

V&S PUBLISHERS

CONCISE DICTIONARY OF COMMERCE

A Perfect Reference for IAS & Civil Services aspirants; students
appearing for CA/CPT, MBA and readers of all age groups



CONCISE DICTIONARY OF COMMERCE

**A Perfect Reference for Aspirants of Civil Services,
all Competitive Examinations, and Interested Reders**

Editorial Board



V&S PUBLISHERS

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Publisher's Note

Innumerable books are available in the market on commerce and allied studies, both as a textbook and reference manual. Written for different age-groups and class, quite a number of these books come replete with jargon-filled terms; and just fail to connect with readers' inclination and curiosity level. On top of that, new words keep finding their way into the usage every other day. Every new addition contributes to difficulty in comprehending the matter.

An average reader is interested only in knowing what a specific word means without getting lost with heavy sounding inputs.

Following discussion with a cross-section of students and interested readers, we realized that many currently available books on business and commerce subjects take readers' understanding for granted; and make short passing references while alluding to the term in the text. Presentations of this nature completely fail to assist students and other readers in understanding the subject properly. This is the principal reason why V&S Publishers chose to bring out a dictionary of commerce to give readers a fair meaning of the essential terms needed to understand this vibrant subject that rapidly changes with the times.

V&S Publishers has so far come out with five dictionaries of terms; science, physics, chemistry, biology and mathematics. Dictionaries of other sought-after subjects are in the works awaiting completion and publication. All these books have been written to help readers grasp the meaning of popular terms, notations and applications. And so is this dictionary of commerce terms. For easy reference terms have been arranged alphabetically; and suitably explained so that an average school/college student or any other reader can grasp them easily. Clear images, illustrations and examples, where appropriate, have been added. For those who have not made a special study of commerce as a subject, terms have been suitably explained for ease in comprehension. Appropriate tables and figures have been added in the form of appendices at the end of the book.

The study of commerce is undergoing a 'revolution, albeit one that is difficult to get clear perspective on. The author has been selective in choosing entries so that the balance of the book is maintained at the target audience. Some may think, the book has omitted some important entries while others may see it as having included a number of frivolous ones. To this end, all criticism and suggestions for improvement are welcome.

Introduction

Commerce is an activity undertaken either in cash or barter to satisfy human want. Every satisfaction, directly or indirectly, leads to human welfare. Read any newspaper. You would come across topics after topics from the world of business and commerce occupying central space among news covered. Its importance can be visualized from the fact that new broadcasting channels are springing up regularly on TV exclusively devoted to business and commerce. This growth in channels appears hard –to-believe in the face of the fact that many readers, including students consider business topics boring and dull. The business schools being established in cities, large or small, symbolize the heightened significance attached to the study of commerce. Have you noticed the demand for ‘commerce’ as a subject among students during the time of college and university admissions? And this demand is increasing each year. Articles in newspapers and magazines these days include a good number of commercial and business terms and if you are not broadly aware of them you can’t escape cutting a sorry figure among peers besides feeling ashamed inside yourself. You would literally be forced to remain ‘statue’ with mouth shut. Can you foresee yourself at the receiving end? This dictionary will help you not only to impress others with your updated knowledge but also prevent you from getting caught on the wrong foot.

This Dictionary of Commerce has been carefully compiled and edited to provide important words in current usage, important terms, broad concepts, and principles commonly found in text or reference books on commerce. It is a useful side table’s help while reading professional articles in magazines and newspapers. Every effort has been made to write the entries in a simple language including updated information and explanation. It would be useful for students of Commerce; and candidates preparing for professional examinations like Institute of Chartered Accountants, Institute of Cost and Works Accountants, Institute of Company Secretaries, as well as for civil services exams etc. It would serve as a ready reference source for professional and practicing managers, management consultants, professional accountants, functional executives, etc.

This authoritative dictionary contains more than 5,000 entries from the field of commerce covering all areas of business and management, including

marketing, organizational behaviour, business strategy, law, and taxation. The dictionary has been kept jargon-free by defining entries in a clear and concise manner. It contains key terms, general management concepts, named theories as well as contemporary theories of the firm and human resources. New 'commerce-related' terms are included from the fast-moving areas of current affairs, Internet business and information technology and there is full coverage of the new Companies Act. With web links for many entries given, this Dictionary of Commerce is more informative than any other contemporary editions.

The dictionary has been arranged alphabetically A-Z. A number of entries contain cross reference except where the word or phrase is self contained and complete in itself. To simplify understanding, graphs accompany the entry wherever considered necessary.

Important relevant data has been given by way of appendix.

While every attempt has been made to keep the dictionary simple and easy-to-understand, we go by the conviction that even the best of the books have scope for improvement. If you feel that some text matter needs modification or addition or even deletion, please inform us of the action to be taken. We welcome your contribution.

A

AAS

Atomic Absorption Spectrophotometer.

Abandonment

Voluntary surrender of property, owned or leased, without naming a successor as owner or tenant. The property will generally revert to a person holding a prior interest or, in cases where no owner is apparent, to the state.

Abatement

Complete or partial cancellation of a levy imposed by a governmental unit. Abatements usually apply to tax levies, special assessments, and service charges.

ABC Method

Inventory management method that categorizes items in terms of importance. Thus, more emphasis is placed on higher value items (As) than on lesser value items (Bs), while the least important items (Cs) receive the least time and attention. Inventory should be analyzed frequently when using the ABC method. The procedure for ABC analysis follows:

1. Separate finished goods into types (chairs of different models, and so on); separate raw materials into types (screws, nuts, and so on).
2. Calculate the annual usage for each type of inventory (multiply the unit

cost by the expected future annual usage).

3. Rank each inventory type from highest to lowest, based on annual usage.
4. Classify the inventory as A-the top 20%; B-the next 30%; and C-the last 50% of cash usage, respectively.
5. Tag the inventory with its appropriate ABC classification and record those classifications in the item inventory master records.

Ability-To-Pay Principle

The idea that taxes should be levied on a person according to how well that person can shoulder the burden

Abnormal Returns

The difference between the actual return and that is expected i.e 'normal return'.

Abnormal Spoilage

Spoilage that is recognized as a loss when discovered. Normal spoilage is inherent in the manufacturing process and is unavoidable in the short run. Abnormal spoilage is spoilage beyond the normal spoilage rate. It is controllable because it is a result of inefficiency. It is not a cost of good production, but rather it is a loss for the period. Costs are assigned to the spoiled units and then credited to work in progress inventory and debited to a loss account.

Above Full-Employment Equilibrium → Accelerator

Above Full-Employment Equilibrium

A situation in which macroeconomic equilibrium occurs at a level of real GDP above long-run aggregate supply.

Above The Line

This term means an item is included in the total that has been calculated.

Absolute Advantage

The situation that exists when a given amount of resources can produce more of some product in one country than in another.

Absolute Poverty

A level of income below what is required to have a decent standard of living, measured at less than US\$1.25 per day.

