



# The language of accounting



# Let's get started

with a warm-up



**List three tasks an accountant does  
for a company on a regular basis.**



**Let's work with some vocabulary!**

## Choose the correct definitions of the words in bold.

- A. The CEO of a tech company acquires an expensive AI start-up, which gives her access to a skilled workforce, but also **incurs** a significant financial loss for the company.
1. risk a lot hoping to gain a lot
  2. make oneself subject to
- B. The Chief Accountant suspects financial wrongdoing among his employees and hires an independent accountant to conduct a company **audit**.
1. official examination of accounts
  2. thorough investigation into a specific incident
- C. The manager decides to replace office computers early to avoid high **depreciation** costs, even though the current computers still work.
1. decrease in value
  2. overestimation

## Choose the correct definitions of the words in bold.

- D. An error is found in the **ledger** from last year: a \$40 payment from a customer was accidentally recorded as \$400. The accountant decides to leave it as it is.
1. book where a company's financial transactions are listed
  2. bank statement
- E. A company has several **assets**, such as cars, which are used less than anticipated. The accountant suggests selling them off.
1. something that includes a tax
  2. thing of value that a company owns
- F. The accountant notices the marketing department's spending exceeded the industry **benchmark** for similar companies. He decides to question the expenses before approving next month's budget.
1. something used as a standard for other things to be compared with
  2. government regulations

## Choose the correct definitions of the words in bold.

- G. After several issues with tax breaks, which the accounting team didn't handle as well as expected, the CEO hires a **compliance** officer.
1. maintaining control
  2. obeying rules
- H. Due to temporary staff shortage, the finance manager opts not to **reconcile** the petty cash records at the end of the month, hoping that the team will have time to do it next month.
1. compare different accounts transactions to check if they have the same total
  2. temporarily record new

## Let's check the answers.

- A. The CEO of a tech company acquires an expensive AI start-up, which gives her access to a skilled workforce, but also **incurs** a significant financial loss for the company.
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- B. The Chief Accountant suspects financial wrongdoing among his employees and hires an independent accountant to conduct a company **audit**.
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1. compare different accounts to check if they have the same total

2. temporarily record new transactions



# Let's think!



**Choose four situations (A–H) and say what the consequences of the decisions might be. Explain your reasoning.**

- A. The CEO of a tech company acquires an expensive AI start-up, which gives her access to a skilled workforce, but also incurs a significant financial loss for the company.
- B. The Chief Accountant suspects financial wrongdoing among his employees and hires an independent accountant to conduct a company audit.
- C. The manager decides to replace office computers early to avoid high depreciation costs, even though the current computers still work.
- D. An error is found in the ledger from last year: a \$40 payment from a customer was accidentally recorded as \$400. The accountant decides to leave it as it is.



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## BREAKOUT ROOMS

### Situations

1. The manager decides to replace office computers early to avoid high depreciation costs, even though the current computers still work.
2. A company has several assets, such as cars, which are used less than anticipated. The accountant suggests selling them off.
3. The accountant notices the marketing department's spending exceeded the industry benchmark for similar companies and decides to question the expenses before approving next month's budget.

### Roles:

**Decision Maker** – briefly explains the decision

**Risk Analyst** – identifies risks, costs, or liabilities

**Compliance Officer** – checks if the decision follows rules and best practices

**Observer / Reporter** – listens, takes notes, and reports back to the class

### Task:

For **each situation**, discuss:

1. What are the **possible consequences** of the decision?
2. Is the decision **reasonable, risky, or necessary**? Why?

Use at least **3 words** from today's vocabulary

*(depreciation, asset, benchmark, incur, liability, compliance, liquidity)*

### Reporting back

The **Observer / Reporter** will summarize your group's ideas in **30–40 seconds**.

## POSSIBLE SOLUTIONS – BREAKOUT ACTIVITY

### Situation 1 – Replacing office computers early

#### Possible consequences:

- The company may **incur unnecessary costs** by replacing equipment that still works.
- Depreciation expenses** may be lower in the long term, but **liquidity** could suffer in the short term.
- Employees may benefit from better performance and efficiency.

#### Evaluation:

- The decision is **legal and compliant**, but potentially **financially inefficient**.
- It may be reasonable if the company prioritizes productivity over short-term savings.

### Situation 2 – Selling underused assets

#### Possible consequences:

- Selling unused **assets** can improve **liquidity** and reduce maintenance costs.
- The company may lose flexibility if those assets are needed in the future.
- The sale could create a short-term cash inflow but reduce long-term capacity.

#### Evaluation:

- The decision is generally **reasonable and low-risk**.
- It is often recommended when assets are no longer generating value.

### Situation 3 – Questioning marketing expenses above benchmark

#### Possible consequences:

- Reviewing expenses helps maintain **financial control** and **compliance**.
- It may delay budget approval or cause tension between departments.
- The company may identify inefficiencies and reduce future **liabilities**.

#### Evaluation:

- The decision is **necessary and responsible**.
- Using an industry **benchmark** supports data-driven decision-making.



