**SURVEY OF BUSINESS – HOMEWORK: SESSION 7**

**Business Foundations: A Changing World 11th Edition – O.C. Ferrell, Geoffrey Hirt, and Linda Ferrell; McGraw Hill Education; New York, NY 2018: ISBN: 978-1-259-68523-1**

**Chapter Fourteen: Accounting and Financial Statements**

Define Accounting. Why is it used?

Compare and contrast Public Accountants and Private Accountants.

Compare and contrast Accounting and Bookkeeping.

Explain the Uses of Accounting Information.

Define Managerial Accounting.

Define Cash Flow. Why is it said to be “management’s greatest single concern”?

Define Budget. What is its principle value?

Why are variances between budget forecasts and actual income/expenses carefully reviewed & analyzed?

Define Annual Report. What is its most important component?

Explain the Accounting Equation. Define each variable.

Explain Double-Entry Bookkeeping.

Explain the Accounting Cycle. What are the 4 steps involved?

What are the best known examples of financial statements?

Compare and contrast Income Statement – Balance Sheet – Statement of Cash Flows

The Income Statement and Balance Sheet provide the means to answer which two critical questions?

Define Ratio Analysis. Explain its importance.

Compare and contrast Profitability – Asset Utilization – Liquidity – Debt Utilization Ratios

Define Per Share Data. Compare and contrast Earnings and Dividends Per Share.

Explain the Importance of Integrity in Accounting.

**Chapter Fifteen: Money and the Financial System**

Define Finance.

How might you have already had experience with the financial world?

Define Money. Explain its evolution.

Define IOU’s and Gold Notes.

What is the primary purpose of money?

Identify the 3 important Functions of Money.

Define Bartering. Explain how it was determined inefficient.

Explain money as a Measure of Value.

Explain money as a Store of Value. What factors impact its value?

Compare and contrast Inflation and Deflation.

Identify and explain the 6 Characteristics of Money.

Identify Types of Money.

Explain how the American Financial System fuels our economy.

What is the Federal Reserve System?

Identity the 4 Major Responsibilities of the Federal Reserve System?

Explain the role of Banking Institutions. What do they all have in common?

How are rapid advances and innovations in technology challenging-improving the banking system?

**Chapter Sixteen: Financial Management and Securities Markets**

Define Financial Management. Why is it important in business?

Compare and contrast Current Assets and Current Liabilities.

What is the chief goal of financial managers who focus on current assets and liabilities?

What is considered one of the single most important facets of financial management?

How can a business ensure that enough cash flows through the organization quickly and efficiently?

Define Marketable Securities. Explain their role and importance in business.

Compare and contrast Treasury Bills – Commercial Certificates of Deposit – Commercial Paper.

Define Accounts Receivable. Explain the importance of managing AR.

Explain what is meant by Optimizing Inventory. How is an optimal inventory level determined?

Define Accounts Payable. Explain the importance of managing AP.

Define Line of Credit.

Compare and contrast Secured Loans and Unsecured Loans.

Explain the importance of Managing Fixed Assets.

Define Leasing. Compare and contrast Capital and Operating Leases.

Define Capital Budgeting. Explain its role in maximizing value.

Why is it important to Assess Risk when Managing Fixed Assets? How does time-durability play a role?

Identify 2 common ways businesses develop (raise funds for) their needed fixed assets?

Compare and contrast Retained Earnings and Dividend Yields.

Explain Investment Banking. Explain the role of Stocks and Bonds.

Compare and contrast the Primary Market and Secondary Market.

What are the two biggest stock markets in the United States?

Explain the importance of Performance Measures.

Compare and contrast Indexes and Averages.

Why is it said to be important to focus on the long-term trend line and not short-term fluctuations?