All about enterprises:

- Types of businesses:
  - Merchandising enterprsie
  - Manufacturing business
  - Service business
- Forms of businesses:
  - Proprietorship (Unlimited Liability Company)
  - Partnership (Unlimited Liability Company)
  - Corporation (Limited Liability Company)
- The stakeholders are those who have interests in the economic performance of the company.
- Types of stakeholders:
  - Banks, owners and stockholders
  - Customers & suppliers
  - The state (through fees & taxes)
  - Employees & mangers
- Revenues can be divided into two categories: revenues received from selling products are called **sales**. Revenues received from providing services are called **fees**.
- Costs used to earn revenue are called **expenses.**

VOCABULARY:

- **Account payable:** is a liability, it represents a company's obligation to pay off a short-term debt to its creditors or suppliers.
- **Account receivable:** is the sum of money, value of goods or services, that the customers must pay off to the corporation, that is, the enterprise has made a sale on credit.

FINANCIAL STATEMENT

The four basic types of financial statements:

- Income statement: reports the revenues and the expenses, and then calculate the net income/loss.
- Retained earnings statement: is a portion of the enterprise's net income that is retained in the business (not distributed as dividends) for use in expanding/investing operations.
  The decision to retain the earnings or to distribute it among the shareholders is usually left to the company management.

  - High-growth youth corporations don't distribute dividends.
  - More mature corporations pay regularly dividends to stockholders.
- Balance sheet: based on the accounting equation:

  Assets= liabilities + stockholders' equity

  This equation should be balanced.