Certificate in Executive Housekeeping Management and Operations

Budgeting and Financial Management

Budgeting and Financial Management Glossary

A

1. Accounting: The process of recording, summarizing, analyzing, and reporting financial transactions of a business or organization.

2. Accrual Basis: A method of accounting where revenues and expenses are recognized when they are earned or incurred, regardless of when cash is exchanged.

3. Asset: Anything of value owned by a business or individual, such as cash, equipment, inventory, or property.

4. Accounts Payable: The amount of money a business owes to its suppliers for goods or services purchased on credit.

5. Accounts Receivable: The amount of money owed to a business by its customers for goods or services sold on credit.

6. Amortization: The process of spreading the cost of an intangible asset over its useful life.

7. Annual Budget: A financial plan for the upcoming year that outlines expected revenues and expenses.

8. Accruals: Revenues or expenses that have been earned or incurred but not yet recorded in the accounting records.

9. Allocation: The process of distributing resources, such as money or time, among different departments or projects.

10. Asset Management: The practice of managing a company's assets to maximize returns and minimize risks.

B

11. Balanced Budget: A budget in which revenues equal expenses, resulting in no deficit or surplus.

12. Break-Even Analysis: A financial calculation that determines the point at which total revenues equal total expenses, resulting in neither profit nor loss.

13. Budget: A financial plan that outlines expected revenues and expenses over a specific period.

14. Budget Variance: The difference between the budgeted amount and the actual amount spent or

received.

15. Budgeting: The process of creating a budget and monitoring actual performance against the budget.

16. Business Plan: A document that outlines a company's goals, strategies, and financial forecasts.

17. Balance Sheet: A financial statement that shows a company's assets, liabilities, and equity at a specific point in time.

18. Break-Even Point: The level of sales at which total revenues equal total expenses, resulting in neither profit nor loss.

19. Bookkeeping: The process of recording financial transactions in a systematic and organized manner.

20. Budget Cycle: The process of creating, implementing, and monitoring a budget over a specific period, usually a year.

C

21. Cash Flow: The movement of money into and out of a business.

22. Capital Expenditure: Money spent on acquiring, upgrading, or maintaining fixed assets, such as buildings or equipment.

23. Cost Control: The process of managing and reducing expenses to stay within budget.

24. Cost-Benefit Analysis: A financial calculation that compares the costs of a project or investment with the benefits it will generate.

25. Cost Allocation: The process of assigning costs to specific activities or departments.

26. Cost-Volume-Profit Analysis: A financial calculation that examines the relationship between costs, volume of sales, and profits.

27. Cash Budget: A budget that forecasts cash inflows and outflows over a specific period.

28. Contingency Plan: A plan that outlines how a business will respond to unexpected events or emergencies.

29. Capital Budgeting: The process of evaluating and selecting long-term investments that will yield the highest return.

30. Cost of Goods Sold (COGS): The direct costs associated with producing goods or services sold by a company.

D

31. Depreciation: The decrease in value of a fixed asset over time.

32. Debt Financing: Obtaining funds by borrowing money, typically through loans or bonds.

33. Debt-to-Equity Ratio: A financial ratio that compares a company's debt to its equity, used to assess its financial leverage.

34. Direct Costs: Costs that can be directly attributed to a specific product or project.

35. Double-Entry Accounting: A system of accounting where every transaction is recorded in two separate accounts to maintain balance.

36. Depreciation Expense: The portion of an asset's cost that is allocated as an expense over its useful life.

37. Deferred Revenue: Revenue that has been received but not yet earned, typically recorded as a liability.

38. Direct Labor: The cost of labor directly involved in producing goods or providing services.

39. Direct Materials: The cost of raw materials directly used in producing goods.

40. Debt Ratio: A financial ratio that compares a company's debt to its total assets, used to assess its solvency.

E

41. Expense: The cost incurred in the process of generating revenues.

42. Equity: The portion of a company's assets that belongs to the owners after deducting liabilities.

43. External Financing: Obtaining funds from outside sources, such as banks or investors.

44. Fixed Costs: Costs that remain constant regardless of the level of production or sales.

45. Financial Statement: A report that summarizes a company's financial position and performance.

46. Forecasting: The process of predicting future trends and events based on historical data and analysis.

47. Financial Analysis: The process of evaluating a company's financial performance and health.

48. Financial Management: The process of planning, organizing, directing, and controlling an organization's financial resources.

