

ENT 101 Introduction to Entrepreneurship



Finance
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Glossary



Revenue & PnL

- Revenue, gross and net
- Variable costs
- Semi-variable & fixed costs
- Gross profit or contribution
- Operating profit or EBITDA
- Depreciation
- Profit before tax

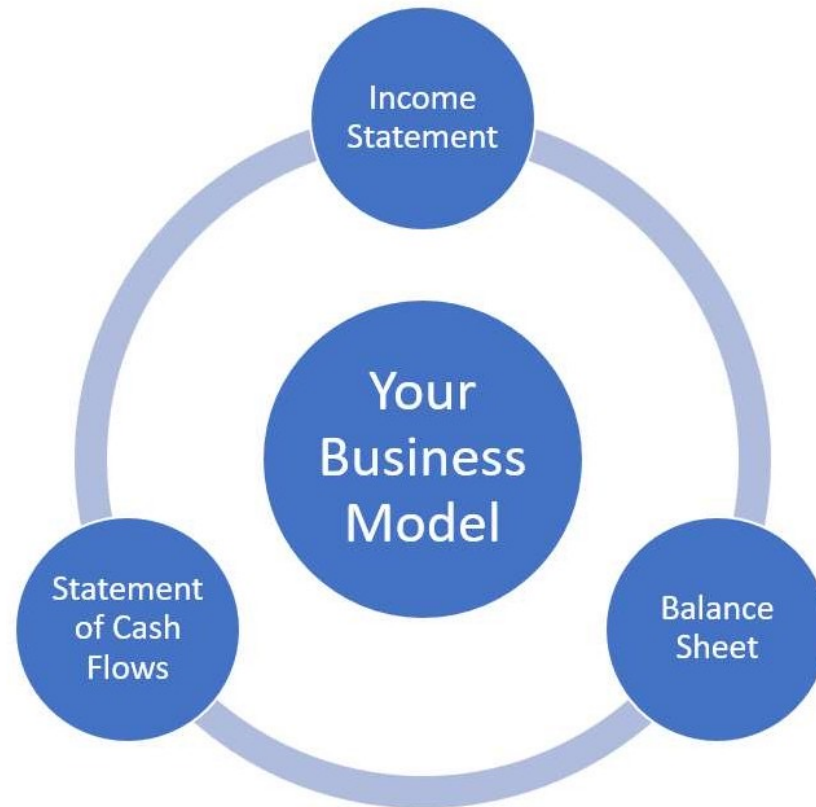
Others

- P/E ratio
- Loan repayment
- Cash Flows
- Value, Valuation

Balance Sheet Terms

- Liabilities
- Assets
- Equity
- Debt/ Loan
- Retained profits
- Cash
- Accounts payable
- Accounts receivable

Basic Financial Statements



Basic Terms in Accounting & Finance.



