20 BUSINESS AND FINANCE TERMS YOU NEED TO KNOW

1. BUSINESS PLAN: A business plan is a formal document that outlines a company's goals and objectives, as well as the strategies it will use to achieve those goals. Nearly a quarter of small businesses do not have a business plan in place.

2. GUARANTOR: A guarantor is a person who commits to paying a debt if the original borrower does not pay. This is typically a trusted business partner who agrees to pay the debt if the original borrower does not pay.

3. BOOKKEEPING: Bookkeeping is the process of recording and tracking financial transactions and maintaining accounting records. It is often used to keep overhead costs low while getting the business off the ground.

4. BUSINESS PLAN: The better Business Bureau recommends having a business plan in place to avoid financial problems. The top three reasons brands go out of business, with 82% of small businesses reporting cash flows problems as the reason, are the lack of cash flow, the inability to generate enough revenue to meet obligations, and a lack of capital.

5. LIABILITY: Generally accepted accounting principles (GAAP) are the set of rules and regulations that provide the foundation for the financial statements of a business. These statements encompass a company's financial data and information about its financial health. The three most important financial statements include a balance sheet, income statement, and cash flow statement.

6. CASH FLOW: Cash flow is an important indicator of a company's financial health, revealing whether a business is generating enough revenue to meet its obligations. A lack of cash flow is one of the top reasons why companies fail.

7. CAPITAL: Capital can come in the form of cash, credit, or other assets that a business can use to start and expand. It is often used to bootstrapping, which is a method of starting a business without using outside financing. It is often used to bootstrapping, which is a method of starting a business without using outside financing.

8. PROFIT: Profit is the excess revenue remaining after a business pays its expenses. When a company makes a profit, it means that the business has a financial gain.

9. NET WORTH: Net worth is a significant financial indicator of a company's financial health. It is often used when lending to small businesses with a limited credit history. A company's Employer Identification Number (EIN) is used when lending to small businesses with a limited credit history. A company's Employer Identification Number (EIN) is used when lending to small businesses with a limited credit history.

10. INTEREST RATE: The interest rate is the percentage that a lender charges for the use of their money. It is often used when lending to small businesses with a limited credit history. A company's Employer Identification Number (EIN) is used when lending to small businesses with a limited credit history.

11. EMPLOYER IDENTIFICATION NUMBER: A company’s Employer Identification Number (EIN) is assigned by the IRS to enable a business to conduct business and open bank accounts. It is used when lending to small businesses with a limited credit history.

12. CAPITAL: Capital can come in the form of cash, credit, or other assets that a business can use to start and expand. It is often used to bootstrapping, which is a method of starting a business without using outside financing. It is often used to bootstrapping, which is a method of starting a business without using outside financing.

13. LOAN: A loan is a formal agreement between a borrower and a lender where the lender provides a loan to the borrower in exchange for a promise to pay the loan back. This can be in the form of a traditional loan from a bank or a line of credit from a credit card.

14. Collateral is property or assets that can be used as security for a loan. If the business does not repay its debt incurred, the lienholder has the right to seize the property and sell it to pay the debt that was incurred. The IRS issues nearly 1 million liens each year alone to small businesses reporting cash flows problems as the reason they shut their doors.

15. ACCOUNTS PAYABLE: Accounts payable is the debt a company owes to its suppliers. Accounts payable can also refer to the amount a company owes for goods or services that are shipped to the business. If a business does not pay its accounts payable, it can be considered a form of bankruptcy.

16. ACCOUNTS RECEIVABLE: Accounts receivable is the debt owed to the company from its customers. Accounts receivable can also refer to the amount a company is owed for goods or services that are shipped to the department within a company that is responsible for collecting money from customers.

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