



Business Management
Vocabulary Terms Chapter 16

(A)merchandise Inventory , (B) accounting equation, (C) income statement , (D) balance sheet, (E) capital (F) accounts receivable ,(G) financial statements, (H) working capital, (I) Certified Public Accountant, (J) liabilities, (K) consultant, (L) accounts payable, (M) cash flow.

1. _____ reports that summarize financial data over a period of time, such as a month, three months, a year, or even the life of the business.
2. _____ a financial statement that reports a business's assets, liabilities, and capital on a specific date.
3. _____ claims against assets, business debts.
4. _____ also defined as (1)NET WORTH, (2)OWNER'S EQUITY OR (3) STOCKHOLDERS' EQUITY. The amount an organization or individual is worth after subtracting liabilities from assets.
5. _____ $Assets = Liabilities + Capital$.
6. _____ value of goods purchased to sell to customers at a profit.
7. _____ The amount customers owe the business is an asset called.
8. _____ The amount the company owes for purchases it made on credit.
9. _____ or Profit and Loss Statement: financial statement that reports total revenue and expenses for a specific period
10. _____ movement of cash into and out of a business.
11. _____ difference between current assets and current liabilities. Current refers to assets and liabilities that are expected to be exchanged for cash within one year.
12. _____ person who has met a state's education, experience, and examination requirements in accounting.
13. _____ expert whom companies hire to help them solve problems within the consultant's area of expertise.

Review Facts p.423

1. Explain how each of the following might use financial information: (a) managers, (b) owners, and (c) suppliers.
2. What are the two most common financial statements?
3. Name the three parts to a balance sheet. 6.Name the three parts to a Income Statemet..

Balance Sheet December 31, 2005	
1.	2.
	3.
Asset's = Liability's + Capital	

Income Statement Jan 1, 2005 – Dec 31, 2005	
1.	
- 2.	
= 3.	
----- = Profit or Loss	

4. Why are accounts receivable listed on the balance sheet as an asset when customers have not yet paid?
5. Give an example of what a business can learn by comparing one year's balance sheet figures with another year's.
7. Does the income statement show results for the same period of time as the balance sheet.
8. Is net profit likely to be larger than gross profit?
9. How can a percentage be calculated for an income statement expense.
10. Why is cash flow a concern for most businesses?
11. If current liabilities are larger than current assets, what does this mean about a business's ability to pay bills that are coming due soon?
12. How are ratios helpful to managers?
13. What do accounts do?
14. Why would a business want to use a consultant?
15. What is the SBA and what does it do?