

Basic Accounting Principles

Accounting

systematic recording, reporting and analysis of financial transactions according to accepted principles in order to provide meaningful financial information

Revenue

amount of money a business receives over a period of time

Operating Revenue

income from sales or services based on the goal of the business

Non-operating Revenue

income which does not come from the primary goal of business

Sales Figures

represent the amount of revenue generated by the business

Cost of Goods Sold

cost directly associated with making or acquiring products

Gross Profit

subtracting the cost of goods sold from net sales figures

Income

required contribution for the support of a national, state or local government calculated based on income tax

Operating Expenses

daily expenses incurred in the operation of a business

Fixed Expenses

expenses which are necessary, stable and occur regularly

Flexible or Variable Expenses

expenses which are still necessary but do not have a fixed amount

Discretionary Expenses

expenses which are not necessary to daily operation of the business

Total Expenses

tabulation of all expenses incurred in running a business, exclusive of taxes or interest expense on interest income

Net Income Before Taxes

amount of income earned by a business prior to paying income taxes

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Net Income

amount of money the business has earned after paying income taxes

Fixed Assets

property which a firm owns long-term, will not be converted to cash for at least a year

Inventory Goods on Hand

assessing the amount of goods which are in the possession of the business

Illiquid Assets

assets which are not able to be sold quickly which carry higher risk of losing money

Liquid Assets

assets which can be easily converted into cash which have very low risk because prices are stable

Generally Accepted Accounting Principles

accounting rules used to prepare, present and report financial statements

Financial Accounting Standards Board

sets accounting principles

Assets

are items of value owned by the company

Current Assets

are any assets easily converted into cash within one calendar year

Cash

is money available immediately

Net Worth

also called total equity, found by subtracting liabilities from assets

Accounts Receivable

money owed to the business for purchases made by customers, suppliers and other vendors

Notes Receivable

notes due within the year

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Total Fixed Assets

total dollar value of all fixed assets in your business, less any accumulated depreciation

Liabilities

debts the company owes or obligations the company has

Accounts Payable

comprised of all short-term obligations owed by your business to creditors, suppliers and other vendors