Absorb

1. To incorporate or assimilate amounts in an account in a way in which the first firm or entity loses its identity and is absorbed within the second firm or entity. Examples include the sequential transfer of expenditure account amounts to work in progress, finished goods, and cost of sales.
2. To distribute or spread costs by the process of appropriation or allocation.

Absorption

1. An economic term for the total expenditures by a nation's residents on goods and services.
2. The assumption by one carrier of the charges of another without any increase in the charges to the shipper.

Absorption Costing

Method in which the costs of manufacturing, variable and fixed

costs, are treated as product costs, the non-manufacturing costs (i.e., administrative and selling expenses) are classified as period costs. Absorption costing for inventory valuation is required for external reporting.

Absorption Variance

The variance from budgeted absorption costing of manufactured product and the actual cost of the manufactured product.

ACAS

(Advisory, Conciliation and Arbitration Service) A body which mediates where conflict exists in business.

Accelerated Depreciation

Method recognising high, amounts of depreciation in the earlier years and lower amounts in the later years of a fixed asset's life.

Accelerated Tariff Elimination

The reduction of import duties faster than originally had been agreed upon or projected.

Acceleration Hypothesis

The hypothesis that when national income is held above potential, the persistent inflationary gap will cause inflation to accelerate, and when national income is held below potential, the persistent recessionary gap will cause inflation to decelerate.

Accelerationist Theory

The theory that unemployment can only be reduced below the natural level at the cost of accelerating inflation.

Accelerator

The level of investment depends upon the rate of growth of demand. A given percentage change in demand may require a larger percentage

Accelerator Theory → Accord And Satisfaction

change in investment. The accelerator shows by how much the rate of growth of investment exceeds the rate of growth of demand (and of output).

Accelerator Theory

The level of investment depends the rate of change of national income, and a result tends to be subject to be substantial fluctuations.

Acceptance

1. A draft calling for payment at a future date which the drawee has agreed to pay by signing "Accepted" on the draft.
2. An unconditional assent to an offer; or an assent to an offer conditioned on only minor changes that do not affect any material terms of the offer;
3. An agreement to purchase goods on specified terms.
4. Receipt of a shipment by a consignee thus terminating the liability of the carrier for delivery.

Acceptance Letter Of Credit

A letter of credit which instead of agreeing to pay the beneficiary immediately upon presentation of documents, requires presentation of a time draft drawn by the beneficiary upon the issuing bank or another bank. However, the beneficiary may, in effect, obtain prompt payment by discounting the draft.

Acceptance Testing

The testing performed by a user to determine that an automated system (equipment or software) for a specific task or environment, e.g., a translator for a specific application and interchange format, performs according to specification.

Accepted Draft

A draft or a bill of exchange accepted by the drawee (acceptor) by putting

his signature and "accepted" on its face. In doing so, he commits himself to pay the bill upon presentation at maturity.

Accepting Bank

A bank which by signing 'accepted' on a time draft accepts responsibility to pay when the draft becomes due.

Acceptor

The party that signs 'accepted' on a draft or obligation, agreeing to pay the stated sum at maturity.

Accession

Accession is a process by which a country becomes a member of an international agreement (usually an agreement that has already been accepted by other countries).

Accessorial Charges

In transportation, those charges made for additional, supplemental, or special services performed in addition to the basic transportation service.

Accessorial Services

In transportation, services performed which are additional, supplemental, or special, in addition to the basic transportation service.

Accommodation Note Or Paper

A bill of exchange or banker's acceptance which is endorsed, accepted, or drawn by one party (the accommodating party) to benefit another party. The accommodating party generally does not charge or seek compensation for this act.

Accord And Satisfaction

A means of discharging a claim whereby the parties agree to give and accept something in settlement and perform the agreement, the agreement being the "accord" and its performance "the satisfaction."

Account → Accounting Cycle

Account

Is a section of the general ledger that specifically deals with a single aspect of the business (eg. an electricity account, rent account, advertising expense account).

Account Aging

Is used to refer to tracking past due accounts in accounts receivable (debtors) or accounts payable (creditors) using the dates the charges were first recorded.

Account Party

Same as Applicant, the party at whose request, a bank issues a letter of credit.

Account Number

An identification number assigned in its records for purposes of faster and more accurate accounting and record keeping, by banks, institutions, and businesses of all kind to their depositors, users, members, subscribers, customers, vendors, or other entities.

Accountant

One who performs accounting services. Accountants prepare financial statements and tax returns, audit financial records, and develop financial plans. They work in private accounting (e.g., for a corporation), public accounting (e.g., for a CPA firm), not-for-profit accounting (e.g., for a governmental agency). Accountants often specialise in a particular area such as taxes, cost accounting, auditing, and management advisory services. A book keeper is distinguished from an accountant as one who employs lesser professional skills. The book-keeping function is primarily one of recording transactions in the journal and posting to the ledger.

Accounting

1. Umbrella term encompassing the multitude of disciplines including auditing, taxation, financial statement analysis, and management accounting. Accounting-related functions include financial accounting, cost accounting, not-for-profit accounting, and financial planning.
2. Process of recording, measuring, interpreting, and communicating financial data. The accountant prepares financial statements to reflect financial condition and operating performance. Also, the accounting practitioner renders personal accounting services to clients such as preparing personal financial statements and tax planning.

Accounting Concepts

Are the basic underlying assumptions that are adhered to in the preparation of financial statements, i.e., these include the assumptions of accruals, going concern, consistency and prudence.

Accounting Convention

Methods or procedures employed generally by accounting practitioners. They are based on custom and are subject to change as new developments arise. The accountant in performing the reporting function should follow existing accounting conventions that apply to the given situation.

Accounting Cost

The value of an economic resource used up in production.

Accounting Cycle

The transactions that occur for a business over the whole fiscal year.

Accounting Entity → Accounting System

Accounting Entity

Business or other economic unit (including subdivisions) being accounted for separately. A system of accounts is kept for the entity. An accounting entity is isolated so that recording and reporting for it are possible.

Examples of accounting entities are corporations, partnerships, trusts, and industry segments. A distinction should be made between an accounting entity and a legal entity. For example, a proprietor's accounting entity might be the business whereas the legal entity would include personal assets. Also, in the corporate environment, affiliated companies can be differently organised for legal and accounting purposes (e.g., industry segments).

Accounting Entity Assumption

This assumption treats the firm as a separate legal entity from the owner.

Accounting Equation

The basis of all accounting. It shows the balance sheet:

$$\text{assets} = \text{liability} + \text{equity},$$
but can also be expressed as
$$\text{assets} - \text{liabilities} = \text{owners equity}.$$

Accounting Event

Transaction entered in the accounting records of a business. It can be an external transaction that is, one with an outsider, such as recording a sale. It can also refer to an internal transaction such as making an adjustment entry (e.g., expense or revenue accrual).

Accounting Period

Refers to the time period for which accounts cover, usually it is one year. Usually, the accounting year is from April 1st to March 31st.

Accounting Principles

Rules and guidelines of accounting. They determine such matters as the measurement of assets, the timing of revenue recognition, and the accrual of expenses. The ground rules for financial reporting are referred to as generally accepted accounting principles (GAAP). An example of an accounting principle is accrual.

