

Instructional Terminology

Accounting 52.0301.00



This **Instructional Terminology** defines entry-level industry terms identified by the program's Technical Standards, Measurement Criteria, and Instructional Framework. This resource is designed for use in classroom and laboratory environments to ensure students are introduced to the essential occupational terminology relevant to their program. It supports the consistent use of terms and definitions in curriculum, instruction, and assessment and corresponds with the Technical Standards endorsed on January 31, 2022.

A

Account - A record used to categorize and summarize financial transactions related to a specific aspect of a business's financial activities

Account type - A classification system used in accounting to group similar financial transactions under a specific category

Accounting cycle - A series of steps to ensure accurate financial reporting

Accounting equation - The fundamental equation in accounting; assets = liabilities + equity

Accounting standards - A set of rules and guidelines that govern the preparation and presentation of financial statements for businesses

Accounts payable - A liability account that tracks amounts the business owes to suppliers for goods or services received but not yet paid for

Accounts payable controlling account - A general ledger account summarizing the total amount the business owes to all vendors

Accounts payable subsidiary ledger - A ledger containing individual accounts for each vendor to whom the business owes money

Accounts receivable - An asset account that tracks amounts owed to the business by customers who have purchased goods or services but have not yet paid for them

Accounts receivable controlling account - A general ledger account that summarizes the total amount of money owed to the business by all customers

Accounts receivable subsidiary ledger - A ledger that contains individual accounts for each customer who owes money to the business

Accrual accounting - An accounting method where revenues and expenses are recognized when they are earned or incurred, regardless of when cash transactions (payments or receipts) occur

Accrual method of accounting - An accounting method where revenues and expenses are recorded when they are earned or incurred, regardless of when cash is exchanged

Accruals - Transactions that recognize revenues and expenses when they are incurred, regardless of when the cash is actually received or paid

Accumulated depreciation - A contra-asset account that shows the total depreciation of a fixed asset since it was acquired

Accurate data - Information that is correct, precise, and reliable reflecting the true value or status of the subject it represents without errors, distortions, or inaccuracies

Adjusting entries - Journal entries made at the end of an accounting period to update account balances

Aging of accounts receivable - A process to categorize receivables based on how long they have been unpaid (e.g., current, 31-60 days, 61-90 days, and over 90 days)

Aging schedule - A report that categorizes accounts receivable based on the length of time an invoice has been outstanding; used to assess the likelihood of collection

Allowance for uncollectible accounts - A contra-asset account that represents the estimated amount of accounts receivable that may not be collected

Asset - An item of value owned by a business

Audit - Systematic review of financial records for accuracy and compliance

Auditing - The process of examining financial records to ensure accuracy and compliance with accounting standards and regulations

Automated Clearing House (ACH) - An electronic network for financial transactions commonly used for direct deposits and automatic payments

B

Balance brought forward - The amount of money, value, or balance that is carried over from a previous check stub to the current one

Balance carried forward - The balance from the current check stub that is transferred to the next check stub

Balance sheet - A financial statement that reports a company's assets, liabilities, and equity for a specific fiscal period

Balance sheet analysis - The process of reviewing and evaluating a company's balance sheet to assess its financial position, specifically its assets, liabilities, and shareholders' equity at a specific point in time

Bank charges - Fees charged by a bank for various services

Bank reconciliation - The process of comparing a bank statement to a company's check register to identify and resolve discrepancies

Bank statement - A monthly report from a bank that summarizes all the activity in a bank account

Beginning balance - The amount of money in an account at the start of a fiscal period

Beginning inventory - The value of a company's inventory at the start of an accounting period

Budget - A financial plan outlining expected income and expenses for a given period of time

Business ethics - The principle of right or wrong in making business decisions

Business funding - The process of obtaining financial resources or capital that a business needs to operate, grow, or achieve its goals

Business taxation - Taxation on a business's net income, often referred to as corporate tax

