

Basic Definitions of Accounting

Payment Made	=	Decrease in cash (cash = cash in hand + cash at bank)
Payment Received	=	Increase in cash
Disbursement / Expenditure	=	Decrease in financial capital (financial capital = cash + accounts receivable – accounts payable)
Receipt	=	Increase in financial capital
Equity Capital	=	Assets – liabilities
Expense	=	Decrease in equity capital produced by the business process (that means esp. not including capital transfer to owners)
Revenue	=	Increase in equity capital produced by the business process (that means esp. not including capital transfer from owners)
Result	=	Revenues – expenses
Profit	=	Positive result
Loss	=	Negative result
Private Withdrawals	=	For unincorporated firms: Decrease in equity capital by capital transfer to owners
Private Asset- Contributions	=	For unincorporated firms: Increase in equity capital by capital transfer from owners
Raising of Nominal Capital	=	For incorporated firms: Increase in nominal equity capital by capital transfer from owners (not to be included in revenues)
Cash Flow	=	Payments, which are simultaneously representing a revenue (liquidity effective revenues), deducting payments, which are simultaneously representing an expense (liquidity effective expenses)
Costs	=	Priced consumption or use of productive factors for operational purposes
Output	=	Goods and services produced or sold (may be priced or not priced)
Operating Result	=	Output – costs