

CHEAT SHEET

5 Key Business Accounting Terms



Below is five important accounting terms that you should keep in mind:

1

Gross Revenue

Amount of total sales reported at a specific point in time, prior any deductions.

2

Expenses

Costs of operations required to generate revenue. Examples: wages, equipments depreciation, etc

3

Net Profit (or Net Income)

The amount resulting after the deduction of expenses, taxes and interest from gross revenue, at a specific point in time.

4

Cash Flow

The net amount of cash and cash-equivalents transferred into and out of a business.

5

Break-Even Point

A business touches the BEP when gross revenue equals costs of production.



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4 Accounting Documents you Need to Know



Here is list of the 4 accounting documents everyone should know:

1

Balance Sheet

This document reports the assets, liabilities and shareholders' equity of a firm at a specific point in time.

2

Income Statement

A summary of the revenues and expenses of a firm over a period of time, either quarterly or annually. Remember: this document measures the profitability, and NOT the cash-flow of a firm.

3

Cash Flow Statement

This document presents all the cash inflows and outflows of a firm.

4

Financial Forecast

This document provides an estimation of the potential revenue and expenses in the future of a business.