Accounting Profit

The difference between total revenues and total explicit costs.

Accounting Ratio

Usually is the comparing of two or more sets of accounting data. Often this is done by dividing or in some other way manipulating one item on the financial statement by another. Ratios help with the interpretation of financial statements by focusing on specific relationships.

Accounting Software

Programmes used to maintain books of account on computers. The software can be used to record transactions, maintain account balances, and prepare financial statements and reports. Many different accounting software packages exist, and the right package must be selected given the client's circumstances and needs. An accounting software package typically contains numerous integrated modules (for example, spreadsheet and word processing abilities). Some modules are used to account for the general ledger, accounts receivable, accounts payable, payroll, inventory, and fixed assets.

Accounting System

Methods, procedures, and standards followed in accumulating, classifying, recording, and reporting business events and transactions. The

Accounts → Accruals

accounting system includes the formal records and original source data. Regulatory requirements may exist on how a particular accounting system is to be maintained (e.g., insurance company).

Accounts

The financial records of a business' transactions.

Accounts Payable

A current liability representing the amounts owed to creditors for merchandise or services purchased on open account or short-term credit.

Accounts Payable Ledger

A subsidiary ledger in which a summary of money owed to the business suppliers is kept. The general ledger will just of the total of all outstanding amounts recorded in the subsidiary ledgers.

Accounts Payable To Sales (Creditors Turnover Ratio)

Is a measure of the speed with which a firm pays suppliers compared to sales.

Accounts Receivable

The amount of money a business expects to receive for merchandise or services furnished by it to others on open account.

Accounts Receivable Ledger

A subsidiary ledger which holds the individual records of the business credit customers. The general ledger simply has the total amount that is taken from this ledger.

Accounts Receivable Turnover (Debtors Turnover Ratio)

This is a measure of the speed by which customers pay there bills. The ratio compares net credit sales to average accounts receivable.

Accretion

1. Growth in assets through mergers, acquisitions, and internal expansion. Examples are timber, livestock, nursery stock, and aging of wine.
2. Adjustment of the difference between theface value of a bond and the price of the bond bought at an original discount.

Accrual

The recognition of when expenses when incurred or revenue when earned or regardless of when the actual cash is received or paid.

Accrual Method Of Accounting

This method of accounting is required under law in most countries. It means that revenue and expenses must be recorded in the fiscal year that the activity takes place. This gives rise to the need to make adjusting entries. i.e. net profit is the difference between revenues and the expenses incurred in generating those revenues.

Accrual Of Obligation

The maturing of an obligation to the date when the obligated party must perform. (Such as a time draft which must be paid by the drawee on the date stated.)

Accruals

If during the course of a business certain charges are incurred but no invoice is received then these charges are referred to as accruals (they 'accrue' or increase in value). A typical example is interest payable on a loan where you have not yet received a bank statement. These items (or an estimate of their value) should still be included in the profit and loss account. When the real invoice is received, an adjustment can be made to correct the estimate. Accruals can also apply to the incomeside.

Accrued Assets → Act Of God

Accrued Assets

Assets from revenues earned but not yet received.

Accrued Expenses

Expenses incurred during an accounting period for which payment is deferred.

Accrued Income

This refers to income earned during an accounting period but not paid by the end of that period.

Accrued Liability

This is a liability which was incurred, but for which payment is not yet made, during a given financial period. Common examples would be: wages, taxes, etc.

Accrued Revenue

Money that has been earned but not yet received as of the end of the accounting period.

ACCs

Air Cargo Complexes.

Accumulated Depreciation Account

This is an account in general ledger which records the combined amount of depreciation that has been charged against that asset. When the value in this account is equal to the purchase price of the fixed asset the asset is said to have been written off. All fixed assets (except land) have their own accumulated depreciation account. on).

Accumulation

1. Cumulative retained earnings/profit.
2. Investment of a fixed amount regularly and reinvestment of dividends and capital gains.

3. Process of compounding.

4. Periodic addition of interests to the principal amount.

Accuracy

Correctness of an accounting item (e.g., account balance, invoice, financial statement); also called accurate presentation. The concept refers to an accounting objective that the item fully reflects and values the set of facts involved, including all economic implications of the underlying transactions and events.

Acid Test Ratio

Similar to the current ratio but excludes, stocks from current assets. Sometimes called the quick ratio.

ACPIOs

Alternative Central Public Information Officers.

Acquisition

The act of becoming owner of a property. In finance, it is the purchase of a company's assets or its common stock.

Acquisition Cost

The amount, net of both trade and cash discounts, paid for property, plus transportation costs and ancillary costs.

Acquisition Manager

The system/equipment programme manager, the programme manager's staff, and other DoD officials responsible for determining contract requirements for the generation, acquisition, and use of defense system/equipment data, and having acquisition authority for defence systems and equipment.

Act Of God

A violent act of nature such as lightning, flood, earthquake or

Active Balances → Added Value

hurricane which man can neither cause nor intervene with.

Active Balances

Money held for transactions and precautionary purposes.

Activity Based Costing (ABC)

This system of costing identifies the various different activities performed in a firm and uses a variety of cost drivers (volume and non-volume based cost drivers) to assign overhead costs (or indirect costs) to products. ABC recognises that there is a causal relationship of cost drivers with the firms activities.

Activity Based Management (ABM)

Approach to the management of activities within business processes as the route to continuously improve both the value received by customers and the profits earned by providing this value. Causes of activities are identified, measured, and used along with other activity information for performance evaluation; emphasis is on the reduction or elimination of non-value-adding activities. ABM draws on ABC data as a major source for information.

Activity Drivers

In activity based costing (ABC), activity costs are assigned to outputs using activity drivers. Activity drivers assign activity costs to outputs based on individual outputs' consumption or demand for activities.

Actual Cost

Expenditure required to buy or produce an item. The actual cost of a purchased item includes the list price (net of discount plus delivery and storage). The actual cost to manufacture a product is the total of

direct material, direct labour, and factory overhead.

Actual GDP

The gross domestic product that the economy produces.

Actual Growth

The percentage annual increase in national output actually produced.

AD HOC

Normally is used to mean the being concerned with a specific end or goal, often set up with quite limited planning e.g., a ad hoc committee established to handle a specific problem.

Ad Valorem Tariffs

Tariff levied as a percentage of the price of the import.

Ad Valorem Tax

A tax on a good or service whose amount depends on the value of the good or service.

ADA

A computer language designed as a standard for U.S. government and NATO procurements. ADA is a required language for mission-critical projects.

Adaptive Expectations Hypothesis

The theory that people base their expectations of inflation on past inflation rates.

Adaptors

Individuals who tend to solve problems using existing or slightly modified approaches than those used in the past by the business.

Added Value

The difference between the selling price of a product or service and the

Add-Ins/Ons → Administered Price

cost of inputs such as materials and components.

Add-Ins/Ons

1. Refers to when an item is designed or intended for use in conjunction with another item, e.g. accessories to a vehicle in a purchase order.
2. Can also refer to accessory computer software programme that extends the capabilities or performance of an existing application.

