

Lesson 22

WORDS TO LEARN

accounting
accumulate
asset
audit
budget
build up
client
debt
outstanding
profitably
reconcile
turnover

Accounting

Study the following definitions and examples.

1. **accounting** n., the recording and gathering of financial information for a company
 - a. Good accounting is needed in all businesses.
 - b. Accounting for expenses is time-consuming.
2. **accumulate** v., to gather; to collect
 - a. They have accumulated more than enough information.
 - b. The bills started to accumulate after the secretary quit.
3. **asset** n., something of value
 - a. The company's assets are worth millions of dollars.
 - b. A sophisticated accounting system is an asset to a company.
4. **audit** n., a formal examination of financial records; v., to examine the financial records of a company
 - a. No one looks forward to an audit by the government.
 - b. The independent accountants audited the company's books.
5. **budget** n., a list of probable expenses and income for a given period; v., to plan for expenses
 - a. The department head was pleased that she received a 10 percent increase in her budget.
 - b. The company will have to budget more money for this department next year.
6. **build up** v., to increase over time
 - a. The firm has built up a solid reputation for itself.
 - b. Be careful, your inventory of parts is building up.
7. **client** n., a customer
 - a. We must provide excellent services for our clients, otherwise we will lose them to our competition.
 - b. Maintaining close contact with clients keeps the account managers aware of changing needs.
8. **debt** n., something owed, as in money or goods
 - a. The company has been very careful and is slowly digging itself out of debt.
 - b. The banks are worried about your increasing debt.
9. **outstanding** adj., still due; not paid or settled
 - a. That client still has several outstanding bills.
 - b. Clients with outstanding bills will not receive further service until the bills are paid.
10. **profitably** adv., advantageously
 - a. The company used its accountant's advice profitably.
 - b. We invested in the stock market profitably.
11. **reconcile** v., to make consistent
 - a. The client uses his bank statements to reconcile his accounts.
 - b. The accountant found the error when she reconciled the account.
12. **turnover** n., the number of times a product is sold and replaced or an employee leaves and another employee is hired
 - a. We have to add another production shift to keep up with the high turnover rate.
 - b. The overseas branch has much lower employee turnover than does domestic operations.

WORDS IN CONTEXT

Read the following passage and write the words in the blanks below.

accounting	audited	clients	profitable
accumulated	budget	debt	reconcile
assets	building up	outstanding	turnover

Accounting information is pulled together or (1) _____ to help someone make decisions. A manager must come up with a (2) _____ to help control expenses. A retail store owner realizes that her (3) _____ have (4) _____ bills. A restaurant owner wants to know if it is (5) _____ to serve lunch. A nonprofit organization is being (6) _____ by the government. All of these people and organizations could use the services of an accountant.

Accountants and (7) _____ systems help a company stay on track. They raise flags when expenses are (8) _____ and keep an eye on the (9) _____ of inventory. They (10) _____ their clients' accounts to ensure that their clients' records are correct. Good accounting systems allow managers to come up with ways to improve their business.

The accountant prepares information for both internal and external use. Financial statements provide a quick look into the life of a business. They show how much (11) _____ the company is carrying and how much its (12) _____ are worth. The outside world uses this information to judge the health of the company.