Glossary of Financial Terms

Accountant: Helps you to save tax and does your financial end of year accounts & tax returns.

AAT: Association of Accounting Technicians – an accounting body with NVQ qualifications

Aged Debtors List: list of customers who owe you money, and what 'age' that debt is overdue e.g. 30 days, 60 days etc.,

Audit: Process of verifying your accounting records.

Bad Debt: This is debt a customer owes you – which you have no chance of collecting.

Balance Sheet: A statement of the worth of the business at the accounting date expressed in terms of historical cost.

Bank Charges: Some banks will charge you for depositing money, withdrawing money, writing cheques, bounced cheques, unauthorised overdrafts. Its is important that you keep an eye on these charges, as they can mount up quite quickly. Banks will simply take the money out of your account – so watch out for them.

Bank Reconciliation: Process of checking what the bank says you have, and comparing it to what you think you have. It's a fundamental process. And should be done at least monthly.

Boogles: the people to come to for hassle-free bookkeeping.

Bookkeeper: An individual who is meticulous and loves financial details.

Break Even Point: The point at which production equals the fixed cost.

Broke: This is where you have no pot… and no window.

Budget: An exercise whereby you estimate how much you intend to spend versus how much you expect to get in. You need to review your ACTUAL ingoing & outgoing periodically against the set budget – to see if you are under/over spending in any areas.

Business: an operation, which is supposed to make money (with or without you)

Calculator: A device that makes maths easier.

Capital: Money that you invest into your business at the outset.

Cash: Is King (or Queen). Conserve it wisely.

Cashflow Forecast: A projection (estimation) of the flow of money into and out of the business. Positive cashflow means more money is flowing in (receipts), then flowing out (payments).

Cheque: A piece of paper (on the decrease) but some people still insist on using it. It entitles the bearer to the written sum.

Competitors: The people who want to eat your breakfast for you.

Cost of sales: Opening Stock plus purchases, minus closing stock.

Credit period: The period between the supply and invoicing of goods and services and the payment of the invoice.

Creditors: The suppliers to the business to whom money is owed and the amount owed by the business to them.

Current assets: These are assets which are either cash or can be turned into cash quite quickly. They include cash, bank balances, debtors. Stock and work in progress.

Current liabilities: These are amounts owed to suppliers (creditors) together with short term loans such as bank overdrafts.

Customers: The people who you serve. And who (hopefully) pay you for your service.

Debtors: Those who owe money to the business.

Debt Collector: A person / agent who'll collect monies owed to you, on your behalf for a fee.

Depreciation: The cost of wear and tear on plant / equipment e.g. cars & computers depreciate – they reduce in value.

Direct Debit: An automatic payment system – which is the Boogles preferred method.

Directors Loan Account: This is where money is lent to the company by its director OR the director can end up lending the company money. Normally it's short term.

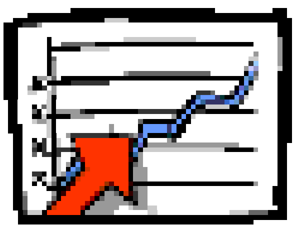
Doubtful Debt: This is debt a customer owes you – which you have a slim chance of collecting. The longer the debt is overdue, the more doubtful it becomes.

Expenses: costs that you incur in the course of doing business. You want to keep these to a minimum.

Equity: The money invested into the business. Also known as Capital.

Fixed Assets: Property and equipment owned by a business which will have a long lasting benefit to the business.

Fixed Costs: Costs, which are unchangeable by variations in a businesses production. E.g. rent & rates for your office premises is fixed.



Forecasting: This is guessing or estimating future figures. You can base it on previous years trading, or on orders received.

Gearing: is another word for borrowing. A highly geared company is one with a lot of borrowings.

Gross Profit: The amount of profit generated before expenses are taken off.

Heavy User: A customer who has a boogle 3 days a week or more.

HMRC: Her Majesties Revenue and Customs – also known as the Inland Revenue

Inland Revenue: The place where you need to pay taxes to, and keep on the right side of.

ICB: The Institute of Certified Bookkeepers regulates bookkeepers in the field. Boogles corporate number 3202.

Indirect Costs: are those costs which do not relate directly to the production of the product but are necessary to provide the setting within which the business is run.

Input Tax: The VAT paid by a business on the purchase of materials.

Invoice: The document, which you need to send to a customer if you wish to be paid for the work, you've done.

Late Payment Charge: If you fail to pay a supplier within the agreed payment terms, they may charge you a late payment penalty. This is to cover the cost of having to chase you further for the monies owed. A charge could be fixed (£10 per letter sent).