Additional Paid in Capital

Excess received from stockholders over par value or stated value of the stock issued; also called contributed capital in excess of par.

Address Of Record

The official or primary location for an individual, company, or other organization.

Address Verification Service

A service used to verify that the billing address and zip code supplied by the customer match the address where credit card statements are sent that is on record at the card-issuing bank. AVS is supported in the US only. The purpose of AVS is to reduce the likelihood of fraud, and so the discount rate is usually lower.

Adequate Disclosure

Comprehensive and clear disclosure in the body of financial statements, footnotes, or supplemental schedules so that readers of a company's financial position and operating results can make proper investment and credit decisions.

Adhesion Contract

A contract with standard, often printed, terms for sale of goods and services, offered to consumers who usually

cannot negotiate any changes in the terms and cannot acquire the product unless they agree to them.

Adjunct Account

Is an that is used to accumulates either/or subtractions or additions to another account. Thus the original account may retain its main and specific identity. Examples include, accounts like accumulated depreciation, which is a reduction to the fixed asset.

Adjustable Peg

A system in which exchange rates are fixed in the short term but are occasionally changed in response to persistent payments imbalances.

Adjusting Entries

Are needed to correctly match revenue and expenses to the correct fiscal year. Some transactions that are entered have attributed the revenue and expenses to the wrong fiscal year.

Adjustment

Adjustment may be either:

1. An decrease or increase to an account resulting from using adjusting entries.
2. May also refer to when an account balance is changed due to some event, e.g., adjustment of an account due to the return of merchandise for credit.

Adjustment Assistance

Financial, training and re-employment technical assistance to workers, and technical assistance to firms and industries, to help them cope with adjustment difficulties arising from increased import competition.

Administered Price

A price set by the conscious decision of a seller rather than the impersonal market forces.

Admiralty → Advised Credit

Admiralty

Any civil or criminal matter having to do with maritime legal issues.

Admiralty Court

A court of law that has jurisdiction over maritime legal issues.

Advance

Normally refers to an amount paid before has been earned. e.g. payment ahead of actual expenditures on a construction project.

Advance Against Collection

A short term loan or credit extended to a seller (usually the exporter) by the seller's bank once a draft has been accepted by the buyer (generally the importer).

Advance Arrangements

In transportation, advance arrangements must be made for certain kinds of cargo which require special handling: hazardous cargo, over weight, over sized, over normal quantity, time sensitive, shipped unpacked, live animals etc. Not every carrier can or will transport every kind of cargo.

Advanced Research Projects Agency

An agency within the defence department that distributes funds for defence related research projects. ARPA (AKA DARPA) provided the initial funding for the development of platform independent wide area internetworks. This project eventually became the Internet.

Advanced Technology Products (ATP)

Products whose technology is from a recognized high technology field, represent leading edge technology in that field, and constitute a significant

part of all items covered in the selected classification code.

Adverse Opinion

Term used when an auditor reports that the company's financial statements do not present fairly the financial position, results of operations, or changes in financial position or are not in conformity with GAAP.

Adverse Selection

Self-selection, within a single risk category, of persons of above-average risk.

Advertising Elasticity Of Demand

The responsiveness demand to a change in advertising expenditure.

Advertising Media

The various means by which advertisements can be communicated to the public.

Advertising: Sales Ratio

Advertising expenditure expressed as a percentage of sales

Advice

1. A report from one party to another informing them of an occurrence with regard to some business transaction: a shipment, a collection, a manufacture etc.
2. A notification by an advising bank on behalf of the issuing bank to a beneficiary informing them of the terms of a letter of credit,

Advised Credit

A letter of credit whose terms and conditions have been notified to the beneficiary by an advising bank on behalf of the issuing bank. The advising bank does not thereby commit itself to pay or guarantee the payment of the letter of credit.

Adviser → Aggregate Demand (AD) Curve

Adviser

An organization employed by a mutual fund to give professional advice on the fund's investment and asset management practices. Also called investment adviser.

Advising Bank

An 'advising bank' is a correspondent of a bank which issues a letter of credit, and, on behalf of the issuing bank, the advising bank notifies the beneficiary of the terms of the credit, without engagement on its part to pay or guarantee the credit.

AEPC

Apparel Export Promotion Council.

AEZ

Agricultural Export Zones.

Affiliate

A relationship between two companies when one company owns substantial interest, but less than a majority of the voting stock of another company, or when two companies are both subsidiary company of a third company.

Affreightment Contract

A contract with a ship owner to hire all or part of a ship for transporting goods - may involve a charter.

Afloat

Refers to a shipment of cargo which is currently on board a vessel between ports.

AFT

At or towards the stern of the ship or the tail of the aircraft.

After Date

A notation used on financial instruments (such as drafts or bills of exchange) to fix the maturity date as a fixed number of days past the date of drawing of the draft.

After Sight

A notation on a draft that indicates that payment is due a stated number of days after the draft has been presented to the drawee.

Agency

Relationship between two individuals where one is a principal and the other is an agent representing the principal in transactions with other parties. For example, a trust officer in a bank can engage in activities on behalf of clients.

Agency Costs

Reduction in the value of the organisation when an agent (a sub-unit manager) pursues his interest to the detriment of the principal's (the organization's) interest.

Agent

An independent person or business that is appointed to deal with the sales and distribution of a product or range of products.

Agent Bank

1. A bank acting on behalf of another bank.
2. A bank acting for lenders and bondholders, similar to an indenture trustee.

Aggregate Demand

Total desired purchases by all the buyers of an economy's output. It consists of four elements, consumer spending (C), investment (I), government spending (G) and the expenditure on exports (X), less any expenditure on imports of goods and services (M):

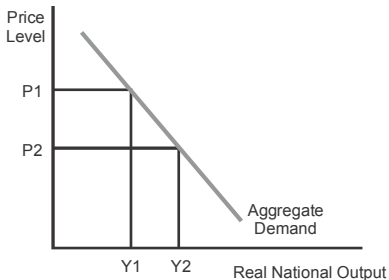
$$AD = C + I + G + (X - M).$$

Aggregate Demand (AD) Curve

A curve showing the combinations of real national income and the price level

Aggregate Demand For Labour Curve → Aging)f Accounts

that makes aggregate desired expenditure equal to national income; the curve thus relates the total amount of output that will be demanded to the price level of that output.



Aggregate Demand For Labour Curve

A curve showing the total demand for labour in the economy at different levels of real wage rates.

Aggregate Demand Shock

A shift in the aggregate demand curve.

Aggregate Expenditure (AE)

Total desired expenditure on final output of the economy;

$AE = C + I + G + (X - M)$,
representing the four major components of aggregate desired expenditure.

Aggregate Expenditure (AE) Function

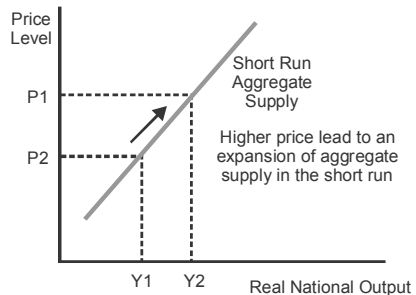
The function that relates aggregate desired expenditure to national income.

