

BUSINESS ENGLISH

Another 20 Key English Accounting Terms

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How often do you pick up the newspaper or click onto your favourite business news site and find terminology which you feel you know, but sometimes don't have the most complete understanding of it. As we saw in an earlier article, there is a **complex** vocabulary associated with accounting in the English speaking world. We have introduced 20 key accounting terms before and it is only right that we continue this list, so as not to leave it unfinished. So here are another **20 key Accounting terms** in English:

1. **Owners' or Stockholders' equity:** An ownership interest in a corporation in the form of preferred or common stock. Equal to total assets minus total liabilities.
2. **Liability:** What a company owes, or a company's debts or financial obligations.
3. **Paid in capital:** The portion of the stockholders' equity which was paid in by the stockholders, as opposed to capital arising from profitable operations.
4. **Net income:** A company's net earnings or profit, equal to total revenue minus total expense.
5. **Expense:** The fixed, variable, or accrued costs that a company incurs through its operations.
6. **Revenue:** Money received by the company for goods sold or services provided.
7. **General ledger:** A financial record that contains all the asset, liability, owner equity, revenue, and expense accounts.
8. **Subsidiary ledger:** A financial record that contains the details to support a general ledger control account.
9. **Trial balance:** a financial record that lists and compares the totals of debit and credit balances in the general ledger to check that they are equivalent.
10. **Balance sheet:** A financial report that summarises a company's assets, liabilities, and owners' or shareholders' equity at a given time.
11. **Chart of accounts:** A complete listing of every account in the general ledger of an organisation.
12. **Profit and loss statement:** A financial report that is used to summarise a company's

performance by showing revenues and expenses during a specific period of time such as monthly, quarterly, or annually. Also known as Income Statement.

13. **Statement of cash flows:** A financial report that shows cash inflow and outflow from operating, investing, and financing activities.
14. **Accounts receivable:** Money which is owed to a company by a customer for products and services that were provided on credit.
15. **Accounts payable:** Money a company owes its creditors for delivered goods or services that were purchased on credit.
16. **Fixed cost:** Costs that remain constant within a defined range of activity, volume, or time period.
17. **Variable cost:** Costs that change in direct proportion to changes in productive output.
18. **Audit:** A professional examination of a company's financial statement by a CPA to determine that the statement has been presented fairly and prepared using GAAP.
19. **Review:** Accounting service that provides some assurance as to the reliability of financial information. However, it does not involve a CPA conducting an examination under GAAP.
20. **Compilation:** Presentation of financial statement data without the accountant's assurance as to conformity with GAAP.

So there we have it, the final **20 terms** to complete your handy key word guide to Accounting vocabulary in English. Next week we will return to our article format and try to put some of these into action. Thanks for staying with us.

