

BUSINESS ENGLISH. FINANCE & ACCOUNTING VOCABULARY. TRANSCRIPT

Balance Sheet

A summary of a company's financial position at a specific point in time, usually the end of its financial year. The balance sheet shows the value of everything the company owns as well as everything that it owes.

Our balance sheet is not as strong as last year, since we've taken some heavy losses on investments.

An asset

An asset is anything owned by a company that can be converted into cash or used to generate income.

Most of the company's assets consist of accounts receivables from very risky customers and, until they're paid, it's hard to be sure of their actual value.

Tangible Asset

Assets having a physical existence, such as cash, equipment, and property.

Intangible Asset

An asset that is not physical in nature, such as a patent.

Consulting firms usually have few tangible assets, and their main intangible asset is the reputation they've established.

Liability

A liability is a financial obligation or debt held by a company. Common types of liabilities include accounts payable, bank loans, and outstanding taxes.

Managing liabilities effectively is critical to good financial planning.

Short-Term Liabilities

Short-term liabilities are usually those that must be paid within one year.

Long-Term Liabilities

Long-term liabilities are repayable after more than a year.

Our short-term liabilities have grown very quickly this year, as we expanded into new territories.

Profit

The amount of money earned in a given period (usually a year) after deducting all expenses.

Profits for many firms have declined due to a slowdown in consumer spending.

Profit

Common collocation:

profit margin

The percentage of income a company retains after all costs are deducted.

The profit margin on luxury automobiles is much higher than on economy vehicles.

Loss

A loss is a negative profit.

Common collocations:

make a loss

take a loss

If a single transaction costs more than it earns, the company is said to make a loss or take a loss.

We've always taken a loss on our equipment sales, but we make it up by generating revenue through after-sales service.

Common collocations:

run at a loss

If a company's profit for an entire year is negative, it is said to make a loss or run at a loss.

Companies that run at a loss for several years may be forced to stop trading on the Stock Exchange.

Profit And Loss Statement

A profit and loss statement is one type of accounting report that companies publish on a regular basis.

Debt

Money owed by a company to another company or individual.

Debt

Most corporate debt is in the form of loans from banks, or bonds that have been sold to investors.

This year's balance sheet shows that the company's bank debts have been fully repaid.

Gross

A gross figure is a sum that does not include any deductions.

Gross Income

The total amount of money earned by selling a company's products can be described as gross income or gross revenue.

The company's gross sales have risen 20% in the last quarter alone.

To Gross

To gross can also be used as a verb, meaning "to earn gross income".

The film was a great success, and grossed more than \$50 million on its first weekend.

Net

A net figure is a sum that includes all deductions.

Net Income

The amount of money earned through a company's sales, after subtracting all costs, can be described as net income or profit.

We netted more than \$100,000 from a single day of direct-marketing sales.

To Net

To net can also be used as a verb, meaning "to earn net income".

Pre-tax

The adjective pre-tax means before payment of tax.

Pre-tax

Accountants normally show pre-tax profit or pre-tax income on one line of a company's financial statement, and show profit after tax on a separate line.

Our overseas results look better on a pre-tax basis, because we operate in several countries where corporate taxes are very high.