

GLOSSARY

Running a Profitable Business: Understanding Financial Ratios

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Use these terms and definitions below to understand concepts taught in the course.

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Term	Definition
balance sheet	A listing of a company's valuable resources, its assets, and a listing of where the company got the money to buy those assets
common-size income statement	Used to compare two companies of different sizes
debt ratio	Total liabilities divided by total assets
Financial Ratio Analysis	The examination of relationships among financial statement numbers
income statement	Revenues minus expenses
price to earnings ratio	A connection between the amount of net income that a company is generating this year, its earnings, and the price, or the market value that people are willing to pay for that company