Aggregate Supply

Aggregate supply is the total supply of goods and services that firms in a national economy plan on selling during a specific time period. It is the total amount of goods and services that firms are willing to sell at a given price level in an economy.

Aggregate Supply Curve

The relationship between planned rates of total production for the whole economy and the price level.



Aggregate Supply Of Labour Curve

A curve showing the total number of people willing and able to work at different average real wage rates.

Aggregate Supply Shock

A shift in the aggregate supply curve.

Aggregated Shipments

Several shipments intended for one consignee from various shippers that are consolidated and treated as a single consignment.

Agile Manufacturing

A strategy which allows a business to react to rapidly changing conditions.

Aging Of Accounts

Classifying accounts by the time elapsed after the date of billing or the due date. The longer a customer's account remains uncollected or the longer inventory is held, the greater is its realisation risk. If a customer's account is past due, the company also has an opportunity cost of funds tied-up in the receivable that could be invested elsewhere for a return.

Agreed Upon Procedures → Allocative Efficiency

Agreed Upon Procedures

Applies to engagements relating to agreed-upon procedures to specified elements or accounts. Agreed-upon procedures is when the accountant is hired to issue a report of findings based on specified financial statement items. The users of the report agree upon the procedures to be conducted by the accountant that the user believes are suitable. The user takes responsibility for the adequacy of the procedures. In this engagement, the accountant does not express an opinion or negative assurance. Instead, the report should be in the form of procedures and findings. A representation letter is prepared that depends on the nature of the engagement and the specified users.

Agreed Valuation

The value of a shipment that is agreed upon by both the shipper and the carrier to define the freight rate and/or the liability of the carrier.

AIDA Model

Simple way of planning an advertisements design: it stands for attention, interest, desire, action.

Air Cargo

Property of any kind that is transported by aircraft (excluding passenger baggage and mail).

Air Express

Expedited air freight service.

Air Parcel Post

Parcels shipped through the mails to be transported by air.

Airway Bill

The shipping document used for the transportation of air freight: includes conditions, limitations of liability,

shipping instructions, description of commodity, and applicable transportation charges. It is generally similar to a straight non-negotiable bill of lading and is used for similar purposes.

Alienable

Ability to be transferred or conveyed.

All-Cargo Aircraft

Any aircraft that is used for the sole purpose of transporting cargo or mail.

Allocate

1. Spread a cost over two or more accounting periods usually based on time. An example is assigning the prepaid cost of a three-year insurance policy by one-third each year.
2. Charge a cost or revenue to a number of departments, products, processes, or activities on some rational basis. For example, a cost may be assigned to divisions of a company based on sales.
3. Distribute the cost associated with the acquisition of two or more items based on their relative fair market values. This relates to a lump sum purchase.

Allocation

The act of distributing by allotting or apportioning; distribution according to a plan, e.g., allocating costs is the assignment of costs to departments or products over various time periods, products, operations, or investments. See allocate.

Allocative Efficiency

The situation that occurs when no resources are wasted - when no one can be made better off without making someone else worse off. Allocative efficiency in any activity is achieved

Allowance → American Standard Code For Information Interchange

where any reallocation would lead to a decline in net benefit. It is achieved where marginal benefit equals marginal cost. Private efficiency is achieved where marginal private benefit equals marginal private cost ($ME = MC$). Social efficiency is achieved where marginal social benefit equals marginal social cost ($MSB = MSC$).

Allowance

1. An acceptable reduction in quantity or quality such as normal spoilage in a manufacturing operation.
2. A reduction in the amount owed a supplier because of damaged goods received or delays encountered.
3. A valuation account reducing the cost of an asset such as the allowance to reduce marketable securities from cost to market value.

Allowance For Bad Debts (Provision For Bad/Doubtful Debts)

An account established to record a subtraction from accounts receivable, to allow for those accounts that will not be paid.

Allowance Method

The allowance method results in a good matching of bad debt expense against sales. The journal entry at year-end to record anticipated uncollectibility of accounts receivable is to debit bad debts and credit allowance for bad debts. When it is known that a customer will actually not pay the balance, because of bankruptcy, for example, the entry is to debit allowance for bad debts and credit accounts receivable. If for whatever reason the customer does pay at a later date, there is a recovery;

reverse the last entry and make a second entry debiting cash and crediting accounts receivable. It should be noted that firms other than small financial institutions are required to use the direct write off method for tax purposes.

Alternative Tariff

In transportation, a tariff with two or more rates for the same goods, to and from the same points, with the opportunity available to the shipper to use the lowest of the charges.

Amalgamation

A consolidation or merger, as of several corporations. In business, the distinction being that the surviving entity incorporates the asset base of others into its base.

Amendment

An addition, deletion, or modification of a document.

American National Standards Institute

The American National Standards Institute (ANSI) is a privately funded, non-profit organization which coordinates the development of voluntary standards in the United States and is the agency that approves standards (as American National Standards). It coordinates and manages U.S. participation in the work of several non-governmental international standards organizations, including ISO and IEC (NCGA). ANSI's membership consists of over 1000 companies and organizations.

American Standard Code For Information Interchange

The American Standard Code for Information Interchange is used extensively in data transmission. The ASCII character set includes 128

Amidships → Anchor

upper and lower case letters, numerals and special purpose symbols, each encoded by a unique 7-bit binary number. ASCII text is a subset of the ASCII character set consisting principally of the printable characters. ASCII text is the plain fixed width text found in email. While HTML web documents are sent as ASCII files, they contain embedded tags that can be interpreted by web browsers. There is an ASCII number corresponding to each letter of the alphabet:

A = 65, B = 66, ... a = 97, b = 98.

Punctuation marks are also assigned an ASCII number:

Period = 46, Space = 32.

ASCII numbers begin as follows:

0 = 48, 1 = 49,

The fact that every computer codes the letters the same way is what makes communication between computers possible. The numbers shown above are in decimal (base 10). Most compact tables are in hexadecimal (base 16).

Amidships

The area of a vessel midway between the front (the bow) and the rear (the stern). When the term applies to an airplane, it is midway between the nose and the tail.

Amortisation

The depreciation (or reduction) applied to an intangible asset i.e. goodwill, patent etc. This account expenses the value of the intangible asset over its life.

Amortization

1. The provision to pay a debt over a period of time.
2. The gradual repayment of borrowings in a series of installments.
3. A transaction or security where the principal reduces over the life of the agreement.

4. The writing off or reduction in value of an intangible asset over time (c.f. depreciation)

5. Allocation of the cost of an asset over its estimated useful life.

AMS

Aggregate Measurement of Support.

Analog

Continuously variable. Until recently almost all audio signals were analogue. At any instant, it could have a value between zero and a few volts and could be graphed as a flowing waveform. In contrast, at any instant, a digital signal can have the values of 0 or 1.