49. Financial Ratios: Quantitative measures used to evaluate a company's financial performance.

50. Fixed Assets: Long-term assets that are not intended for sale, such as buildings, machinery, or vehicles.

F

51. Forecast: A projection of future financial performance based on historical data and assumptions.

52. Financial Forecast: An estimate of future financial results, typically for the next year or quarter.

53. Financial Planning: The process of setting financial goals and creating a plan to achieve them.

54. Financial Reporting: The process of preparing and presenting financial information to stakeholders.

55. Financial Risk: The possibility of financial loss or uncertainty due to market fluctuations or other factors.

56. Financial Statement Analysis: The process of analyzing a company's financial statements to assess its financial health.

57. Fixed Budget: A budget that remains unchanged regardless of actual performance.

58. Flexible Budget: A budget that adjusts based on changes in activity levels or other factors.

59. Fundamental Analysis: An investment strategy that evaluates a company's financial statements to determine its value.

60. Financial Leverage: The use of borrowed funds to increase the return on equity.

G

61. General Ledger: A complete record of a company's financial transactions, organized by account.

62. Gross Profit: The difference between revenue and the cost of goods sold.

63. Goodwill: The intangible value of a business, such as its reputation or customer loyalty.

64. GAAP (Generally Accepted Accounting Principles): A set of accounting standards and rules used in the United States.

65. Going Concern: The assumption that a company will continue to operate indefinitely.

66. Gross Margin: The percentage of revenue that exceeds the cost of goods sold.

67. Government Grants: Funds provided by the government to support specific projects or activities.

68. Gain: An increase in assets or decrease in liabilities resulting from transactions or events.

69. Goodwill Impairment: A write-down of goodwill if its value decreases.

70. General and Administrative Expenses (G&A): Overhead costs not directly related to production or sales.

H

71. Historical Cost: The original cost of an asset when it was acquired.

72. Income Statement: A financial statement that shows a company's revenues, expenses, and net income over a specific period.

73. Internal Controls: Policies and procedures designed to safeguard a company's assets and ensure

accurate financial reporting.

74. Investment Analysis: The process of evaluating the potential return and risks of an investment.

75. Inventory: The goods and materials held by a company for production or sale.

76. Interest Expense: The cost of borrowing money, typically paid on loans or bonds.

77. Intangible Asset: A non-physical asset with value, such as patents, trademarks, or goodwill.

78. Income Tax Expense: The amount of taxes owed by a company based on its taxable income.

79. Internal Rate of Return (IRR): The discount rate that makes the net present value of an investment zero.

80. Income from Operations: The profit generated from a company's core business activities.

I

81. Investment: The allocation of resources, such as money or time, in hopes of generating future returns.

82. Inventory Turnover: The number of times inventory is sold and replaced in a given period.

83. Indirect Costs: Costs that are not directly attributable to a specific product or project.

84. Interest Coverage Ratio: A financial ratio that measures a company's ability to pay interest on its debt.

85. Income Tax: A tax imposed on individuals and businesses based on their income.

86. Income Statement Analysis: The process of analyzing a company's income statement to assess its profitability.

87. Internal Rate of Return: The discount rate that makes the net present value of an investment zero.

88. Inventory Valuation: The method used to assign a value to inventory on a company's balance sheet.

89. Investment Property: Real estate or other assets held for investment purposes rather than for use in operations.

90. Income Tax Return: A form filed with the government to report income and calculate taxes owed.

J

91. Journal Entry: A record of a financial transaction in a company's accounting system.

92. Joint Venture: A business arrangement where two or more parties collaborate on a specific project or venture.

93. Job Costing: A costing method that tracks the costs of a specific job or project.

94. Just-in-Time (JIT) Inventory: A system of inventory management that aims to reduce waste by ordering

goods only when needed.

