

## **Glossary of Financial Terms**

Accounts Receivable (A/R) = fees billed, but not yet paid to the firm

Adjusted Billing Realization = fees billed - Write-offs ÷ Time Value Billed

Billing Realization = fees billed ÷ Time Value Billed

Blended Rate = billing rate set to be charged by all timekeepers working on a matter

Collections = fees collected from clients for legal services

Costs = salary, benefits, and all direct and indirect overhead expenses allocated to a timekeeper

Discounted Rate = negotiated billing rate which is lower than the standard billing rate

Gross Revenue = total collections

Leverage = non-partner hours billed ÷ partner hours billed

Margin per Partner Hour = Net Margin ÷ partner hours billed

Net Income = Gross Revenue - total costs

Net Margin = Collections - Costs

Premium Rate = negotiated billing rate which is higher than the standard billing rate

Profits Per Equity Partner (PPEP) = Net Income ÷ number of equity partners

Profits Per Partner (PPP) = Net Income ÷ number of partners

Realization = Collections ÷ Time Value Billed

Revenue Per Lawyer (RPL) = Gross Revenue ÷ number of lawyers

Time Value Billed = hours billed x standard billing rate

Work in Progress (WIP) = value of time recorded to a matter, but not yet billed

Write-offs = time recorded that is not charged to or collected from the client