

# The business owners quiz

<u>Term</u>	<u>Meaning</u>
Profit & Loss Account	
Turnover/Revenue	
Cost of Sales	
Gross Margin / Gross Profit	
Gross Margin %	
Overheads	
Net Profit before tax.	
Breakeven Point	
Balance Sheet	
Net Worth	
Fixed Assets	
Depreciation	
Current Assets	
Stock	
Debtors	
Aged Debtors Listing	
Current Liabilities	
Creditors	
Aged Creditors Listing	
Accruals	
Prepayments	
Retained Profit	
Working Capital	
Cash Flow	
Budgets	

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<u>Term</u>	<u>Meaning</u>
Profit & Loss Account	A financial statement showing the profit or loss of a business after deducting all expenses from sales during a set period in time.
Turnover/Revenue	Sales for your business. Always expressed excluding vat.
Cost of Sales	Direct costs attributable to selling your products. Includes materials, supplies, direct labour etc.
Gross Margin / Gross Profit	Profit on sales before allowing for overheads and other expenditure.
Gross Margin %	Is the profit on sales calculated as a %. $\text{Gross Margin } \text{€} / \text{Sales } \text{€}$
Overheads	Ongoing day to day expenses incurred in operating your business.
Net Profit before tax.	Profit after deducting all overheads not included in the calculation of the Gross Margin.
Breakeven Point	Total Costs = Total Revenue
Balance Sheet	A financial statement totalling all the assets and liabilities of a business and showing the net worth of the business.
Net Worth	Value of a business after deducting the total liabilities from the total assets.
Fixed Assets	Assets purchased for the long-term and written off in your accounts over a number of years by way of depreciation.
Depreciation	The annual cost charged to your accounts for the wear and tear of your fixed assets.
Current Assets	Cash and other assets that can be converted to cash within one year.
Stock	Goods kept on hand to be sold or manufactured into finished product to be sold at a later date.
Debtors	Total money owing to your business from customers. Shown on balance sheet in current assets.
Aged Debtors Listing	List of all customers who owe you money and how old each debt is.
Current Liabilities	Amounts due to all creditors within one year. Suppliers, loans, vat, paye.
Creditors	Total money owing to your suppliers.
Aged Creditors Listing	List of all suppliers for products and services to whom you owe money.
Accruals	Recording of expenses incurred during a financial period which are yet to be paid for. Or in most SME cases, we accrue business costs when we are missing paperwork such as invoices from suppliers.
Prepayments	Expenses paid for in advance at the year-end such as insurance.
Retained Profit	Total profit for the business in a given financial period.
Working Capital	Current Assets less Current Liabilities which is regarded as the capital available for day to day operations in a business.
Cash Flow	Total monies coming in and going out of a business.
Budgets	An estimate or projection of the financial position of a business for a set period of time into the future.