

Financial Glossary

Operating revenue

Any revenue originating from sales and provision of services to third parties, where no exceptional or extraordinary element is included.

Net turnover

Total revenues originating from sales and provision of services to third parties, less VAT and discounts allowed.

Operating charges

Total charges borne by the company and necessary for the exercise of its main activity. They may be grouped together under the following classification: purchases of goods, purchases of services, personnel charges, depreciation on fixed assets, other charges (maintenance costs, IT costs, R&D, marketing, overheads and administrative costs, leasing costs and other operating charges).

It is important to note that VAT is also treated separately for the company charges, on its suppliers' invoices, for example. VAT must therefore be deducted in full from the amounts taken into consideration. In the event of a change in the rate, any difference between the rate paid by the customer and the rate paid by the company is generally posted under "overheads".

Personnel charges

Total labour costs borne by the company in the exercise of its activity, including wages and salaries, plus amounts paid by the employer as legal and contractual contributions (including social insurance and payments into pension funds).

Depreciation

Expenses representing depreciation (obsolescence and wear) of the assets directly involved in the current operations of the company (tangible, intangible and financial assets). The function of these allowances, applied regularly over a defined period, is to correct the value of the assets to reflect their economic value.

Operating profit

Profit earned from the company's main activity and obtained by deducting the operating charges from the net turnover.

Non-operating profit

Profit consisting of the elements which are not an integral part of the company's main activity. This is obtained by adding together the financial profit (profit less financial charges) and extraordinary profit (revenue less extraordinary charges). Deducting this profit from the operating profit gives the "pre-tax profit".

Investments

Money spent to build up fixed assets intended to maintain or increase the operating capability of a company. Investments generally break down into three sub-categories: investments in tangible, intangible and financial assets.