95. Joint Cost: The cost incurred in producing multiple products from a common input.

96. Journal: A record of financial transactions in chronological order.

97. Job Order Costing: A costing method used to track the costs of manufacturing custom or unique products.

98. Joint Product: Two or more products that are produced simultaneously from a common input.

99. Job Cost Sheet: A document that tracks the costs of a specific job or project.

100. Just-in-Time Manufacturing: A production system that aims to minimize inventory and waste.

K

101. Key Performance Indicators (KPIs): Quantifiable metrics used to measure a company's performance against its goals.

102. Knowledge Management: The process of capturing, sharing, and leveraging knowledge within an organization.

103. Kanban: A visual management tool used to track and manage work in progress.

104. Kaizen: A philosophy of continuous improvement in processes and practices.

105. Key Account Management: The practice of managing relationships with key customers to drive business growth.

106. Knowledge Transfer: The process of sharing knowledge and expertise within an organization.

107. Kaizen Event: A focused effort to implement improvements in a specific area or process.

108. Kanban System: A visual system for managing workflow and inventory levels.

109. Key Performance Indicator: A quantifiable metric used to evaluate the success of an organization or project.

110. Kickback: An illegal payment made to someone in return for a favor or business opportunity.

L

111. Labor Costs: The expenses associated with paying employees for their work.

112. Liability: A company's legal debts or obligations that arise during the course of business operations.

113. Liquidity: The ability of a company to meet its short-term financial obligations.

114. Lease: A contractual agreement where one party allows another to use an asset in exchange for periodic payments.

115. Loss: The negative difference between revenues and expenses, resulting in a decrease in equity.

116. LIFO (Last In, First Out): An inventory valuation method where the last items purchased are the first to be sold.

117. Long-Term Debt: Debt that matures in more than one year, typically used to finance large investments.

118. Leasehold Improvements: Changes made to a leased property to meet the tenant's needs.

119. Leverage: The use of borrowed funds to increase the return on equity.

120. Liquidation: The process of selling off a company's assets to pay its debts.

M

121. Managerial Accounting: The branch of accounting that focuses on providing information for internal decision-making.

122. Markup: The amount added to the cost of a product to determine its selling price.

123. Materiality: The principle that financial information should be disclosed if it could influence the decisions of users.

124. Net Income: The amount of money a company has left after deducting all expenses from its revenues.

125. Net Present Value (NPV): The difference between the present value of cash inflows and outflows of an investment.

126. Non-Operating Income: Revenue generated from activities that are not part of a company's core business.

127. Operating Expenses: The costs incurred in the day-to-day operations of a business.

128. Operating Income: The profit generated from a company's core business activities.

129. Operating Lease: A lease agreement that does not transfer ownership of the leased asset to the lessee.

130. Overhead Costs: Indirect costs not directly attributable to a specific product or project.

N

131. Net Worth: The difference between a company's assets and liabilities, also known as equity.

132. Net Profit Margin: The percentage of revenue that represents net income after all expenses have been deducted.

133. Net Present Value: The difference between the present value of cash inflows and outflows of an investment.

134. Non-Recurring Costs: Expenses that are not expected to occur regularly or repeatedly.

135. Net Loss: The negative difference between revenues and expenses, resulting in a decrease in equity.

136. Non-Operating Income: Revenue generated from activities that are not part of a company's core business.

137. Net Operating Income: The profit generated from a company's core business activities.

138. Net Income: The amount of money a company has left after deducting all expenses from its revenues.

139. Non-Cash Expense: An expense that does not involve an actual cash outlay.

140. Non-Operating Expense: An expense not directly related to a company's core business activities.

O

141. Operating Income: The profit generated from a company's core business activities.

142. Operating Budget: A detailed plan that outlines expected revenues and expenses for a specific period.

143. Overhead Costs: Indirect costs not directly attributable to a specific product or project.

144. Operating Expense: The costs incurred in the day-to-day operations of a business.

145. Operating Cycle: The time it takes for a company to purchase inventory, sell it, and collect cash from customers.

146. Operating Income Margin: The percentage of revenue that represents operating income after deducting operating expenses.

147. Operating Cash Flow: The amount of cash generated from a company's core business activities.

148. Opportunity Cost: The potential benefit that is forgone when an alternative course of action is chosen.

149. Operating Lease: A lease agreement that does not transfer ownership of the leased asset to the lessee.

150. Outstanding Shares: The total number of shares of a company's stock held by investors.

P

151. Profit: The positive difference between revenues and expenses, resulting in an increase in equity.

152. Profit Margin: The percentage of revenue that represents profit after deducting expenses.

153. Payroll Costs: The expenses associated with paying employees, including wages, benefits, and taxes.

154. Property, Plant, and Equipment (PP&E): Tangible assets used in the production