Light User: A customer who has a boogle once a month or less.

Long Term Liabilities: Amounts owed by a business which are not due for payment within one year.

Make Your Mark: A government organisation which encourages people to be more enterprising. Boogles is an Ambassador for this campaign.

Maths Game: A game that Boogles created to help primary school children to improve their mental maths.

Medium User: A customer who has a boogle once a week or so.

MyCake: An online bookkeeping software.

MYOB: Bookkeeping software, this works very well with apple mac computers.

National Insurance Contributions: Employees pay NICs on all the money they earn. Employers pay NICs at a rate of approx 12.6%. It's a direct cost of employing staff.

Net Assets: are the total assets of the business minus its liabilities.

Net Profit: The profit you have left once all expenses have been removed from turnover.

Net Realisable Value: The amount you can hope to receive if you were to sell any asset (e.g. stock) today. Note, this may be more or less than the actual cost paid.

Nominal Codes: All income and expenditure can be codified. The key to bookkeeping is consistency. If 'stamps' are coded to account '1234 / Stamps' then every time stamps are bought, then they should be coded to '1234 / Stamps'. And if you use a courier, you need to treat the item consistently – it's either in the class of '1234 / Stamps' or '1235 / Postage' or '1236 / Courier' – treatment must be consistent, otherwise the end result will be skewed. Stamps, Postage, Courier – either group them together ALWAYS or treat them separately ALWAYS. But never a mixture!

Number One: What Boogles is, in the bookkeeping sphere.

Off Site: This is where the bookkeeping process takes place at the Boogles Head Quarters (HQ).

On Site: Your place / your office – is where the bookkeeping will take place.

Output Tax: The VAT charged on all sales (credit or cash) that the business makes.

Overheads: Expenses. Money spent regularly to keep the business running.

Overdraft: This is a facility, allowed by your bank (normally for an annual fee), to allow you to take out more cash, then has been deposited. Unauthorised borrowing (overdrafts) can be costly, so always seek permission from your bank before you enter the overdraft zone.

Payment Terms: The terms in which a business wishes to trade. E.g. An invoice with 7 day terms – means a business expects payment within 7 days of the invoice date.

Payroll: A list of people who need to be paid come what may – and definitely before the business owners.

Piggy Bank: An object that is used to store cash. Boogles sells these in their e-shop: www.boogles.biz

Profit Margin: (Gross Profit Margin) – the profit from activities after allowing for the direct costs (goods and labour) but before deducting expenses associated with overheads. **(Net Profit Margin)** – is the 'bottom line' figure on the accounts. The profit AFTER deducting overhead expenses.

QuickBooks

QuickBooks: A popular software for small business owners.

Revenue Expenditure: the purchase of raw materials to make a product.

sage

Sage: A popular software with accountants. It does accounts.

Service: What many businesses provide and profess to be good at, yet (in reality) few actually are. Service tends to be intangible, so you can't see it. You experience it.

Social Networking: Further means to communicate aside from the traditional phone, fax, email – you can 'engage' with Boogles on various social networking media such as twitter, myspace, bebo, linked in & facebook. Just search for "Boogles" on these sites.

www.myspace.com/booglesltd

www.twitter.com/booglesltd

Stock: represents purchased goods for resale and are stated at the lower of cost and net realisable value.

Suppliers: The people who supply you with a service, which helps you to supply a service to your customers.

Tax: A levy that all profitable businesses suffer from.

Trial Balance: the balances on all the accounts – that should balance.

Training: What your administrator needs, if you've roped them into doing the bookkeeping – something that they know very little about. They need training & guidance. Boogles can provide this. We sell CD's on bookkeeping training via our e-shop: **www.boogles.biz**

Turnover: The sales income. Cash invoiced for providing a service counts as your turnover.

Utility Warehouse: is a discount club where members receive some of the UKs cheapest utility prices. They do: gas, electricity, mobile, internet and telephones. **www.telecomplus.org.uk/boogles**

Variable Costs: Cost which can vary depending on demand. E.g. a pay-as-you-go mobile phone is a variable cost. The more you use it, the more the cost is.

VAT Return: If you are registered for VAT then you need to keep a record of the amount of VAT you charge, and the amount of VAT you incur. The difference is what you either pay to, or receive from the VAT office. A VAT Return should be completed quarterly.

Video: Boogles have a song & video – which is on our Youtube channel: **www.youtube.com/booglesb**

Year End: The end of the financial year for most businesses is 31st March – although depending upon when you began, it could be on the last day of any month of the year. Accounts are prepared annually.