

## TOPIC 9B: GENERAL BUSINESS TERMINOLOGY

(Terminology: (<http://www.nytimes.com/library/financial/glossary/bfglosz.htm>))

### A

#### **Accounting liquidity**

The ease and quickness with which assets can be converted to cash.

#### **Accounts payable**

Money owed to suppliers.

#### **Accounts receivable**

Money owed by customers

#### **Acquisition of assets**

A merger or consolidation in which an acquirer purchases the selling firm's assets.

#### **American Stock Exchange (AMEX)**

The second-largest stock exchange in the United States. It trades mostly in small-to medium-sized companies.

#### **Annual report**

Yearly record of a publicly held company's financial condition. It includes a description of the firm's operations, its balance sheet and income statement.

#### **Asset**

Any possession that has value in an exchange.

### B

#### **Balance sheet**

Also called the statement of financial condition, it is a summary of the assets, liabilities, and owners' equity.

#### **Bankruptcy**

State of being unable to pay debts. Thus, the ownership of the firm's assets is transferred from the stockholders to the bondholders.

#### **Business Plan**

A plan will help establish your goals for your business, will help you determine service/product demand in the area you are located, explores the possible growth potential of an existing business, defines your customers and competition, and reveals strengths and weaknesses. It also aids in developing plans for the future. The plan is a dynamic document that will require you to review and update it often.

### C

#### **Capital**

Money invested in a firm.

#### **Cash**

The value of assets that can be converted into cash immediately, as reported by a company. Usually includes bank

accounts and marketable securities.

#### **Cash dividend**

A dividend paid in cash to a company's shareholders. The amount is normally based on profitability and is taxable as income.

#### **Credit**

Money loaned.

### D

#### **Debt**

Money borrowed

#### **Default**

Failure to make timely payment of interest or principal on a debt security

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## **Dividend**

A dividend is a portion of a company's profit paid to common and preferred shareholders.

## **E**

### **Earnings**

Net income for the company during the period.

### **Ethics**

A principle of right or good conduct

## **F**

### **Finance**

A discipline concerned with determining value and making decisions. The finance function allocates resources, which includes acquiring, investing, and managing resources.

## **I**

### **Income statement (statement of operations)**

A statement showing the revenues, expenses, and income (the difference between revenues and expenses) of a corporation over some period of time

### **Inflation**

The rate at which the general level of prices for goods and services is rising.

### **Interest**

The price paid for borrowing money. It is expressed as a percentage rate over a period of time and reflects the rate of exchange of present consumption for future consumption. Also, a share or title in property.

### **Inventory**

For companies: Raw materials, items available for sale or in the process of being made ready for sale.

### **Invoice**

Bill written by a seller of goods or services and submitted to the purchaser.

## **L**

### **Liability**

A financial obligation, or the cash outlay that must be made at a specific time to satisfy the contractual terms of such an obligation.

### **Liquidation**

When a firm's business is terminated, assets are sold, proceeds pay creditors and any leftovers are distributed to shareholders.

## **P**

### **Profit**

The excess of income over expenditure, especially in business

## **S**

### **Stakeholders**

Include: employees including managers and executives, stockholders, board of directors, customers, suppliers, distributors, creditors, governments (local, state, federal, etc.), unions, competitors, and the general public

### **Stock**

Ownership of a corporation which is represented by shares which represent a piece of the corporation's assets and earnings.