

BUSINESS ENGLISH

20 Key English Accounting Terms

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When looking globally at such a huge and fundamental part of business and society we often see that accounting can appear to have its own **language**. With such a wide range and complex **terminology**; so many phrases, acronyms and different organisations to be aware of, we can sometimes be unaware of even the most simple and fundamental terms in English. So, let's take a look at the top accounting terms that are more **commonly** used across the English speaking Accounting community. This week let's start with the first **20** and keep following our articles for other entries onto this list:

1. **Credit:** An accounting entry of recording a transaction where there is either an increase in liabilities, equity, and revenue or a decrease in assets and expenses.
2. **Debit:** An accounting entry where a transaction is recorded when there is either an increase in assets and expenses or a decrease in liabilities, equity, and revenue.
3. **Double entry accounting method:** The method of maintaining a record of transactions where each transaction is entered into one or more accounts. These account debits must equal the account credits.
3. **GAAP:** Is the acronym for the Generally Accepted Accounting Principles (which we will look at further in articles this year). The GAAP represents a set of rules, conventions, and procedures set by the Financial Accounting Standards Board (FASB) to define accepted accounting practice in the United States.
4. **Cash basis accounting:** An accounting method where revenues and expenditures are recorded when they are received and paid.
5. **Double entry accounting method:** A method of recording transactions in which each transaction is entered into one or more accounts. The account debits must equal the

account credits.

5. **Accrual basis accounting:** Accounting method that reports income when earned and expenses when incurred, rather than only in the periods in which cash is received or paid by the company.
7. **Net worth:** Equal to the excess of assets over liabilities.
8. **Book value:** The amount that an asset or liability shows on the balance sheet of a company.
9. **Market value:** The amount the investors are willing to pay for a share of stock on the open market.
10. **Salvage value:** Selling price assigned to retired fixed assets or merchandise that are unsellable through regular channels
11. **Preferred stock:** A type of capital stock that carries certain preferences over common stock, for example: a priority claim on dividends and assets.
12. **Asset:** What a company owns, such as any owned tangible or intangible item that has an economic value useful to the owner.
13. **Common stock:** The value assigned to a company's issued shares. This type of capital stock has no preferences, such as in terms of dividends or voting rights.
14. **Bank reconciliation:** A comparison of the balance shown on the bank statement and the balance of the cash account in the company's general ledger. Differences are identified and researched.
15. **Bad debt:** Portion of an account, loan, or note considered to be uncollectible.
16. **Write off:** Charging an asset account to expense or loss.
17. **Contingent liability:** Potential liability arising from a past transaction or a subsequent event.
18. **Appreciation:** Increase in the value of an asset such as stocks, bonds, or real estate.
19. **Depreciation:** The consequential allowance for expense made for wear and tear on an asset over its estimated useful life.
20. **Amortisation:** The allocation of an intangible asset's cost over a period of time.

These are just a few of the **key** terms and vocabulary for **Accounting** in English, we will further explore these in future articles and other lists, don't forget if you need any further help with these terms and their context, **get in touch** either with comments here or with our Business English courses for Accounting at info@studioinglese.it