Title: Apple Pie (accounts payable) and Ice Cream (information coefficient)- a smooth brained ape's guess

at the RC Tweet

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CORPORATE FINANCE & ACCOUNTING > FINANCIAL STATEMENTS

# Accounts Payable (AP)

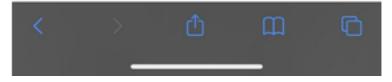
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## What Are Accounts Payable (AP)?

"Accounts payable" (AP) refers to an account within the general ledger that represents a company's obligation to pay off a short-term debt to its creditors or suppliers. Another common usage of "AP" refers to the business department or division that is responsible for making payments owed by the company to suppliers and other creditors.

#### **KEY TAKEAWAYS**

 Accounts payable (AP) are amounts due to vendors or suppliers for goods or services received that have not yet been paid for.





### What Is the Information Coefficient (IC)?

The information coefficient (IC) is a measure used to evaluate the skill of an <u>investment analyst</u> or an active <u>portfolio manager</u>. The information coefficient shows how closely the analyst's financial forecasts match actual financial results. The IC can range from 1.0 to -1.0, with -1 indicating the analyst's forecasts bear no relation to the actual results, and 1 indicating that the analyst's forecasts perfectly matched actual results.

#### **KEY TAKEAWAYS**

- The information coefficient (IC) is a measure used to evaluate the skill an investment analyst or active portfolio manager.
- An IC of +1.0 indicates a perfect prediction of actual returns, while an IC of 0.0 indicates no linear relationship. An IC of -1.0 indicates that the analyst always fails at making a correct prediction.
- The IC is not to be confused with the Information Ratio (IR). The IR is a measure of an investment manager's skill, comparing a manager's excess returns to

