

Business Math Terms Study Sheet 2

1. Credit The ability to borrow money or obtain goods on trust with the understanding that payment will be made later.
2. Debit An entry recording a sum owed, listed on the left-hand side of an account.
3. Balance The amount of money remaining in an account.
4. Payroll The total amount of money paid to employees for services they provided during a certain period.
5. Fixed costs Expenses that remain constant regardless of the level of production or sales.
6. Variable costs Expenses that change in proportion to the activity of a business.
7. Supply The amount of a product that producers are willing to sell at a given price.
8. Demand The desire and ability of consumers to purchase goods and services at a particular price.
9. Stock A share representing ownership in a company.
10. Dividend A payment made by a corporation to its shareholders, usually as a distribution of profits.
11. Partnership A business structure in which two or more individuals share ownership and responsibility.
12. Corporation A legal entity that is separate from its owners and can enter into contracts and own property.
13. Sole proprietorship A business owned and operated by one person.
14. Entrepreneurship The activity of setting up a business or businesses, taking on financial risks in the hope of profit.
15. Cash flow The movement of money into and out of a business.
16. Mortgage A loan used to purchase real estate, with the property serving as collateral.
17. Equity The value of an asset after liabilities have been deducted.
18. Gross margin The difference between revenue and cost of goods sold, expressed as a percentage.
19. Net worth The total assets minus total liabilities of an individual or company.
20. Cost benefit analysis A method used to compare the costs and benefits of different courses of action.