What belongs to others /
is borrowed / is owed to
others and has to be
paid

Liabilities

Income

Revenue generated from
sale of products or
services

What belongs to the
entity / is owned /
created by the entity

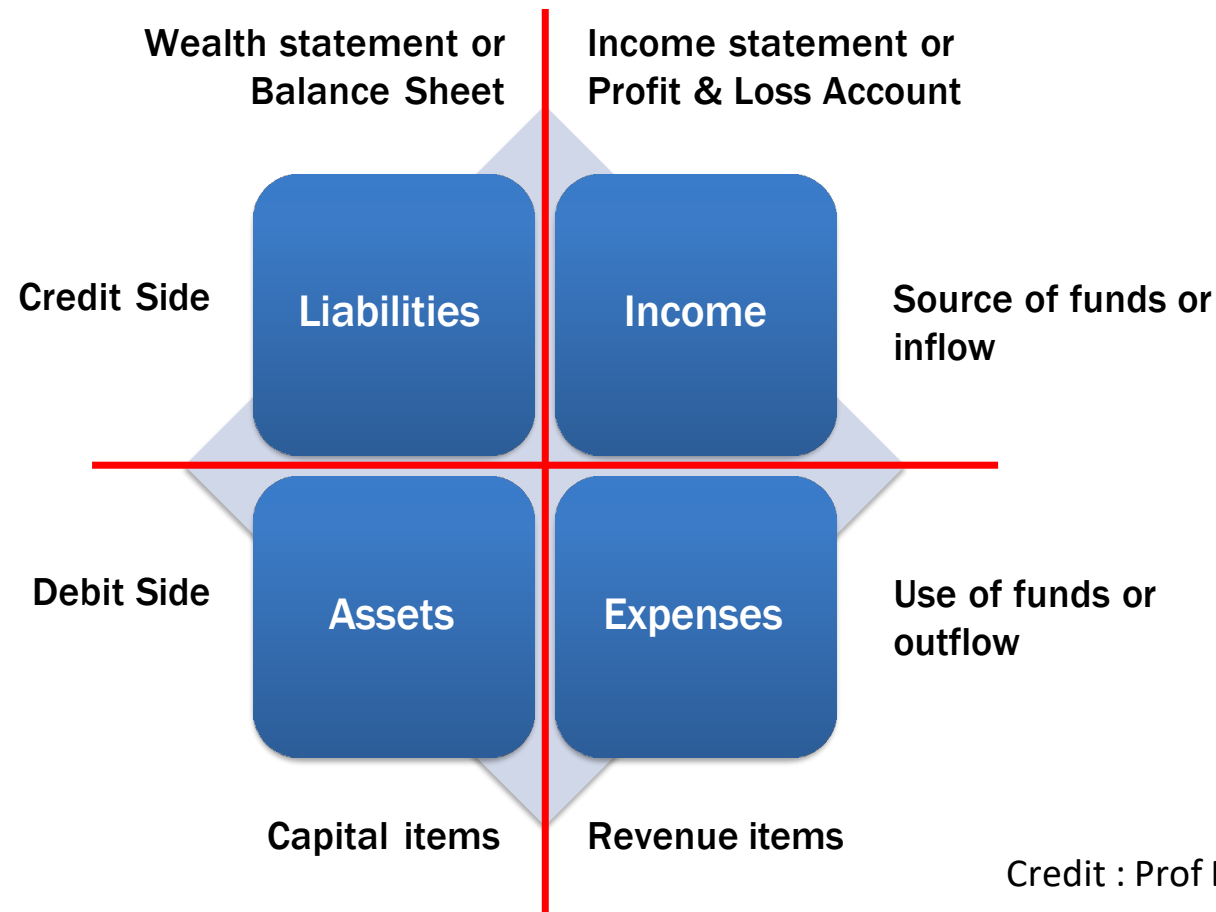
Assets

Expenses

Expenditure incurred for
generating the revenue

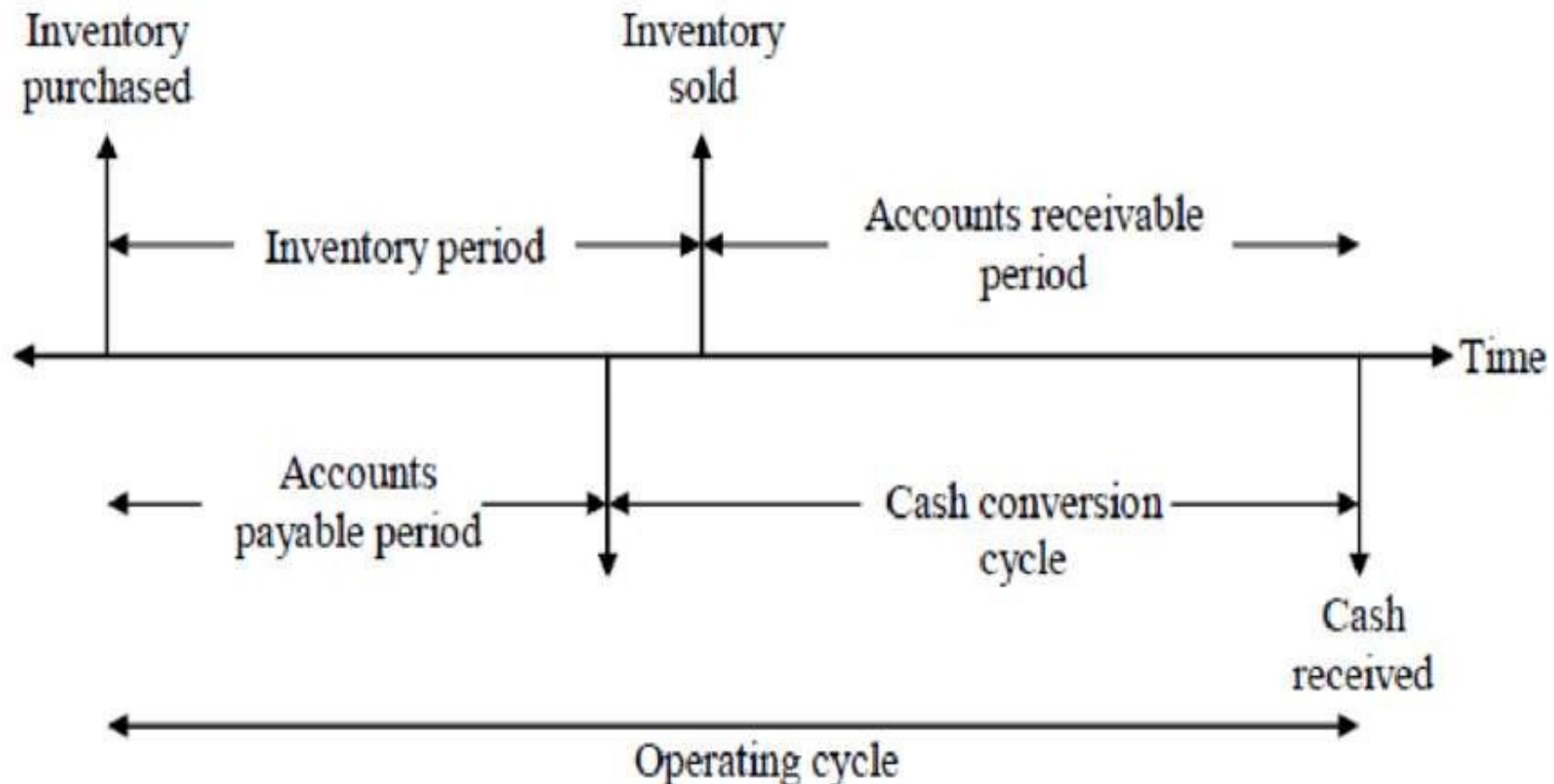
Fundamental principle: Source of funds = Use of funds

Summary of Financial Statements.