Analyst

A person with expertise in evaluating financial investments. He performs investment research and makes recommendations to institutional and retail investors to buy, sell or hold. Most analysts specialize in a single industry or business sector. The problem is that no two analysts are usually in agreement in their recommendations. In the USA, there is a "Consensus Rating" below. Do not blindly follow analyst's recommendations; you should learn to make your own judgments based on the fundamental strengths of the company whose shares are recommended by the analyst's reports, you have to sign a waiver that no liability attaches to the analysts in case his recommendations do not come true.

Anchor

The object that is highlighted and "clickable" on a web document. It may be a word, a phrase, or an inline image. When clicked, it may send you to another spot on the page (back link), another page, a document on another server, or a place on a remote

Ancillary → Antidumping Duties

document.. An anchor tag has the following format:

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<A HREF="something"> highlighted  
text or image</A>
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Ancillary

Normally is used to refer to something lesser or extra importance. An example of ancillary revenue would be revenue gained from the selling of products or services that are not considered to be primary to the businesses generation of revenue.

Annual General Meeting (AGM)

A legal requirement for all companies; all shareholders may attend. They vote on who they want to be on the board of directors for the coming year and on other issues raised by the board or themselves.

Annual Report

Evaluation prepared by companies at the end of the reporting year which might be either on a calendar or fiscal basis. Contained in the annual report are the company financial statements including footnotes., supplementary schedules, managements discussion of analysis and earnings, president's letter, audit report, and other explanatory data (e.g., research and marketing efforts) helpful in evaluating the entity's financial position and operating performance. The annual report is read by stockholders, potential investors, creditors, employees, regulatory bodies, and other interested financial statement users.

Annualise

A statistical technique whereby figures covering a period of less than one year are extended to cover a 12-month period. The technique, to be accurate, must take seasonality (seasonal variations) into consideration.

Annualised Hours Contracts

A payment system based on a fixed number of hours to be worked each year. but a flexible number of hours each day, week or month.

Annuity

In finance, is a series of fixed payments, usually over a fixed number of years; or for the lifetime of a person, in which case it would be called a life-contingent annuity or simply life annuity.

Anomaly

An exception from the common rule. It is something that is irregular and difficult to explain using existing theory or rules. Examples may include the fact that some small stocks outperform large stocks on occasion.

Ansi X12

The ANSI X12 standards specify the format and data content of electronic business transactions.

Ansoff Matrix

A model which identifies growth strategies for businesses based on an analysis of their products and their markets.

Anticipated Inflation

An inflation rate that has been correctly forecast.

Antidumping Duties

Additional duties which are assessed on imported goods when those goods are sold to the importing country at a price that is less than "fair value", ("fair value" usually being defined as the price on the exporting country's domestic market or to third countries), and when those imported goods are found to cause or to threaten material injury to industry of the importing country.

Antitrust Policy

Policy designed to prohibit the acquisition and exercise of monopoly power by business firms.

Any Quantity

A cargo freight rate that applies to an article without regard to the weight or quantity shipped.

APCAEM

Asia and Pacific Centre for Agriculture and Engineering Machinery.

APEDA

Agricultural and Processed Food Products Export Development Authority.

Applet

A miniature application - an enhancement to a web page involving the embedding a foreign type of programme in the page.

Applicant (Also Account Party)

1. The party at whose request a bank issues a letter of credit.
2. A person who applies for something: a job, a passport, a visa, a licence, a ticket etc. etc.

Application Profile

A number of application protocols required for a specified task or industry sector. [Associated with STEP]TEP]]f Trade and Industry, United Kingdom. "Open Systems in Manufacturing".

Application Protocol (AP)

Defines the context for the use of product data and specifies the use of the standard in that context to satisfy an industrial need.

Apportion

To share out or divide according to a plan.

Appraisal

1. Evaluating the usefulness of the employee the business.
2. Estimate of the value of an asset. An asset may be a piece of property, a collectible, or a precious metal. In the case of property, for example, an appraisal is made for the purposes of: (1) allocating the purchase price to the assets acquired (e.g., land, building, equipment); (2) determining the amount of hazard insurance to carry; (3) determining the value at death for estate tax purposes; and (4) determining a reasonable asking price in a sale.
3. activities such as inspection and testing of materials, in-process items, finished goods, and packaging.

Appreciate

An increase in any investments value. For example, if shares of stock you own in a company have risen from five to ten, it has "appreciated". Not quite the word to use to describe your blood pressure after you find you have just invested in a dud stock.

Appreciation

The increase in the value of an asset in excess of its depreciable cost (depreciation), which is due to economic, and other conditions, as distinguished from increases in value due to improvements or additions made to it. Or an increase in the value of a domestic currency in terms of other currencies.

Appropriate / Appropriation / Appropriated

Distribution of net income to different accounts and may also include the allocation of retained earnings for a

Appropriate Technology → Arm's Length Transaction

specific or designated purpose, e.g. new equipment.

Appropriate Technology

A technology which accords with the factor endowments of the country. Thus labour intensive technology would be appropriate in a labour abundant economy and capital intensive technology would be inappropriate.

Appropriation Account

The part of the profit and loss account which shows how the profit after tax. is distributed - either as dividends or kept in the company as retained profits.

Approved List

The list that tells you which shares are approved for the purpose of pledging them with the bank against loan. Only these shares will be eligible for "loans against shares" facility. This list of approved securities is periodically revised.

Approx. (Approximately)

Same as "about" and "circa"; terms which when used in a letter of credit are construed to allow a difference not to exceed 10% more or 10% less than the monetary amount, or the quantity, or the unit price.

Appurtenance

An accessory, adjunct, or appendage connected to a primary property and used in conjunction therewith.

Apron

1. Area of the airport where planes are parked. May be used for loading and unloading of aircraft.
2. Area along the waterside edges of a pier, not under cover, used for loading and unloading of vessels.

Arbitrage

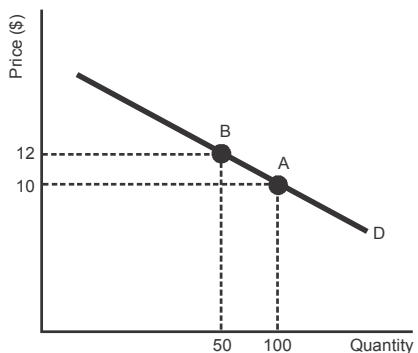
A method of taking advantage of the fact that there may be different prices in different markets for identical goods such as gold, foreign exchange or commodities. Simultaneously, one buys in the lower price market and sells in the higher one.

Arbitrator

A person who listens to both sides in an industrial dispute (trade union and management) and then gives a ruling of what the arbitrator thinks is fair to both sides.

Arc Elasticity

A measure of the average responsiveness of quantity to price over an interval of the demand curve.



Archie

A system for locating files that are stored on FTP file servers. A search utility. A keyword search service that searches the directory and file titles of all FTP sites that are indexed.

Arm's Length Transaction

Is when the transaction is conducted as though the parties to the transaction were unrelated, thereby avoiding any semblance or accusation of conflict of interest.

ARPANET

The name by which the Internet was originally known.

