

BOOKKEEPING TERMS
EVERY BUSINESS OWNER SHOULD KNOW



CPA GROUP
OF THE ROCKIES

10 BOOKKEEPING TERMS TO KNOW

As a bookkeeping service provider, we're here to handle the heavy lifting to ensure you have accurate financial records. But we've found that a basic understanding of bookkeeping terminology can help our clients stay in the know about this important side of business operations.

With that in mind, **we've compiled a concise overview of ten common bookkeeping terms**. Feel free to share these with others or save them for future reference. Should you ever encounter unfamiliar terms, don't hesitate to send us an email or give us a quick call – our team is available to help whenever you need it.

1. **Accounts Receivable** | This refers to the amount of money your customers owe your business for products or services they purchased on credit.



2. **Accounts Payable** | It represents the money your business owes to vendors, suppliers, or creditors for goods or services it has received but has yet to pay for.



3. **Balance Sheet** | A balance sheet is a financial statement that provides a snapshot of your business's financial position at a specific point. It shows your assets, liabilities, and equity.

4. **Income Statement** | Also known as a profit and loss statement, the income statement shows your business's revenues, expenses, and net income (or net loss) over a specific time.

5. **Expenses** | These are the costs incurred by your business to generate revenue. Examples of expenses include rent, utilities, salaries, and advertising.

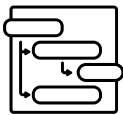
6. **Revenue** | Revenue is the income generated from the sale of goods or services. It is a key indicator of how well your business is performing.

7. **Profit** | Profit is the financial gain your business earns after deducting all expenses from revenue. It represents the difference between revenue and expenses.



8. **Cash Flow** | Cash flow refers to the movement of money in and out of your business. It is important to manage cash flow effectively to ensure that your business has enough funds to cover its expenses.

9. **Double-Entry Accounting** | Double-entry accounting is a system where each financial transaction is recorded with at least two corresponding entries, usually a debit and a credit, to ensure accuracy and maintain the balance of accounts.



10. **Chart of Accounts** | A chart of accounts is a categorized list of all the funds your business uses to record transactions. It helps organize financial data and provides a standardized structure for recording and reporting.

While there are more, these ten terms cover the most common aspects of bookkeeping and financial management that are crucial for running a successful business. If you have any further questions or need more information about any specific term, feel free to reach out.