Business transaction - An event or activity involving an exchange of value that directly affects a company's financial position and is recorded in its accounting system

C

Capital - Financial resources that a business uses to fund its operations and growth

Capital account - An account representing the owner's or shareholders' investment in the business, affected by revenue, expenses, and drawings

Cash - Money available to spend now

Cash credits - Money paid out or withdrawn from a cash account

Cash debits - Money received or added to a cash account

Cash flow statement - A financial report that tracks the flow of cash in and out of a business

Cash method of accounting - An accounting method where transactions are recorded when cash is received or paid

Cash or check payments - Traditional methods of making payments, either by physical check or cash

Cash receipts - Money received by a business

Chart of accounts - A list of all accounts used by a business in its accounting system to help organize financial data

Check - A written and signed document instructing a bank to pay a specific amount of money from one person's account to another person or business

Check amount - The total monetary value that is written on a check which represents the amount of money the issuer intends to pay to the payee (the person or entity receiving the payment)

Check date - The specific date written on a check that indicates when the check is issued and when it should be processed or deposited by the recipient

Check register - A record keeping tool used to track all transactions in a checking account

Check stub - The portion of a check that remains in a checkbook and is used to record the details of the check

Classify - To organize or arrange items, concepts, or information into groups or categories based on shared characteristics or criteria

Closing entries - Journal entries made at the end of the accounting period to transfer balances from temporary accounts to permanent accounts

Commission - A fee, often based on a percentage, paid to an individual or organization for performing a service

Common stock - Shares of ownership in a corporation

Contra asset account - An account that reduces the balance of an asset account (e.g., allowance for uncollectible accounts and accumulated depreciation)

Contra liability account - An account that reduces the balance of a liability account (e.g., discount on notes payable)

Controlling account - A summary account in the general ledger whose balance is the total of all the related subsidiary ledger accounts (e.g., accounts receivable and accounts payable)

Controlling function - The process of monitoring and ensuring that financial and operational activities align with a business's goals, budgets, and standards

Corporate tax - A tax imposed on the net income of a corporation, which is based on the company's total revenue minus allowable deductions, such as business expenses, depreciation, and operating costs

Corporation - A legal entity that is separate and distinct from its owners (shareholders) it is created under state or federal law and has its own rights and obligations

Cost basis of fixed assets - The original cost of an asset, including purchase price, shipping, installation, and training costs

Cost of Goods Sold (COGS) - The direct costs attributable to the production of the goods that a company sells during a specific period

Cost of merchandise - The total expenses incurred by a business to acquire or produce the goods that it sells

Cost of Merchandise Sold (COMS) - See cost of goods sold (cogs)

Credit - Amount recorded on the right side of an account

Credit amount - The value recorded on the right side of an accounting entry in a double-entry bookkeeping system

Credit card reconciliation - The process of matching credit card statements with internal records of purchases

Credit card service fee - A fee charged by credit card companies to process credit card transactions

Credit card statement - A monthly record of all credit card transactions and fees

Current assets - Assets expected to be converted into cash or used within one year

Current liabilities - Debts or obligations that are due within one year (e.g., accounts payable and short-term loans)

Customer - An individual or entity that purchases goods or services from a business

Customer account - A record in the accounts receivable subsidiary ledger that tracks all transactions for a specific customer, including sales and payments

Customer relations - The interactions and relationships that a business develops with its customers

Customer transactions - Any financial exchanges or interactions between a business and its customers

D

Data entry - The process of inputting, updating, or managing information into a computer system or database

Debit - Amount recorded on the left side of an account

Debits and credits - The two sides of every transaction in double-entry accounting

Decision making - The cognitive process of selecting a course of action from multiple alternatives to achieve a desired outcome or solve a problem

Declining balance method of depreciation - An accelerated depreciation technique used to allocate the cost of a tangible asset over its useful life

Deposit - The act of placing money into a financial account, typically in a bank or other financial institution