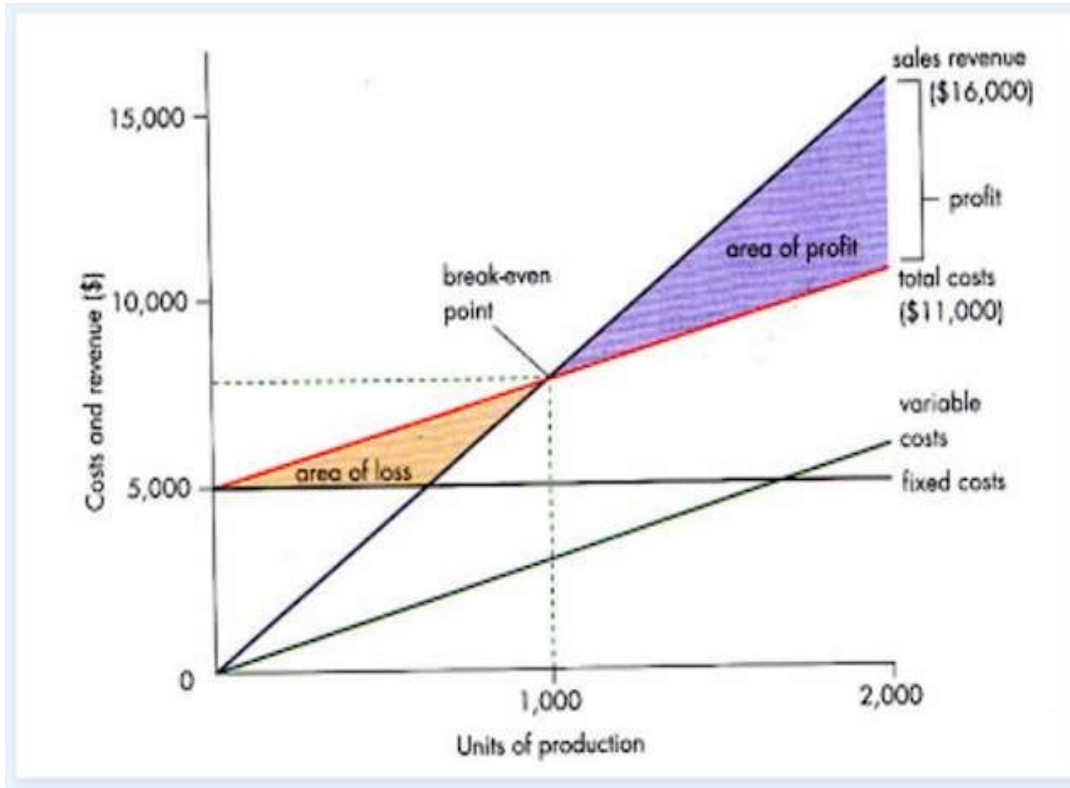


Credit : Prof Bharat Damani

Cash Conversion Cycle

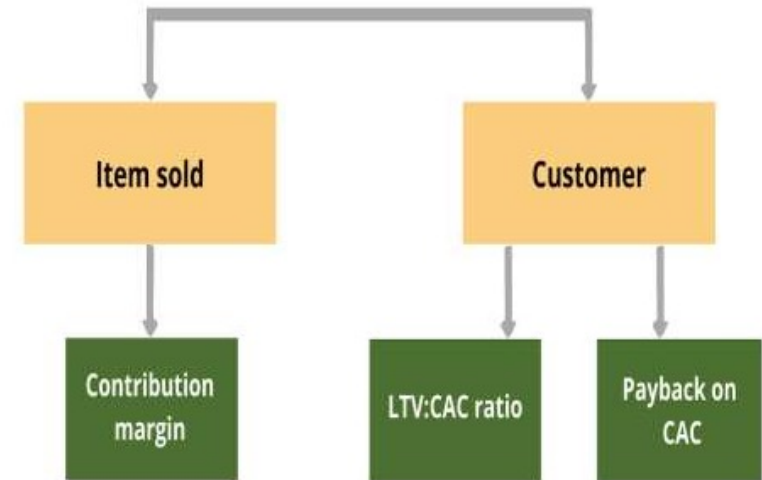


Unit Economics



Items sold

UNIT ECONOMICS MODEL



CUSTOMER LIFETIME VALUE

$$\text{CLV} = \text{Average value of purchase} \times \text{Number of times the customer makes a purchase each year} \times \text{Average length of the customer relationship in years}$$

CUSTOMER ACQUISITION COST

$$\text{CAC} = \frac{\text{Sales and marketing costs}}{\text{New customers won}}$$