Arrears

Bills which should have been paid. For example, if you have forgotten to pay your last 3 months rent, then you are said to be 3 months in arrears on your rent.

Arrow's Impossibility Theorem

A mathematical result showing that, under certain assumed conditions, there is no scheme for aggregating individual preferences into a valid set of social preferences

Articles of Incorporation

The primary legal document of a corporation; they serve as a corporation's constitution. The articles contain basic information on the corporation as required by law.

AS IS

Indicates goods for sale do not include a warranty, implied or expressed; the buyer takes the entire risk as to the quality or condition of the goods involved and must trust to his own inspection. In sum, the sale is "without recourse".

ASCM

Agreement on Subsidies and Countervailing Measures.

ASEAN (Association of Southeast Asian Nations)

A trading bloc of countries in SE Asia. ASEAN is focused on developing a free trade zone among the member nations.

Asian Tigers

Four Asian nations, Hong Kong, Singapore, South Korea and Taiwan,

with spectacularly high growth rates of manufactured exports.

Aside

Assistance to States for Development of Export Infrastructure and other activities Scheme.

Ask Price

The term ask normally refers to the lowest price at which a trader will sell stock at any given time. The term bid refers to the highest price a trader will pay to purchase the stock. Traders make money on the difference between the bid price and the ask price. That difference is referred to as the spread.

Assembly Service

A service under which a carrier or a forwarder or a warehouse combines multiple shipments from multiple shippers into one shipment for one receiver.

Assessment

1. The valuation, or determination as to value, of property.
2. The act of apportioning amounts to be paid.
3. An amount assessed or charged, for example: taxes or dues.

Asset

Anything of value that is owned by a business or in other words assets represent what a business owns or is due. Equipment, vehicles, buildings, creditors, money in the bank, cash are all examples of the assets of a business. Typical breakdown includes 'fixed assets', 'current assets' and 'non current assets' ('fixed assets'). Fixed refers to equipment, buildings, plant, vehicles etc.

Asset Allocation

The process of dividing your money between different types of assets,

Asset Classes → At Risk

such as stocks, bonds and cash, to generate the overall return you need in a manner that is consistent with your risk tolerance.

Asset Classes

Different types of investments. Stocks, bonds and money market investments are broad asset classes, which can be further divided into smaller groups, such as large-cap and small-cap stocks, government and municipal bonds, etc.

Asset Stripping

The selling off of profitable sections and closing down of loss making sections of business following an acquisition.

Asset Structure

The proportion of capital employed in each type of asset.

Asset Turnover

A measure of the productivity of assets. This ratio measures the efficiency of corporate assets in generating revenue. A higher ratio is desired. What is considered a high ratio for one industry, however, may be considered a low ratio for another industry. If there is a low turnover, it may be an indication that the business should either utilize its assets in a more efficient manner or sell them. Asset turnover ratios can also be calculated for specific assets such as the ratios of sales to cash and sales to inventory. Higher ratios reflect favourably on the firm's ability to employ assets effectively.

Asset-Based (Asset-Led) Marketing

Where a business develops and markets products based on its main strengths.

Assets

Any possession that has value in exchange in the sense that it has buyers. In the stock market, money is the medium of all exchange. In other words, exchange value on the stock exchange is always in terms of money.

Assignment Of Proceeds Of A Letter Of Credit

If the bank agrees, the beneficiary assigns all or part of the proceeds to be paid to another party after the required documents have been presented.

Assisted Areas

Areas that are designated as having problems by the UK or EU and are eligible for support in a variety of forms.

Associate

In business, is when one person is brought together with another person or company into a relationship to perform some aspect of business.

Asymmetric Information

Where one party in an economic relationship (e.g. an agent) has more information than another (e.g. the principal).

Asymmetric Shocks

Shocks (such as an oil price increase or a recession in another part of the world) that have different-sized effects on different industries, regions or countries.

At Cost

The 'at cost' price usually refers to the price originally paid for something, as opposed to, say, the retail price.

At Risk

Tax term. A taxpayer can deduct losses for tax purposes only to the degree of

At Sight → Audit Trail

risk. At-risk amounts are restricted to the cash investment and the debt for which the taxpayer is personally liable. Assume an individual incurs losses from real estate activities of Rs.40,000. If the cash investment and personal debt incurred were Rs.35,000, the most that could be deducted as losses is Rs.35,000. Note there is an expansion of the at-risk amounts to real estate only to include certain non-recourse loans from qualified lenders.

At Sight

A notation on a draft which indicates that payment is due upon its presentation.

ATC

Allied Teaching Centre.

Athwartships

Across a vessel from side to side.

Attest

Formal statement by an auditor after thorough examination and consideration, as to whether financial statements fairly present financial position and operating results. With an attest, the public accountant provides an objective evaluation to aid financial statement users.

Attribute

Qualifying property of an HTML tag. Attributes are usually optional.

Attrition

Reduction in numbers usually as a result of resignation, retirement, or death.

Auction

A mechanism used by the Stock Exchange to fulfil its obligation to the buyer of a security. It is done when the seller is unable to deliver the script sold by him. The security in question

is offered by a member who has ready possession of the script.

Auction (Market)

A trading market in which the buyers enter bids and sellers enter competitive offers at the same time. This, as different to the over-the-counter market, where the trades are negotiated. Some examples are the NYSE and AMEX.

Audit

The process of checking every entry in a set of books to make sure they agree with the original paperwork (eg. checking a journal's entries against the original purchase and sales invoices).

Audit Committee

Body formed by a company's board of directors to oversee audit operations and circumstances. It selects and appraises the performance of the CPA firm.

Audit Opinion

Report rendered by the independent CPA at the end of an audit investigation. The auditor reports on the nature of his or her work and on the degree of responsibility assumed.

Audit Report

Is the signed, document which gives the results of the audit. Results of the audit may include the findings, and conclusions or opinions, also recommendations may be made.

Audit Trail

A list of transactions in the order they occurred. A step-by-step record by which financial, business, and quality assurance data can be traced to its source. **For example:** checking the validity of an accounting entry through the step-by-step record by which

Auditing → Autocratic Leadership

accounting data can be traced to their source.

Auditing

An accounting procedure which checks thoroughly the authenticity of a company's accounts.

Auditing Evidence

Proof the auditor uses to substantiate a recorded item so that proper reliance may be placed on financial statement figures. Proof of accounting data includes examining source documents in support of a transaction. The degree to which evidence gathering is necessary partly depends on the quality of the client's internal control system. Also, the trend in an account should be looked at over time as a basis for determining the extent of testing required. For example, if travel expense went from 2% of sales last year to 25% of sales this year, this inconsistency requires close examination. Test checks of accounts and transactions are necessary. Evidence can be obtained through various means such as physical verification of inventory records or confirmation letters sent to verify recorded amounts of accounts receivable.

Auditing Standards

Guidelines that auditors follow when examining financial statements and other data.

Auditor

An accountant usually certified by a national professional association of accountants, if one exists in the corporation's country, or certified by another country's recognized national association of accountants. Corporations will often work with both internal auditors and external auditors.

