# Glossary

## Introduction to Modeling

| Keyword | Definition |
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| **Accounts Payable** | Money owed by a company to its suppliers for goods or services received but not yet paid for. |
| **Accounts Receivable** | Money owed to a company by its customers for goods or services delivered but not yet paid for. |
| **Accrued Expenses** | Expenses that have been incurred but not yet paid. |
| **Balance Sheet (BS)** | A financial statement that shows a company's assets, liabilities, and equity at a specific point in time. |
| **Blocked Assumptions** | Grouping all assumptions together in one place within a model. |
| **Capital Expenditure (Capex)** | Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings, or equipment. |
| **Cash Flow Statement (CFS)** | A financial statement that shows the inflows and outflows of cash within a company. |
| **Depreciation** | The reduction in the value of an asset over time, used for accounting and tax purposes. |
| **Discounted Cash Flow (DCF)** | A valuation method used to estimate the value of an investment based on its expected future cash flows. |
| **Earnings Per Share (EPS)** | A company's profit divided by the number of outstanding shares of its common stock. |
| **Forecasting Process** | The method used to predict future data based on historical data and assumptions. |
| **Future Assumptions** | Predictions made about future data based on historical trends and other inputs. |
| **Historical Data** | Past data that is used as a basis for forecasting. |
| **Income Statement (IS)** | A financial statement that shows a company's revenues, expenses, and profits over a period. |

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| **Leveraged Finance (Lev Fin)** | A type of financing that involves borrowing, usually via high-yield debt, to increase a company's financial leverage for acquisitions or growth. |
| **Long-term Debt** | Loans and financial obligations lasting over one year. |
| **Model Structure** | The design and organization of a financial model, including how assumptions and outputs are arranged. |
| **Net Income** | The profit of a company after all expenses have been deducted from revenues. |
| **Operating Costs** | Expenses incurred in the normal course of business operations. |
| **Property, Plant, and Equipment (PP&E)** | "Long-term tangible assets vital to business operations and not easily converted into cash. |
| **Ratios and Statistics** | Numerical values derived from historical data to identify trends and patterns. |
| **Retained Earnings** | The portion of net income that is retained by the company rather than distributed to shareholders as dividends. |
| **Threaded Assumptions** | Distributing assumptions throughout the model alongside their related outputs. |