Deposit slip - A document used to provide details of a cash or check deposit made to a bank account

Depreciation - A gradual decrease in value of a plant asset due to wear and tear

Differentiate - To recognize or ascertain what makes someone or something different or distinct from others

Directing function - The process of guiding and overseeing the activities of an organization to ensure that its goals and objectives are achieved efficiently and effectively

Dividends - Payments made by a corporation to its shareholders, typically as a distribution of profits

Double declining balance depreciation - An accelerated method of depreciation used to allocate the cost of an asset over its useful life more quickly than the straight-line method

Double-entry accounting - A fundamental accounting method that ensures every financial transaction affects at least two accounts in a way that maintains the accounting equation

Doubtful account - See uncollectible account

Drawing account - An account used to track the owner's withdrawals from the business for personal use

E

Earnings (business) - The net income or profit that a company earns after subtracting its expenses from its total revenue

Earnings (personal) - The income a person receives for their work or services; income can include wages, salaries, bonuses, commissions, tips, and other forms of compensation

Effective communication - The process of exchanging information in a clear, concise manner, that is understood by all parties involved

Effective customer communication - The ability to clearly and efficiently convey information to customers, as well as listen and respond to their needs, questions, or concerns

Electronic Funds Transfer (EFT) - A digital method of transferring money from one bank account to another without the need for physical cash or paper checks

Electronic payments - Transactions that involve the transfer of money electronically from one account to another, without the use of cash or paper checks

Embezzlement - The act of fraudulently taking or misappropriating funds, assets, or property that have been entrusted to someone, typically in a position of responsibility or trust, such as an employee, manager, or treasurer

Employer taxes - The taxes that an employer is required to pay to the government based on the wages and compensation provided to their employees

Ending balance - The final amount of money in an account at the end of a specified accounting period

Ending inventory - The value of a company's inventory at the end of an accounting period

Entry - The recording of a financial transaction in a ledger

Equity accounts - Specific accounts in a company's financial statements that represent the ownership interest of shareholders in the company

Errors of ethical omission - Situations where an individual fails to act in a morally responsible way by not doing something that they should have done, or neglecting to fulfill an ethical duty, despite having the knowledge and ability to do so

Estimate salvage value - The projected amount that an asset is expected to be worth at the end of its useful life

Estimated useful life - The number of years a plant asset is expected to function

Ethical - Principles, standards, and behaviors that are considered morally right, good, and acceptable in society

Ethics - A system of moral principles that guide human behavior and define what is considered right and wrong

Excel - Spreadsheet software used for organizing, calculating, and analyzing financial data

Expenses - The costs incurred by a business in its efforts to generate revenue (e.g., salaries, rent, and utilities)

External audit - An examination of a company's financial statements and related operations by an independent party to ensure accuracy and compliance with regulations

F

Federal income tax - A tax levied by the federal government on the income of individuals and corporations

Federal Unemployment Tax (FUTA) - A payroll tax imposed on employers to fund unemployment compensation for workers who have lost their jobs

Federal withholding - The process by which an employer deducts a portion of an employee's wages or salary and sends it directly to the U.S. Treasury (Internal Revenue Service or IRS) on behalf of the employee

Financial loss - A situation where a person, business, or organization experiences a negative financial impact

Financial performance - The evaluation of a company's financial results and its ability to generate profit, manage expenses, and create value over a specific period

Financial ratio - A numerical comparison derived from a company's financial statements that provides insight into its financial performance, liquidity, profitability, and overall health

Financial reports - Formal reports that provide a summary of the financial activities and position of a business over a specific fiscal period

Financial statement analysis - Process of reviewing and evaluating a company's financial statements

Financial statement software - Applications and platforms designed to assist businesses and organizations in creating, managing, and analyzing their financial statements and reports (e.g., QuickBooks and Excel)

Financial statements - Reports summarizing the financial condition and operations of a business (e.g., balance sheet and income statement)

