

# ACCOUNTING & FINANCE



## Vocabulary

**Liabilities** : Things for which a company is responsible, especially an amount of money owed. E.g. Bank Loans, Income Tax, Debt, etc.

**Assets** : Things owned by a company which have value. E.g. Buildings, Land, Machinery, etc.

**Owners' Equity** : Is the total assets of an entity, minus its total liabilities.

**Accounting** : The process or work of keeping financial accounts.

**Annual report** : A report on a company's financial activities and performance throughout the previous year.

**Tangible Assets**: Assets that can be seen or touched. E.g. Machinery.

**Intangible Assets**: Assets that cannot be seen or touched. E.g. Customer Goodwill.

**Accounting information is useful to anyone who makes decisions that have economic results.**

- ❖ **MANAGERS**
- ❖ **OWNERS**
- ❖ **INVESTORS**
- ❖ **CREDITORS**
- ❖ **GOVERNMENT REGULATORS**



In Accounting , A statement of what one owns and what one owes is called a **Balance Sheet**

The balance sheet equation = **Assets - Liabilities**



**= NET WORTH**



# Balance Sheet Reports What a Business:

**Owns – Assets**



**Owes – Liabilities**



**ASSETS – LIABILITY**



**Worth – Owners Equity**

**= NET WORTH**

# Income Statement reports how much you earned Last Year

Revenue



Expense



Profit



# What is the need for Accounting & Finance in a Business:



**Assess**



**Monitor**



**Forecast future**

## Match the Following

1) Debt	a) Document showing a company's financial activities and performance in the previous year.
2) Balance Sheet equation	b) Land
3) Annual Report	c) Assets minus Liabilities
4) Asset	d) Last year's earnings
5) Profit	e) Liability



## Exercise 2

1)Expense Tangible 2)Financial Statements 3)Balance Sheet 4)Profitable  
5)Intangible 6)Tangible

- For a business enterprise, all the relevant financial information is presented in a structured format that is easy to understand. These are called \_\_\_\_\_ .
- Managers want to know if a new product will be \_\_\_\_\_
- In Accounting , An Itemized Statement of What one owns, What one owes, What one s worth is called a \_\_\_\_\_
- \_\_\_\_\_ assets are physical things , for example machines and property.  
\_\_\_\_\_ assets are not physical in nature, for example a company's reputation

Reviewed By	Reviewed On	Comments / Changes Made
Vidyesh	11.09.2015	N.A
Huban	19.08.2016	Simplified content to suit A2-B1 level.