**Let's work with more vocabulary!**

**Complete the gaps with the missing suffixes. The words in each pair of sentences need the same suffix. The meanings of the words with missing suffixes are provided in brackets.**

- A. The organization claimed exempt\_\_\_\_\_ from property taxes due to its non-profit status. (permission not to pay something)

This figure is the deduct\_\_\_\_\_ from your pay for pension contributions.  
(amount taken from a total)

- A. Salaries and benefits are usually considered tax\_\_\_\_\_ income. (that you have to pay tax on)

If accounts receiv\_\_\_\_\_ grow faster than sales, the company may experience cash flow issues. (awaiting payment)

**Complete the gaps with the missing suffixes. The words in each pair of sentences need the same suffix. The meanings of the words with missing suffixes are provided in brackets.**

- C. They will not be able to pay suppliers unless they have spare liquid\_\_\_\_\_.  
(money or assets that can be changed into money)

Outsourcing IT rather than managing it in-house is a liabil\_\_\_\_\_, as it might lead to potential security vulnerabilities. (thing that causes you a lot of problems; amount of money owned)

- C. Our records indicate the accru\_\_\_\_\_ of \$500 in fines for late payment of utility bills. (increase in money or debt over time)

Adopting a clear fisc\_\_\_\_\_ policy allowed the government to improve the efficiency of public operations. (relating to taxes and public money)

## Let's check the answers.

- A. The organization claimed **exemption** from property taxes due to its non-profit status. (permission not to pay something)

This figure is the **deduction** from your pay for pension contributions.  
(amount taken from a total)

- A. Salaries and benefits are usually considered **taxable** income. (that you have to pay tax on)

If accounts **receivable** grow faster than sales, the company may experience cash flow issues. (awaiting payment)

## Let's check the answers.

- C. They will not be able to pay suppliers unless they have spare **liquidity** .  
(money or assets that can be changed into money)

Outsourcing IT rather than managing it in-house is a **liability** , as it might lead to potential security vulnerabilities. (thing that causes you a lot of problems; amount of money owed)

- C. Our records indicate the **accrual** of \$500 in fines for late payment of utility bills. (increase in money or debt over time)

Adopting a clear **fiscal** policy allowed the government to improve the efficiency of public operations. (relating to taxes and public money)

**Look at the words you created in the previous exercise and change them into verbs where possible.**

- A. exemption
- B. deduction
- C. taxable
- D. receivable
- E. liquidity
- F. liability
- G. accrual
- H. fiscal

## Let's check the answers.

A. exemption    exempt

B. deduction    deduct

C. taxable    tax

D. receivable    receive

E. liquidity    liquidate

F. liability    -

G. accrual    accrue

H. fiscal    -



**Let's practise!**

**Add the missing letters to create the words, referring to the words from the previous exercises again if necessary.**

- A. What are some reasons a company might decide to **li\_\_i\_\_e** its assets?  
to be able to pay their creditors
- B. What are some common payroll **\_e\_\_t\_\_s**? pension contributions
- C. What are some ways a company can seek the payment for their sums  
**\_\_e\_\_a\_\_e**? sending payment reminders
- D. How might one **\_c\_\_e** interest? by earning on an investment
- E. Why might a company be **\_\_e\_\_ed** from paying a tax? because they've  
invested in green energy
- F. What's an example of a **\_i\_c\_\_** policy? the government reduces taxes for  
local businesses
- G. Other than income, what else is usually **\_a\_\_\_\_e**? owning property
- H. What might be considered a **l\_\_i\_\_t\_** at a company? pending lawsuits

## Let's check the answers.

- A. What are some reasons a company might decide to **liquidate** its assets? to be able to pay their creditors
- B. What are some common payroll **deductions** ? pension contributions
- C. What are some ways a company can seek the payment for their sums **receivable** **a \_\_ e** ? sending payment reminders
- D. How might one **accrue** interest? by earning on an investment
- E. Why might a company be **exempted** from paying a tax? because they've invested in green energy
- F. What's an example of a **fiscal** policy? the government reduces taxes for local businesses
- G. Other than income, what else is usually **taxable** ? owning property
- H. What might be considered a **liability** at a company? pending lawsuits



# Let's think!



## Add one more possible answer to each question.

- A. What are some reasons a company might decide to liquidate its assets? to be able to pay their creditors
- B. What are some common payroll deductions? pension contributions
- C. What are some ways a company can seek the payment for their sums receivable? sending payment reminders
- D. How might one accrue interest? by earning on an investment
- E. Why might a company be exempted from paying a tax? because they've invested in green energy
- F. What's an example of a fiscal policy? the government reduces taxes for local businesses
- G. Other than income, what else is usually taxable? owning property
- H. What might be considered a liability at a company? pending lawsuits



## Let's see some possible answers.

- A. What are some reasons a company might decide to liquidate its assets? to be able to pay their creditors  
to raise capital for an investment, because it went bust
- B. What are some common payroll deductions? pension contributions  
income tax, health insurance
- C. What are some ways a company can seek the payment for their sums receivable?  
sending payment reminders  
taking legal action, providing discounts to customers who pay sooner
- D. How might one accrue interest? by earning on an investment  
by opening a savings account, by lending money