First In, First Out (FIFO) - An inventory valuation method where the oldest inventory items are considered the first to be sold or used

Fiscal period - A specific time frame used by businesses to track financial performance and report financial statements

Five functions of management - The core activities involved in managing a business

Fixed assets - Long-term tangible assets used in the operation of a business (e.g., machinery and buildings)

For-profit accounting - The branch of accounting specifically designed for businesses and organizations that operate with the primary goal of generating profit for their owners or shareholders

Forgery - The act of creating, altering, or using false documents, signatures, or other items with the intent to deceive or defraud someone

Form 940 - An annual tax return used by employers to report and pay federal unemployment tax (FUTA) to the internal revenue service (IRS)

Form 941 - An IRS tax form that employers use to report payroll taxes, including income tax withheld from employees' paychecks, social security tax, and Medicare tax

Form 1099 - A document used to report various types of income other than wages

Fraudulent reporting - The intentional misrepresentation, omission, or manipulation of financial information to deceive stakeholders such as investors, creditors, regulators, or the general public

G

General journal - A chronological record of all financial transactions of a business serving as the first point of entry before the data is transferred to the general ledger

General ledger - Contains all the accounts for recording transactions and summarizing the financial activities of an organization over a specific period

Generally Accepted Accounting Principles (GAAP) - A set of rules and standards used to ensure consistency, transparency, and comparability of financial reporting across different organizations

Government accounting - A specialized branch of accounting that deals with the financial transactions and reporting of government entities and agencies

Gross profit margin - A financial measurement that expresses gross profit as a percentage of total revenue (formula: $(\text{gross profit}/\text{sales}) \times 100$)

H

Horizontal analysis - Involves comparing line items in financial statements, such as the income statement or balance sheet, across different reporting periods to identify trends, growth patterns, and changes in financial performance

I

Income statement - A financial report showing a company's revenue, expenses, and net income or net loss over a specific fiscal period

Income statement analysis - The process of reviewing and evaluating a company's income statement to assess its financial performance, profitability, and overall health

Income tax withholding - The amount deducted from an employee's wages by their employer to cover federal, state, and local income taxes

Insurance - A financial product used to manage risk by protecting against potential financial loss

Internal audit - A process performed by an organization's own staff to evaluate its internal controls and accounting practices

Internal business communications - Effective communication within a business that supports decision-making, management, and overall success

Internal controls - Procedures implemented to protect assets from loss, waste, theft, forgery, and embezzlement (e.g., limiting access, inventory counts, audits, and reconciliations)

Internal Revenue Service (IRS) - A federal agency responsible for administering and enforcing the tax laws of the United States

Inventory - The goods and materials that a business holds for the purpose of resale or production

Inventory counts - The process of physically counting the items in a company's inventory to determine the quantities on hand

Inventory records - Documents that track the quantities, locations, and values of a company's inventory

Investing funding - Capital or financial resources raised to finance investments in various assets, projects, or business ventures

Invoices - Documents issued by a seller to a buyer that detail the products or services provided, their associated costs, and the terms of payment

J

Journal - A chronological record of financial transactions

Journal entry - A record of financial transactions in a journal showing the debit and credit of accounts affected

K

L

Last In, First Out (LIFO) - An inventory valuation method where the most recently purchased or produced items in inventory are considered the first to be sold or used

Law - A system of rules and guidelines that are created and enforced by a governing authority (such as a government or regulatory body) to regulate the behavior and actions of individuals, organizations, and institutions within a society

Ledger - A collection of accounts

Legal - An act that is permitted by the law

Liabilities - Obligations or debts owed by a business (e.g., loans and accounts payable)

Liability insurance - A type of insurance coverage that protects individuals and businesses from claims or lawsuits arising from injuries or damage to other people or their property

Liquidity - The ability of an asset to be easily converted into cash without significantly affecting its value

Long-term assets - Assets that a company intends to hold for more than one year

Long-term liabilities - Financial obligations that a company is required to pay beyond one year

