

FINANCE

101

5 Finance Terms

YOU SHOULD KNOW



REVENUE

Revenue is the amount of money made from sales



COST OF GOODS SOLD (COGS)

Cost of goods sold (COGS) is amount spent on inventory

GROSS PROFIT =



Revenue

-



COGS

GROSS PROFIT

-



Rent, Salaries,
Other Expenses

OPERATING PROFIT

Amount of money earned after all expenses EXCEPT interest and tax



INVESTED CAPITAL

It is amount of money invested in a business as a whole



- (TAX %)

Operating Profit AFTER tax

X 100



Invested
Capital

RETURN ON INVESTED CAPITAL (ROIC)

Measure of the profitability and value-creating potential of a business