

Cash Basis Accounting

This is a method of accounting wherein income and expenses are recognized when the business receives the income or pays an expense.

Book Value

This is the figure derived by deducting balance sheet liabilities from assets.

Balance Sheet

This is a statement of the financial status of a business on a certain date. It summarizes a company's assets, liabilities, and owners' equity.

Add-Backs

These are adjustments made to the normalized income statement to provide a more accurate depiction of a company's earnings. They generally include non-recurring expenses and owner perquisites.

Accrual Method of Accounting

This is an accounting approach where income and expenses are recognized when the business first acquires the right to receive the income or the obligation to pay the expense, regardless of when payment is received or remitted.