M

Maintain a record - To systematically create, store, and update information or data to ensure its accuracy, accessibility, and relevance over time

Management decision making - The process by which managers identify, evaluate, and choose among alternative courses of action to solve a problem or achieve a business objective

Manipulate figures - The deliberate alteration or distortion of financial data, reports, or records to present a misleading or false picture of a company's financial performance or position

Manufacturing business - A type of company that produces goods by transforming raw materials into finished products

Medicare - A federal health insurance program designed primarily for individuals aged 65 and older

Medicare tax - A payroll tax that funds the Medicare program, which provides health insurance primarily for individuals aged 65 and older

Memorandum - A written document used for internal communication within an organization

Merchandise - The goods or products that a business buys with the intention of selling them to customers for profit

Merchandise inventory - The goods that a business holds for sale to customers in the normal course of its operations

Merchandise inventory turnover - A financial metric used to measure how efficiently a company manages its inventory

Merchandising business - A business that acquires finished products from suppliers and sells them to customers

Misappropriation of assets - The theft or embezzlement of company resources or property by individuals who have access to them, typically employees or managers

N

Net income - The total amount of money a company has earned after all expenses, taxes, and costs have been subtracted from its total revenue

Net loss - When a business's expenses exceed its revenue, resulting in a financial loss

Net pay - The amount of money an employee takes home after all deductions have been subtracted from their gross pay

Not-for-profit – A business that doesn't distribute its profits to owners but instead it keeps its profits to work towards its goals

Not-for-profit accounting - Accounting practices used by organizations that do not aim to generate profit, focusing on tracking donations and expenditures for public benefit

Not-for-profit accounting standards - Guidelines and regulations governing the financial reporting of non-profit organizations, which differ from for-profit standards to emphasize public benefit

Notes payable - Written promises or formal agreements to pay a specific amount of money at a future date, typically with interest, under agreed-upon terms

Notes receivable - Amounts owed to a business by another party, documented through a formal written agreement (a promissory note), which promises repayment of a specific amount, usually with interest, at a future date

O

On account - A transaction where payment is not made immediately, but instead is deferred to a later date

Operating funding - The financial resources a business requires to cover its day-to-day operational expenses, such as salaries, utilities, inventory, rent, and other costs associated with the normal functioning of the business

Organizing function – Arranging resources, tasks, and responsibilities in a structured way to achieve the plans developed during the planning phase

Original cost - The initial amount paid to acquire an asset, including its purchase price and any additional costs incurred to bring the asset into its intended use or condition

Outstanding check - A check that has been written but has not yet been presented to the bank for payment

Outstanding deposit - A deposit that has been recorded in an individual's or business's accounting records but has not yet been reflected in the bank statement

Overtime - The hours worked by an employee beyond their regular working hours, typically exceeding 40 hours in a week

Overtime earnings - The additional pay an employee receives for working more than their standard or contracted working hours, typically beyond 40 hours per week

Owner's equity - The owner's claim to the assets of the business after liabilities are deducted; it represents the portion of the business that belongs to the owner(s)

P

Page number - The specific page in a journal where a particular transaction is recorded

Paid-in capital - The amount of money that shareholders or investors have contributed to a company in exchange for stock

Partnership - A business structure where two or more individuals share ownership, including profits, losses, and management responsibilities

Partnership drawing - The amount of money or assets that a partner withdraws from a partnership business for personal use

Past due - An amount of money or payment that has not been paid by the agreed-upon due date or within the specified time frame

Pay period - The specific time frame in which an employee's work hours are recorded and for which they are paid

Payment - The transfer of money or equivalent value from one party to another in exchange for goods, services, or to settle a debt

Payments on account - Partial payments made by a customer or a business toward an outstanding balance or debt

Payroll - The process by which employers pay their employees for work performed during a specific period

Payroll accrual taxes - The taxes that a business owes to government agencies, related to its payroll expenses, which are recorded as liabilities on the company's books even before they are paid

