

# Boundless Impact

Glossary of Financial Terms



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## **ACTUARIAL GAINS AND LOSSES**

Gain or loss arising from the difference between estimates and actual experience in a company's pension plan.

## **AMORTIZATION**

The systematic allocation of the depreciable amount of an intangible asset over its useful life

## **CAPITAL EMPLOYED**

Shareholders' funds plus non-controlling interests and interest bearing borrowings.

## **CASH EQUIVALENTS**

Liquid investments with original maturity periods of three months or less.

## **CONTINGENT LIABILITY**

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

## **CURRENT RATIO**

Current assets divided by current liabilities. A measure of liquidity

## **CURRENT SERVICE COST**

Is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

## **DEFERRED TAXATION**

The tax effect of timing differences deferred to/from other periods, which would only qualify for inclusion on a tax return at a future date.

## **DIVIDEND COVER**

Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

## **DIVIDEND PAYOUT**

Dividend per share as a percentage of the earnings per share. Dividend Yield Dividend per share as a percentage of the market price. A measure of return on investment.

## **DIVIDEND YIELD**

Dividend per share as a percentage of the market price. A measure of return on investment.

## **DPS**

Dividend per share (DPS) is the sum of declared dividends issued by a company for every ordinary share outstanding. The figure is calculated by dividing the total dividends declared during the year by the number of outstanding ordinary shares issued.

## **EBIT**

Earnings Before Interest and Tax.

## **EBITDA**

Earnings before interest expense, tax, depreciation and amortization (includes other operating income). Note that EBITDA includes interest income, fair value gains and losses on investment property and share of results of equity accounted investees but excludes exchange gains or losses on its foreign currency denominated debt and cash.

## **EFFECTIVE TAX RATE**

Income tax expense divided by profit before tax.

## **EPS**

Earnings per share (EPS) is calculated as a company's profit divided by the outstanding shares of its common stock.

## **EQUITY**

The value of an asset after all the liabilities or debts have been paid.

## **FAIR VALUE**

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

## **FINANCIAL ASSET**

Any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity.

## **FINANCIAL INSTRUMENT**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity to another entity.

## **FINANCIAL LIABILITY**

Any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

## **GEARING**

Proportion of total interest-bearing borrowings to capital employed.

## **INTEREST COVER**

Profit before tax and net finance cost divided by net finance cost. Measure of an entity's debt service ability.

## **KEY MANAGEMENT PERSONNEL (KMP)**

KMP are those persons having authority and responsibility for planning directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

## **MARKET CAPITALISATION**

Number of shares in issue multiplied by the market value of a share at the reported date.

## **NET ASSETS PER SHARE**

Total equity attributable to equity holders divided by the weighted average number of ordinary shares in issue. A basis of share valuation

## **NON-CONTROLLING INTEREST**

Equity in subsidiary not attributable, directly or indirectly, to a parent.

## **OTHER COMPREHENSIVE INCOME**

An entry that is generally found in the shareholders' equity section of the balance sheet.

## **PRICE EARNINGS RATIO**

Market price of a share divided by earnings per share as reported at that date.

## **RETURN ON CAPITAL EMPLOYED**

Profit before tax and net finance cost divided by average capital employed.

## **SEGMENTS**

Constituent business units grouped in terms of similarity of operations and location.

## **VALUE ADDITION**

The quantum of wealth generated by the activities of the Group measured as the difference between turnover and the cost of materials and services bought in.

## **WORKING CAPITAL**

Capital required to finance day-to-day operations, computed as the excess of current assets over current liabilities.