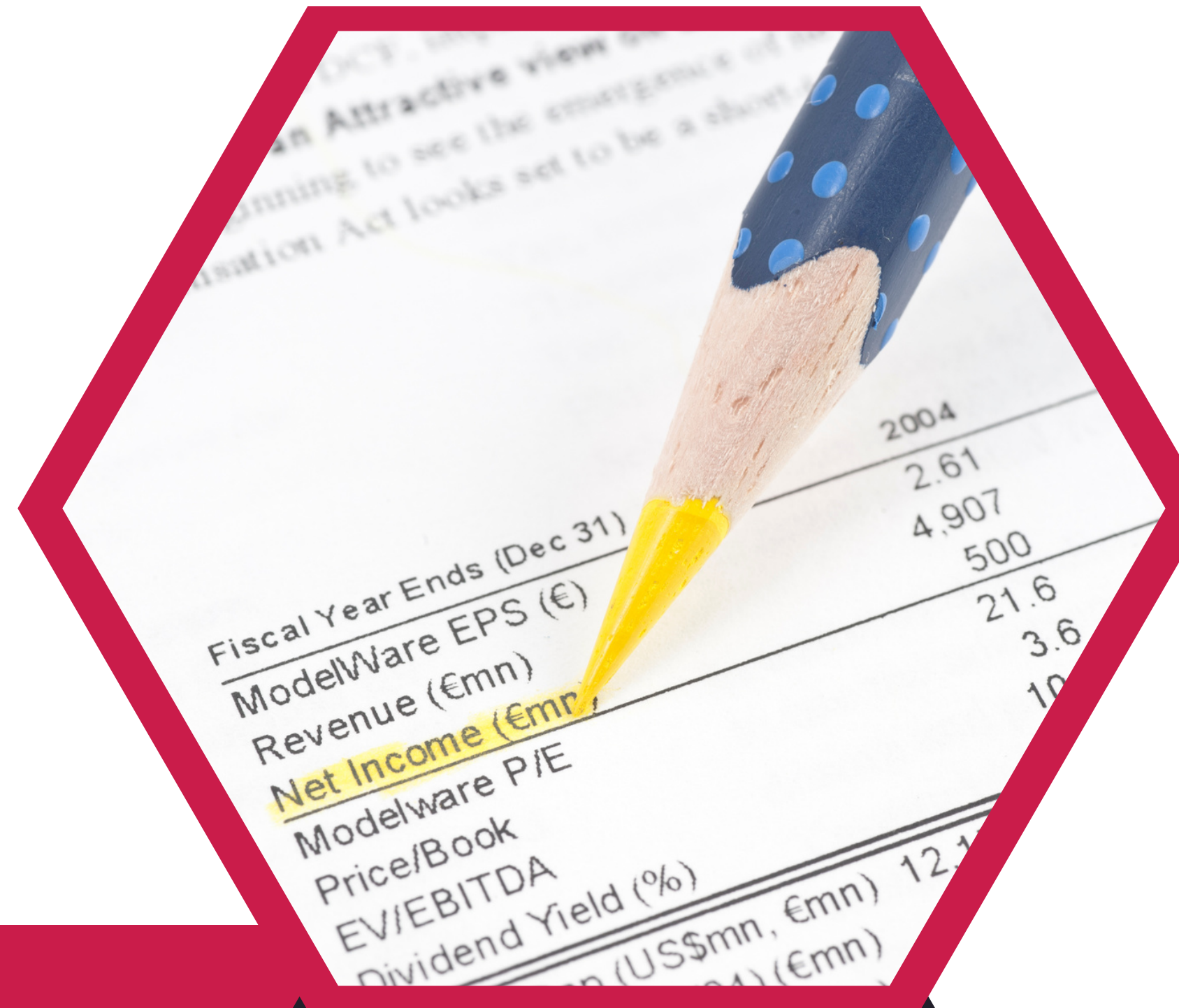


The cost of sales increased due to higher material prices and increased production.

NET INCOME

The amount of profit or earnings left after deducting all expenses, including taxes, from total revenues.

The company reported a significant increase in net income for the fiscal year.



The image shows a close-up of a financial table with a yellow pencil pointing to the 'Net Income (€mn)' row. The table includes various financial metrics for the year 2004. The 'Net Income (€mn)' row is highlighted in yellow.

	2004
Fiscal Year Ends (Dec 31)	
ModelWare EPS (€)	2.61
Revenue (€mn)	4,907
Net Income (€mn)	500
Modelware P/E	21.6
Price/Book	3.6
EV/EBITDA	10
Dividend Yield (%)	
Net Income (US\$m, €mn)	12.1
Net Income (€mn)	

COST OF CAPITAL

The cost associated with obtaining financing or capital for a company's investments or operations.



The company evaluated the cost of capital before making investment decisions.



**GLOBAL
LEARNING**

*Education - The Passport
to a better life*

FOR MORE, VISIT OUR BLOG:

www.global-learning.ro/blog