Payroll journal entry - An entry that captures the total amount owed to employees for wages or salaries and any deductions such as taxes or benefits

Payroll register - A record that summarizes all payroll-related information for a specific pay period including employee wages, deductions, and net pay

Payroll taxes - Taxes that employers are required to withhold from employees' earnings and pay to the government

Physical access - The ability to physically enter, reach, or interact with a particular location, facility, or object

Planning function - The process of setting objectives, determining strategies, and outlining the steps required to achieve organizational goals

Post-closing trial balance - The last step in the accounting cycle to ensure that total debits equal total credits in the general ledger after the temporary accounts have been closed and that the accounting records are in balance

Posting - The process of transferring journal entries from the general journal to the general ledger

Post-reference - The cross-referencing information in a journal or ledger, such as the journal page number or account number, used to track transactions

Power BI - A business analytics tool developed by Microsoft that enables users to visualize data, share insights, and make data-driven decisions

Predetermined percentage - A specific percentage value that is established in advance and used for calculations or decisions

Preferred stock - A type of equity security that represents ownership in a corporation and has certain advantages over common stock

Price - The amount of money that is charged or paid for a product, service, or asset

Price Earnings Ratio (P/E) - A financial measurement used to evaluate the value of a company's stock by comparing its current share price to its earnings per share (formula: market price per share/earnings per share)

Price variance - The difference between the actual cost of an item and its expected cost

Property insurance - A type of insurance policy that provides financial protection to property owners against damage or loss to their physical assets

Prove - The process of verifying or confirming the accuracy and completeness of financial records, transactions, or balances

Proving cash – The process used to verify that the cash balance recorded in a business's accounting system matches the actual cash on hand and in the bank

Purchase invoice - A document issued by a seller to a buyer that outlines the details of a purchase transaction

Purchases - The acquisition of goods or services by a business for the purpose of resale, production, or use in its operations

Purchases on account - A business purchases goods or services from a supplier or vendor with the agreement to pay for them at a later date

Q

Quantity - The amount or number of something

Quantity variance - A financial metric used to measure the difference between the expected or budgeted quantity of a resource (such as materials, labor, or units produced) and the actual quantity used or produced

Quick ratio - A financial metric used to assess a company's short-term liquidity and ability to meet its short-term obligations without relying on the sale of inventory (current assets - inventory) / current liabilities

QuickBooks - An accounting software program developed and marketed by Intuit that is designed to help small to medium-sized businesses manage their financial records, streamline accounting tasks, and enhance overall financial management

R

Receipt - A business form giving written acknowledgement for cash received

Receipts of cash - Any inflow of money received by a business during a specific period

Reconciliation - The process of comparing two sets of records to ensure they are in agreement (e.g., bank reconciliation)

Regular earnings - Salary or wages earned from employment

Reporting for government organizations - Specialized accounting standards for government entities that focus on transparency, accountability, and compliance with legal requirements

Retained earnings - The cumulative amount of net income that a company keeps, rather than distributes to shareholders as dividends

Retirement deduction - The amount of money taken out of an employee's paycheck and contributed to a retirement savings plan, such as a 401(k), IRA, or pension plan

Retirement plans - Contributions to pension or 401(k) plans

Revenue - The income generated from the normal business operations of a company, typically through the sale of goods or services

Revenue recognition - An accounting principle that dictates when and how revenue is recorded and reported in financial statements

Reversals - The process of undoing or canceling a previously recorded transaction or journal entry

Risk management - The process of identifying, assessing, and mitigating potential risks that could negatively affect a business, often through insurance and internal controls

S

Salary - A fixed, regular payment made by an employer to an employee, typically expressed on an annual basis but paid out in monthly, biweekly, or weekly installments

Sale on account - A transaction in which a business sells goods or services to a customer and allows the customer to pay for them at a later date

