



UNIT 10 - FINANCIAL DOCUMENTS - FMI II 2019

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Contract	a written or spoken agreement, especially one concerning employment, sales, or tenancy, that is intended to be enforceable by law
Application	formal request to be considered for a position or to be allowed to do or have something, submitted to an authority, institution, or organization
Letter of credit	a letter issued by a bank to another bank (especially one in a different country) to serve as a guarantee for payments made to a specified person under specified conditions
Insurance policies	a document detailing the terms and conditions of a contract of insurance.
Balance sheet	a statement of the assets, liabilities, and capital of a business or other organization at a particular point in time, detailing the balance of income and expenditure over the preceding period
Assets	an item of property owned by a person or company, regarded as having value and available to meet debts, commitments, or legacies
Liabilities	the state of being legally responsible for something
Intangible assets	is an asset that lacks physical substance and usually is very hard to evaluate. It includes patents, copyrights, franchises, goodwill, trademarks, and trade names, and the general interpretation also includes software and other intangible computer based assets.



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Accounts receivable

money owed to a company by its debtors

Inventory

a complete list of items such as property, goods in stock, or the contents of a building

Property and equipment

A major classification on the balance sheet. It is the second long term asset section after current assets. Included are land, buildings, leasehold improvements, equipment, furniture, fixtures, delivery trucks, automobiles, etc. that are owned by the company

Accounts payable

money owed by a company to its creditors

Short term debt

is an account shown in the current liabilities portion of a company's balance sheet

Long term debt

consists of loans and financial obligations lasting over one year

Owner's equity

is one of the three main components of a sole proprietorship's balance sheet and accounting equation

Profit and loss accounts / income statement

a financial statement showing a company's net profit or loss in a given period



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Revenue - income

is the amount of money that a company actually receives during a specific period, including discounts and deductions for returned merchandise

Net sales

are total sales after subtracting discounts, returned goods, and allowances for damaged goods.

Cost of goods sold

is the direct costs attributable to the production of the goods sold in a company

Expense

the cost incurred in or required for something

Depreciation

refers to two aspects of the same concept: The decrease in value of assets. The allocation of the cost of assets to periods in which the assets are used. Depreciation is a method of reallocating the cost of a tangible asset over its useful life span of it being in motion.

Gross profit

is the profit a company makes after deducting the costs associated with making and selling its products, or the costs associated with providing its services

Overhead costs

or operating expenses, refer to those expenses associated with running a business that can't be linked to creating or producing a product or service

Net profit

the actual profit after working expenses not included in the calculation of gross profit have been paid



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Cash flow statement

also known as statement of cash flows, is a financial statement that shows how changes in balance sheet accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing and financing activities

Inflow

Money received by an organization as a result of its operating activities, investment activities, and financing activities.

Outflow

is the amount of cash that a business disburses

Cash distribution to owners

is a payment of the retained earnings of a business to its owners.

Dividends

a sum of money paid regularly (typically annually) by a company to its shareholders out of its profits (or reserves)

Stockholder

is someone who has shares in a company

Financing activities

is a category in a company's cash flow statement that accounts for external activities that allow a firm to raise capital

Generate

produce or create



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Cumulative

A preferred stock where the publicly-traded company must pay all dividends

Proceed

The amount received from the sale of an asset