

# KEY FINANCIAL TERMS

TERM	DEFINITION
<b>Assets</b>	Are things you own. These can be cash or something that can be converted into cash such as property, vehicles, equipment, and inventory.
<b>Balance Sheet</b>	A snapshot of a business on a particular date. It lists all of your assets and liabilities and works out the net assets.
<b>Bank reconciliation</b>	A cross-check that ensures the amounts in your cashbook match the relevant bank statements.
<b>Bookkeeping</b>	The process of recording the financial transactions of a business.
<b>Break-Even Point</b>	The exact point when a business' income equals a business' expenses.
<b>Budget</b>	A list of planned revenue and expenditure for a given period.
<b>Capital</b>	Wealth in the form of money or property owned by a business.
<b>Cash</b>	Includes all money available on demand, including bank notes and coins, petty cash, certain cheques, and money in savings or debit accounts.
<b>Cash Flow</b>	The measure of actual cash flowing in and out of a business.
<b>Debtor</b>	A person or business that owes you money
<b>Depreciation</b>	The process of expensing an asset over a period of time. An asset is depreciated to spread the cost of the asset over its useful life.
<b>Financial statement</b>	A summary of a business's financial position for a given period. Financial statements can include a profit and loss, balance sheet and cash flow statement.

TERM	DEFINITION
<b>Gross Income</b>	The total money earned by a business before expenses are deducted.
<b>Gross Profit</b>	Also known as 'net sales,' the difference between sales and the direct cost of making the sales
<b>Invoice</b>	A document to a customer to request payment for a good or service received.
<b>Liability</b>	A financial obligation or amount owed.
<b>Net Profit</b>	Also known as your 'bottom line.' The total gross profit minus all business expenses.
<b>Overheads</b>	The fixed costs associated with operating a business such as rent, marketing, utilities, and administrative costs.
<b>Receipts</b>	A document given to a customer to confirm payment and to confirm the sale of a good or service.
<b>Record Keeping</b>	The process of keeping or recording information that explains certain business transactions. Record keeping is a requirement under tax law.
<b>Revenue</b>	Also known as turnover, the amount earned before expenses, tax and other deductions are taken out.
<b>Tax Invoice</b>	An invoice required for the supply of goods or services over a certain price. A valid tax invoice is required when claiming GSST credit. See also Invoice.