Sales - The exchange of goods or services for money or credit

Sales invoice - A formal document issued by a seller to a buyer that outlines the details of a sale transaction

Sales orders - A document created by a seller to confirm the sale of goods or services to a buyer

Sales volume - The total quantity of goods or services sold by a business during a specific period, usually measured in units

Service business - A business that provides services rather than goods (e.g., consulting and repairs)

Service charges/Fee - Fees charged by a bank for account maintenance or other services

Shipping cost - The expenses incurred to transport goods from one location to another

Social Security Tax (FICA) - A payroll tax imposed on both employees and employers in the United States to fund the social security program

Source documents - Original records that provide evidence of a financial transaction (e.g., checks, invoices, and receipts)

Spending plan - Another term for a budget, outlining how an organization plans to allocate its financial resources over a specific period

Staffing function - The process of recruiting, selecting, training, and developing employees to fill roles within an organization

Stakeholders - Individuals, groups, or organizations that have an interest or concern in a particular business or project

State income tax - A tax imposed by individual states on the income earned by residents and, in some cases, non-residents within that state

State Unemployment Tax (SUTA) - A tax that employers are required to pay that is used for state unemployment insurance benefits

State withholding - The process by which an employer deducts a portion of an employee's wages or salary and sends it directly to the state government for income tax purposes

Statement of cash flow - A financial statement that provides a summary of the cash inflows and outflows of a company over a specific period

Statement of shareholders' equity - A report summarizing the changes in stockholders' equity during a fiscal period

Stockholder's equity - The residual interest in a company's assets after deducting liabilities, representing the ownership stake held by shareholders

Straight line method of depreciation - Calculating an equal amount of depreciation expense for each year of the useful life of a plant asset

Subsidiary ledger - A detailed set of accounts that provides more specific information about certain components of a general ledger account

T

Tax tables - Charts used by governments to determine the amount of tax an individual or business owes based on their income, filing status, and other relevant factors

Terms of payment (2/10, n/30) - Payment terms indicating that a 2% discount is available if the invoice is paid within 10 days; otherwise, the full amount is due in 30 days

Training costs - The expenses incurred to educate employees or other individuals on how to effectively use equipment, software, or systems

Transaction - An event or activity that results in a financial change within a business

Transaction date - The specific date on which a financial transaction occurred

Trial balance - An accounting report that lists the balances of all general ledger accounts of a business at a specific point in time; it is used to verify that the total debits equal the total credits in the accounting system, ensuring the books are balanced

U

Unauthorized charges - Transactions on a credit card that weren't approved by the cardholder

Uncollectible accounts - A receivable (typically a customer's outstanding debt) that a business has determined it will not be able to collect

Update account balance - To adjust or revise the recorded balance of an account in the accounting system to reflect the most recent transactions or changes

V

Vendor - A person or business that sells goods or services to another business or organization

Vendor account - A record within a business's accounts payable subsidiary ledger that tracks the transactions, payments, and outstanding balances between the business and its vendors (suppliers)

Vertical analysis - A method of financial statement analysis in which each line item in a financial statement is expressed as a percentage of a base item within the same statement

Voluntary deductions - Amounts that are voluntarily deducted from an employee's paycheck, at the employee's request, for specific purposes or benefits

W

W-2 - A document that reports the annual wages paid to employees and the taxes withheld from their paychecks

W-4 - A tax document that employees must fill out and submit to their employer to determine the amount of federal income tax to withhold from their paycheck

Weighted average - An inventory costing method where the cost of goods sold is based on the average cost of all inventory items

Wire transfer - A real-time electronic transfer of funds, typically used for large amounts, international payments or when immediate payment is necessary

Withholding - See income tax withholding

Worksheet - An internal tool used to organize, compile, and review data before preparing financial statements

X

Y

Year-end accruals - Accounting adjustments made at the end of a financial period (typically at the close of the fiscal year) to ensure that a company's financial statements accurately reflect its financial position

Z