## Let's see some possible answers.

- E. Why might a company be exempted from paying a tax? because they've invested in green energy
- F. What's an example of a fiscal policy? the government reduces taxes for local businesses
- G. Other than income, what else is usually taxable? owning property
- H. What might be considered a liability at a company? pending lawsuits

because the company is a start-up,  
because they work in an industry that  
receives tax exemptions

government subsidizes certain  
industries, government spends money  
to stimulate economic growth

sales, inheritances

loans, taxes owed to the government



**Let's discuss!**

## Explain the difference in meaning between the phrases in each pair.



- A. fiscal year and calendar year
- B. tax exemption and tax deduction
- C. financial liabilities and financial compliance
- D. accounts receivable and accounts payable
- E. gross income and taxable income
- F. frozen assets and liquid assets
- G. balancing the ledger and balancing the budget
- H. incurring a debt and accruing a debt
- I. issuing shares and liquidating shares



## Let's check the answers.

A. fiscal year  
and  
calendar  
year

A fiscal year is chosen for reporting purposes and can start on any date (also called a financial year); a calendar year always starts in January and ends in December.

B. tax exemption and  
tax deduction

Exemptions remove income from taxation; deductions reduce the amount of income that is subject to tax.

C. financial liabilities and  
financial compliance

Financial liabilities are what a business owes to others; financial compliance is following financial rules.

D. accounts receivable and  
accounts payable

Accounts receivable is money others owe the company; accounts payable is money the company owes others.

E. gross income and  
taxable income

Gross income is the full amount earned; taxable income is the amount you pay tax on after allowed deductions.



## Let's check the answers.

F. frozen assets and liquid assets

Frozen assets are not easily accessible; liquid assets can be readily used.

G. balancing the ledger and balancing the budget

Balancing the ledger means ensuring that accounting records match (debits = credits); balancing the budget is making sure that estimated income equals or exceeds expenses for a given period.

H. incurring a debt and accruing a debt

You incur a debt at the point it is created; you accrue a debt as it accumulates over time.

I. issuing shares and liquidating shares

Issuing shares increases the number of shares in circulation; liquidating shares involves selling existing shares.



In a moment, you'll listen to part of a lecture in which:

**a professor explains how  
companies can legally reduce taxes**

**Listen to the lecture and note down three methods the professor mentions.**



## Let's check the answers.

1. accelerating depreciation to deduct a large portion of an asset's cost early
2. taking advantage of allowable deductions and incentives
3. adjusting timing of accruals and expenses to shift tax burden when necessary

## Listen to the lecture again and complete the words you hear.

- A. ...minimize taxable income and preserve \_\_\_\_\_.
- B. Accelerated depreciation allows companies to \_\_\_\_\_ a larger portion...
- C. ...those that might add too much \_\_\_\_\_ burden?
- D. Recording these correctly in the \_\_\_\_\_ is crucial to maintain...
- E. ...companies can reduce their \_\_\_\_\_ burden...
- F. While all these methods are legal, they must \_\_\_\_\_ fully...
- G. Misclassification of expenses or \_\_\_\_\_ could create serious liabilities...



## Let's check the answers.

A. ...minimize taxable income and preserve \_\_\_\_\_.

liquidity

B. Accelerated depreciation allows companies to \_\_\_\_\_  
a larger portion...

deduct

C. ...those that might add too much \_\_\_\_\_ burden?

compliance

D. Recording these correctly in the \_\_\_\_\_ is crucial to  
maintain...

ledger

E. ...companies can reduce their \_\_\_\_\_ burden...

tax

F. While all these methods are legal, they must \_\_\_\_\_  
fully...

comply

G. Misclassification of expenses or \_\_\_\_\_ could create  
serious liabilities...

receivables



**Let's talk!**



**Work in pairs. Student A, choose a question and answer it using some of the vocabulary in the box. Your partner will listen and, after you've finished, they will add one more detail or comment on what you said. Then, swap roles. Continue until both of you have answered two questions.**

- What do companies do to maintain cash flow?
- How can a company plan its spending for the year?
- How can a company make sure its bank records match its own accounting records?

|                |                   |           |                     |
|----------------|-------------------|-----------|---------------------|
| accrue/accrual | comply/compliance | fiscal    | liquidate/liquidity |
| asset          | deduct/deduction  | incur     | receivable          |
| audit          | depreciation      | ledger    | reconcile           |
| benchmark      | exempt/exemption  | liability | tax/taxable         |



**Work in pairs. Student A, choose a question and answer it using some of the vocabulary in the box. Your partner will listen and, after you've finished, they will add one more detail or comment on what you said. Then, swap roles. Continue until both of you have answered two questions.**

- If a company wanted to appear more profitable to investors (without breaking the law), what strategies might it use?
- What are some busy periods for accountants in your country? Why are they busy?
- What do forensic accountants do?
- How can different types of software help accountants?

accrue/accrual    comply/compliance    fiscal

liquidate/liquidity

asset

deduct/deduction

incur

receivable

audit

depreciation

ledger

reconcile

benchmark

exempt/exemption

liability

tax/taxable

# THANKS!