



● **credit** (credits, crediting, credited)

1 N-UNCOUNT

If you are allowed **credit**, you are allowed to pay for goods or services several weeks or months after you have received them.

*The group can't get credit to buy farming machinery.*

*You can ask for a discount whether you pay cash or buy on credit.*

2 N-UNCOUNT

If someone or their bank account is in **credit**, their bank account has money in it. [mainly BRIT]

*I made sure the account stayed in credit.*

3 VERB

When a sum of money is **credited** to an account, the bank adds that sum of money to the total in the account.

*She noticed that only \$80,000 had been credited to her account.*

4 N-COUNT

A **credit** is a sum of money which is added to an account.

*The statement of total debits and credits is known as a balance.*

● **debit** (debits, debiting, debited)

1 VERB

When your bank **debits** your account, money is taken from it and paid to someone else.

*We will always confirm the amount before debiting your account.*

2 N-COUNT

A **debit** is a record of the money taken from your bank account, for example when you write a cheque.

*The total of debits must balance the total of credits.*

● **trade credit** (trade credits) N-VAR

**Trade credit** is when a supplier allows a business or customer to pay for goods or services some time after they were supplied.

*It might be that the business is able to sell its finished goods before having to pay off the trade credit.*

*It is often normal practice within the industry for trade credit to be given, especially to larger customers.*

● **invoice** (invoices, invoicing, invoiced)

1 N-COUNT

An **invoice** is a document that lists goods that have been supplied or services that have been done, and says how much money you owe for them.

*His £700 invoice was settled immediately in cash.*

2 VERB

If you **invoice** someone, you send them a bill for goods or services you have provided them with.

*The agency invoiced the client who then pays.*

● **bill** (bills, billing, billed)

1 N-COUNT

A **bill** is a written statement of money that you owe for goods or services.

*They couldn't afford to pay the bills.*

2 VERB

If you **bill** someone for goods or services you have provided them with, you give or send them a bill stating how much money they owe you for these goods or services.

*Are you going to bill me for this?*

● **billing** N-UNCOUNT

**invoicing** N-UNCOUNT

**Billing** is the process of preparing and sending someone a bill. **Invoicing** is the process of preparing and sending someone an invoice.

*More customers have been asking for itemised billing.*

*A machine capable of carrying out sales invoicing, letter writing and payroll applications.*

● **revenue** (revenues) N-VAR

**Revenue** is money that a company, organization, or government receives from people.

*Sales revenue was £7.9 million in the 3 months to September.*

*The only way to improve profits is to lift sales revenues.*

● **letter of credit** (letters of credit) N-COUNT

1 A **letter of credit** is a letter written by a bank authorizing another bank to pay someone a sum of money. Letters of credit are often used by importers and exporters.

*The organization has yet to secure any of the required £250,000 that must be deposited by letter of credit to secure the deal.*

2 A **letter of credit** is a written promise from a bank stating that they will repay bonds to lenders if the borrower is unable to pay them.

*The project is being financed through bonds and backed by a letter of credit from Lasalle Bank.*

● **accounts payable** N-PLURAL

**accounts receivable** N-PLURAL

A company's **accounts payable** is all the money it owes to other companies for goods or services received, or a list of these companies and the amounts owed to them. A company's **accounts receivable** is all the money it is owed by other companies for goods or services it has supplied, or a list of these companies and the amounts they owe.

*Accounts payable were understated by approximately \$20 million that year.*

*The customer's record is updated, the company's accounts receivable ledger is debited and its cash ledger is credited.*

● **cash flow** N-UNCOUNT

The **cash flow** of a firm or business is the movement of money into and out of it.

*The company ran into cash flow problems and faced liquidation.*

⇒ **order**: Topic 6.3; **on order**: Topic 6.3; **liability**: Topic 8.3; **debt**: Topic 8.4; **interest rate**: Topic 8.4; **creditor**: Topic 8.4; **turnover**: Topic 10.2



**PRACTISE YOUR VOCABULARY**

1 Use the terms in the box to complete the paragraph.

accounts payable   bills   accounts receivable   sales revenue   invoicing   trade credit   cash flow

The money received by a company from selling its goods or services is known as \_\_\_\_\_ or turnover. A company supplying goods or services to another company does not usually expect to be paid immediately, but after an agreed period. This arrangement is known as \_\_\_\_\_. Amounts that a business is waiting to be paid by its customers are \_\_\_\_\_. Money that a business owes to its suppliers are \_\_\_\_\_. When a customer orders goods from a supplier, the supplier invoices or \_\_\_\_\_ the customer for these goods. Producing and sending invoices is known as \_\_\_\_\_ or billing. The movement of money into and out of a business, independently of how much it owes and is owed, is the \_\_\_\_\_.

2 Put the heading 'money owed to the company' or 'money the company owes' into the correct place in the table.

19 accounts receivable £100,000 of trade credit given £250.00 letter of credit payable	32 accounts payable 34 invoices to be paid
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3 What type of information is likely to be on an invoice? Choose from this list:

- a price
- b an itemized list of the products
- c the date when the customer can expect to receive the goods
- d information about the company's other goods/services

4 Match each of the terms relating to payment with the correct definition.

debit card   credit card   letter of credit   invoice

- a A document sent with goods sold on trade credit, telling the purchaser that payment is due.
- b A convenient, flexible and secure method of paying without cash, some time after you receive the goods.
- c A card whose use results in money being removed from your bank account and sent to the seller's account.
- d A secure method of overseas payment.