Autarky

A situation in which a country engages in no foreign trade.

Auth

A transaction type in which a transaction is preauthorized and postauthorized in one step. Auth is used only to process purchases of goods or services that do not require physical shipment, e.g., donations, registrations, or "soft" goods that are delivered electronically.

Authorised Capital Stock

The maximum number of shares of common stock that can be issued under a company's articles of incorporation. Issued shares are normally less than the number of authorised share capital.

Authorised Share Capital

The maximum amount which can be legally raised by a company.

Authority

The right to command a situation, a task or an activity.

Authorization

A request to the payment processor, in our case, First Data Merchant Services (FDMS), to approve the reservation of funds in a customer's account. The request can involve several transaction types, including Auth, Pre-Auth, Post-Auth, Re-Auth, and RePre-Auth.

Autocratic Leadership

A leadership style where the leader makes all decisions independently. The instructions and strategies are issued from above with little opportunity for contributions to decision-making from less senior employees.

Automated Broker Interface (ABI) → Autonomous Expenditure

Automated Broker Interface (ABI)

A module of the U. S. Customs Automated Commercial System which provides a communications link for the transmission of entry and entry summary data on imported merchandise between ABI users and Customs.

Automated Commercial Environment (ACE)

A US Customs electronic data system, which provides support for enforcing trade and contraband laws, ensuring trade compliance, and providing service and information to the international trade community. When completed, it will cover the full gamut of customs activities.

Automated Commercial System (ACS)

The comprehensive electronic data system of U. S. Customs for tracking, controlling, and processing commercial importations.

Automated Information Exchange System (AIES)

A module of the Automated Commercial System of U. S. customs which provides an automated method of exchanging information between field import specialists and national import specialists.

Automated Manifest System (AMS)

A module of the Automated Commercial System of U. S. customs designed to control imported merchandise from the time a carrier's cargo manifest is electronically transmitted to U.S. customs until the cargo is properly entered, released by customs and delivered.

Automatic Fiscal Stabilisers

Tax revenues that rise and government expenditure that falls as national income rises. The more they change with income, the bigger the stabilising effect on national income.

Automatic Investment Plan

A method for investing in mutual funds which enables a shareholder to select a specific amount to be withdrawn from a bank chequeing or savings account, or an automatic exchange from another mutual fund, on a regularly scheduled basis and invested in additional fund shares.

Automatic Reinvestment

A shareholder-authorized purchase of additional fund shares using dividend distributions or capital gains distributions.

Automatic Stabiliser

A mechanism that decreases the size of fluctuations in aggregate expenditure.

Automatic Teller Machine (ATM)

An unattended machine (outside some banks) that dispenses money or allows an individual to conduct unassisted business transactions with the ATM when a personal coded card is used.

Autonomous Consumption

The part of consumption that is independent of, or does not depend on, the level of disposable income. Changes in autonomous consumption shift the consumption function.

Autonomous Expenditure

In macroeconomics, elements of expenditure that do not vary systematically with other variables,

Average (Total) Cost → Average Variable Costs (AVC)

such as national income and the interest rate, but are determined by forces outside of the theory.

Average (Total) Cost

Total cost (fixed plus variable) per unit of output.

Average Age of Inventory

Calculated by the formula: $365 / \text{inventory turnover}$.

Average Cost Method

Is using a weighted average cost for items in inventory rather than actual cost for each specific item.

Average Cost Or Unit Cost

The cost of producing one unit, calculated by dividing the total cost by output

Average Cost Pricing Or Mark-Up Pricing

Where firms set the price by adding a profit mark-up to average cost.

Average Daily Share Volume

The number of shares traded per day, averaged over a period of time, usually one year. Helps in determining the level of activity of the share on the market and in choosing only currently active stocks.

Average Fixed Costs

Total fixed costs divided by the number of units produced.

Average Maturity

The average time to maturity of securities held by a mutual fund. Changes in interest rates have greater impact on funds with longer average life.

Average P/E Ratio

Average price/earnings ratio of stocks owned by a mutual fund.

Average Product (AP)

Total product divided by the number of units of the variable factor used in its production.

Average Propensity To Consume (APC)

Consumption divided by disposable income for any given level of income. The proportion of total disposable income that is consumed.

Average Propensity To Save (APS)

Saving divided by disposable income. The proportion of total disposable income that is saved.

Average Rate Of Return (ARR)

A method of investment appraisal which measures the net return per annum as a percentage of the initial spending.

Average Revenue (AR)

Total revenue per unit of output. When all output is sold at the same price, average revenue will be the same as price.

Average Settlement Period

Is calculated: For debtors = $\text{Trade Debtors} \times 365 \text{ days} / \text{Credit sales}$. For creditors = $\text{Trade Creditors} \times 365 \text{ days} / \text{Credit Purchases}$.

Average Tax Rate (ATR)

The total tax payment divided by total income. The proportion of total income paid in taxes.

Average Total Costs (ATC)

Total costs divided by number of units produced.

Average Variable Costs (AVC)

Total variable cost divided by the number of units produced.

Avoidable Cost → Avoidance Of Contract

Avoidable Cost

Cost that will not be incurred if an activity is suspended; also called escapable cost. For example, it is the cost that can be saved by dropping a particular product line or department (e.g., salaries paid to employees working in a particular product line or department). All costs are avoidable, except (1) sunk costs and (2) costs

that will continue regardless of the decision.

Avoidance Of Contract

The legal cancellation of a contract because an event occurs that makes performance of the contract terms impossible or inequitable and that releases the parties from their obligations.

B

Back Charge

Item previously charged to an account but unpaid. The current invoice requests payment of the previous charge as well as of current charges.

Back Door Listing

This is a method that a company which failed to get listed on the stock exchange (stock market) acquires and merges with a company that is already listed on that exchange, thereby getting a 'back door' listing.

Back Haul

The return of a carrier to the original point or area from which its journey began. If a carrier can obtain cargo to carry on the back haul route, that cargo may often obtain a favourable freight rate because otherwise the carrier would have to return empty.

Back Order

Customer's order that cannot be filled at the present time usually because the merchandise is not currently in stock. As soon as the product is available, it will be shipped to the customer. There usually exists a company policy of how long an unshipped order remains an order without some sort of confirmation or communication. An excessive amount of back orders may indicate to the accountant that poor inventory planning exists.

Back Up

To make a duplicate copy of original data or files usually stored on a separate data storage medium. Backup ensures the recoverability of files in the event of loss of the original data.

Backbone

A high-speed line or series of connections that form a major pathway within a network. The term is relative, since a backbone in a small network will likely be much smaller than many non-backbone lines in a large network.

Backgrounds

These are images which are designed to sit in the background of a web page so that all other information, (e.g.text, images) is seen to sit on top.

Backlog

Is used to refer to the value of the unfilled orders placed with a company (manufacturing).

Back-Up / Restore

The process of copying files so that they are preserved in the case of equipment failure or catastrophe. If files are damaged on the server, we resort to the backup copy to restore the files back to the machine.

Backward Vertical Integration

Merging with a firm involved with the previous stage of production.