



Budgeting Terms

GLOSSARY OF FINANCIAL TERMS

Accounts Payable: Amounts you owe/bills you need to pay.

Accounts Receivable: Money owed to your business.

Assets: Value of everything owned by the business including inventory, equipment, furniture, accounts receivable, cash, land and property.

Balance Sheet: The financial statement that shows the financial position of the business at a certain specified date. It shows the business assets (what the business owns), business liabilities (what the business owes) and the owner's equity (owner's personal investment plus profits).

Beginning Cash: Total cash in the business checking account, savings and petty cash at the beginning of any accounting period.

Break-Even Analysis: Calculation of level of sales (e.g. money from parents) necessary to pay all costs and reach profit goals.

Budget: Plan that includes a list of proposed expenditures and expected revenues for a specified period of time.

Capital Expenditure: Money spent for any asset or improvement that will be used in the business for more than one year.

Cash Flow: Pattern of money coming into and going out of the business, indicating how much and when cash will be needed for operation of the business.

Collateral: Assets pledged to secure a loan or other debt.

Current Assets: Cash or other assets you expect to use within one year.

Occupancy Rate: Occupancy is typically an all-inclusive amount that is charged by a renting agent. It could include; rent, garbage, power, phone/internet for example.

SOURCES:

Information Gathered from:

<https://www.sba.gov/starting-business/business-financials/preparing-financial-statements>