



Trading Stock

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Stock of goods to sell to customers rather than to use internally for the business

Stocktaking

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Finding the value of trading stock at any given time

Gains

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Income made not from trading, e.g. interest

Balance Sheet

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Statement of assets liabilities and share capital of a business at a given time





Working Capital

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Money available for the daily running of the business

Accruals

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All expenses incurred during a certain period must be included in the accounts for that period regardless

Depreciation

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The reduction in the value of an asset due wear and tear and the passage of time

Profitability

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Shows how successful the business was in making a profit





Liquidity

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Working capital =
Current assets –
Current liabilities

Overtrading

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When a company
has a negative
working capital

Solvency

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The ability of a
company to pay all
debts as they fall
due

Balance

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The difference
between the amount
of debit and the
amount of credit





Analysed Cash Book (ACB)

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A book which keeps record of all money received and spent by a business.

Opening Balance

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The sum of money in an account at the beginning of a new accounting period.

Ledger

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The book in which financial accounts are kept.

General Ledger (GL)

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A record of all the expenditure of running a business, e.g. rent.





Profit & Loss Statement

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Calculates the net profit or loss made by a business by subtracting costs from gross profit.

Opening Stock

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The value of goods that a business has at the beginning of a financial year. This may include raw materials

Closing Stock

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The value of goods that a business has at the end of a financial year. This may include raw materials

Cost of Sales/Cost of Goods Sold

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The cost of selling products to customers.



