

Some common bookkeeping and accounting terms

Account	Financial record where the impact of business transactions are recorded.
Accruals	Transactions recorded to recognize financial benefits or obligations in advance of actual contracts or documents.
Assets	Items owned by a business.
Balance Sheet	A summary of assets and liabilities (state of the business) at a specific date.
Capital	The value of the owner(s) stake in the business.
Cash Flow	A view of money flowing in and out of a business.
Cash Purchases	Goods and services bought and paid for immediately.
Credit Purchases	Goods and services bought but paid for a later date.
Credit Sales	Goods or services sold with payment being received at a later date.
Creditors	Entities or persons to whom the business owes money.
Current Assets	The total value of short-term assets such as stocks, trade debtors and cash (or its equivalent).
Current Liabilities	The total value of short-term (less than 12 months) liabilities such as trade creditors, short term liabilities and loans.
Debtors	Entities or persons who owe the business money.
Depreciation	An amount representing the consumption of a proportion of the value of an asset during an accounting period.
Dividend	A distribution of the profits after tax to the shareholders of a limited liability company. Represents a return on their investment, although there is no guarantee it will be paid.
Double Entry	A process in which the recording of a financial transaction has a dual impact.
Expenses	Expenditure incurred in running the business.

Fixed Assets	Long lasting (usually more expensive) physical items used to run the business (machinery, vehicles, buildings etc.).
Fixed Costs	Those items of expenditure that tend not to vary with the volume of sales activity.
General (nominal) Ledger	General term for that group of accounts, excluding debtors and creditors.
Journal Entry (or Voucher)	Used to record transactions when a specific document (such as invoice, bill, or cheque etc) is not available. An accrual would commonly be entered with a journal.
Ledger	A group of accounts.
Liabilities	Items owed by a business.
Limited Liability Company	A business entity that has been formed and owned by shareholders, enjoying liability protection in exchange for providing information to the public domain. The name must end in Ltd., Limited or PLC.
Profit & Loss Statement	A summary of income and expenses for a define period.
Purchases	Goods and services bought, whether on credit terms or cash.
Purchases Ledger	A grouping of creditor accounts (sometime called Accounts Payable ledger)
Reserves	Usually refers to the amounts retained in a business from profits after paying taxes and dividends.
Sales	Goods or services sold, whether on credit terms or cash.
Sales Ledger	A grouping of debtor accounts (sometime called Accounts Receivable ledger).
Shares - Ordinary	Owners of shares in a company have a basic entitlement to a share of the profits after tax as a dividend. Carry voting rights.
Shares - Preference	Owners of preference shares have a prior claim to dividends and capital repayments before ordinary shareholders. Commonly do not have voting rights.

Trial Balance	A list of the balances from all accounts, due to double entry must sum to zero.
Turnover	The total of all sales in a particular time period (Year, month)
Variable Costs	Those items of expenditure that tend to vary with the volume of sales activity.
Working Capital	Current assets less current liabilities. Represents capital (funds) that is continuously moving through the business and supporting its working operations.