# Building Vocabulary: Glossary for Accounting (MUF0022)

#### Study Area 1: Balance Day Adjustments

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| Key Term/ Concept | Definition & Example | Visual | Context & Collocations |
| Trading business | Buys stock at the cost price and sells stock to customers at a mark up | sell stock  @  Selling Price  Buy stock  @  Cost Price  Add  Mark up  business | trading business profits from the mark up on its goods |
| Accounting process |  |  |  |
| Source documents |  |  |  |
| Accounting Principles |  |  |  |
| Qualitative characteristics |  |  |  |
| Accounting equation |  |  |  |
| Special journals |  |  |  |
| General journal |  |  |  |
| General ledger |  |  |  |
| Subsidiary records |  |  |  |
| Trial balance |  |  |  |
| General purpose financial statements |  |  |  |
| Balance Sheet |  |  |  |
| Income Statement |  |  |  |
| Cash Flow Statement |  |  |  |

#### Study Area 1 (Continued)

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| Key Term/ Concept | Definition & Example | Visual | Context & Collocations |
| Balance day adjustments |  |  |  |
| Prepaid expense |  |  |  |
| Asset approach |  |  |  |
| Adjusting entry |  |  |  |
| Prepaid revenue |  |  |  |
| Liability approach |  |  |  |
| Accrued expense |  |  |  |
| Accrued revenue |  |  |  |
| Stock loss |  |  |  |
| Stock gain |  |  |  |
| Net realisable value |  |  |  |
| Lower of cost and NRV rule |  |  |  |
| Stock write down |  |  |  |
| Depreciation |  |  |  |
| Straight line method |  |  |  |
| Depreciation Expense |  |  |  |

#### Study Area 1 (Continued)

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| Key Term/ Concept | Definition & Example | Visual | Context & Collocations |
| Accumulated depreciation |  |  |  |
| Residual value |  |  |  |
| Useful life |  |  |  |
| Bad debt |  |  |  |
| Receipts vs revenue |  |  |  |
| Payments vs expenses |  |  |  |
| Cash flow vs profit |  |  |  |
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#### Study Area 2: Preparing Financial Statements

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| Key Term/ Concept | Definition & Example | Visual | Context & Collocations |
| Pre-adjusted trial balance |  |  |  |
| Post-adjusted trial balance |  |  |  |
| Closing entries |  |  |  |
| Balancing ledger accounts |  |  |  |
| Gross profit |  |  |  |
| Net profit |  |  |  |
| Net worth |  |  |  |
| Net cash from Operating activities |  |  |  |
| Net cash from Investing activities |  |  |  |
| Net cash from financing activities |  |  |  |
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#### Study Area 3: Assessment of Performance

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| Key Term/ Concept | Definition & Example | Visual | Context & Collocations |
| Historical data |  |  |  |
| Vertical analysis |  |  |  |
| Horizontal analysis |  |  |  |
| Ratio analysis |  |  |  |
| Profitability |  |  |  |
| Return on owner’s investment |  |  |  |
| Return on assets |  |  |  |
| Asset turnover |  |  |  |
| Net profit margin |  |  |  |
| Gross profit margin |  |  |  |
| Trend analysis |  |  |  |
| Benchmark |  |  |  |
| Liquidity |  |  |  |
| Working capital ratio |  |  |  |
| Quick asset ratio |  |  |  |
| Cash flow ratio |  |  |  |
| Debtors turnover |  |  |  |
| Creditors turnover |  |  |  |

#### Study Area 3: Assessment of Performance

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| Key Term/ Concept | Definition & Example | Visual | Context & Collocations |
| Stock turnover |  |  |  |
| Efficiency |  |  |  |
| Stability |  |  |  |
| Gearing ratio |  |  |  |
| Financial indicators |  |  |  |
| Non-financial indicators |  |  |  |
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