

# GLOSSARY OF COLLEGE STORE OPERATIONS TERMS

Accounts payable	The amount of money owed to vendors, mostly for merchandise inventory. Accounts payable appears on the balance sheet.
Accounts receivable	The amount of money that is due to an organization from its customers. Accounts receivable appears on the balance sheet.
Accrual method of accounting	Used by retailers, accrual accounting requires revenues and expenditures to be recorded in the period they are generated or incurred, regardless of when the money is received or spent.
Accrued liabilities	Liabilities that accumulate daily but are only paid at the end of a time.
Aging inventory	The practice of re-pricing (revaluing) inventory according to the length of time it has remained in the store
Amortize	To write off expenditures by prorating over a fixed period of time.
Anticipation	Additional discount granted by certain vendors for payment made in advance of the discount date.
Assets	Resources owned or controlled by an organization as a result of past transactions or events. Assets appear on the balance sheet showing cash, inventory, business properties, account receivable, and prepaid expenses.
Armed robbery	A crime against a person with a threat of force using a weapon.
Asset protection	An operational philosophy that focuses on safeguarding all of a store's assets.
Audit	The examination of accounting records and the documentation supporting their accuracy.
Audit trail	The documentation that records the flow of merchandise from purchase order to accounts payable.
Average inventory at cost	The value of the beginning inventory at cost, plus the value of the twelve monthly ending inventories at costs, divided by thirteen.

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Average total assets	The value of current assets as of the beginning of the current fiscal year, plus the value of current assets as of the close of the current fiscal year.
Back order	An order that covers items on an original order that cannot be filled by the vendor at the time of the regular order.
Balance due	The amount still owed on an account.
Balance sheet	A statement showing the assets, liabilities, and equity of an organization as of a specific date.
Balance sheet analysis	Review of the financial conditions (assets, liabilities, net worth) of a business at a specific point in time.
Blank Check Order (BCO)	A purchase order that includes a blank check to expedite orders from vendors when no credit arrangements have been made.
Beginning inventory	The dollar amount of merchandise on hand and for sale at the beginning of an accounting period. The value of the ending inventory of the previous accounting period becomes the amount of the beginning inventory of the following inventory period.
Bill of lading	The document between the shipper and carrier that serves as a receipt for the goods placed in the carrier's custody.
Blanket order	An order placed in advance for an entire season. The buyer periodically draws a quantity from the order.
Blind spot	Locations in a store that are not easily monitored for possible shoplifting.
Beginning of Month (BMO )	Beginning-of month.
Book inventory	The value of the ending inventory at cost as reported according to accounting records.
Bottom line	Revenues less expenses and applicable taxes, i.e., net income after taxes.
Budget	A projected financial plan over a specified time period.
Budget amendments	Adjustments to the current operating budget to account for changing business conditions.

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Burglary	A crime against property involving something being taken.
Cash discount	An extra discount allowed for the payment of an invoice during a specified time period.
Cash flow budgeting	Process of determining the amount of available cash at any given time to help make decisions about bill payment, investment of extra cash, etc.
Cash or fund method	Used by college stores that are supported by the government, the cash or of accounting fund method of accounting requires revenues and expenditures to be recorded when the funds are received or expended (regardless of the period to which the revenues relate, or when goods or services are provided).
Cash register bank or fund	Cash entrusted to an employee for the purpose of making change at the cash register.
Central station alarm	Central station alarms make no sound in the store, but trigger an alarm at the police or private central station monitoring office via a transmitted signal.
Charge-back	An action taken to reduce the amount of money a purchaser owes a vendor due to shipment shortages, defective merchandise, other errors, or merchandise returns to the vendor. (A.K.A. debit note)
Chart of accounts	A list of account numbers with corresponding account names.
Civil disturbances	Atypical crowd actions that range from peaceful yet vocal demonstrations to arson to riot situations.
Cash on delivery (COD)	Payment is required at the time of delivery.
Collusion	Two or more parties acting together to steal or deceive.
Comparative analysis	Ongoing assessment of key financial areas, based on a typical income statement, of income statement to identify variances requiring further review. Useful in determining changes that may adversely impact bottom line results.
Consignee	The person, business, or institution to whom or to which articles are shipped.

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Consignment	An arrangement whereby goods are shipped for future sale (or other purpose) while the title to the goods remains with the vendor/shipper (consignor). The receiver (consignee) becomes accountable for the goods upon acceptance of the merchandise, but does not pay for the goods until sold.
Cost of goods sold	The net purchase price of goods sold during a specified period, including freight expenses.
Cost Also called cost price	Actual cost of merchandise to the retailer.
Credit memo	A memo from a vendor to an organization crediting to the purchaser's account the amount due to them.
Current assets	Assets (cash, short-term investments, accounts receivable, inventories, and pre paid expenses, etc.) that can be converted to cash within one year.
Current liabilities	Debts (accounts payable, accrued expenses payable, and federal income tax payable, etc.) that are expected to be paid in less than a year.
Depreciation	An expense item listed on the statement of income and expense and/or the balance sheet indicating the decreased value of assets (fixtures, equipment, etc.) due to wear and tear, obsolescence, etc.
Distribution channel	The route a product follows from the producer to the final consumer.
Drop Ship	Merchandise is directly shipped to a specific store versus a central receiving location.
Ending inventory	The dollar amount of merchandise on hand and for sale at the end of an accounting period. The value of the ending inventory becomes the amount of the beginning inventory for the following inventory period.
End of Month (EOM)	Dating for discount begins on the last day of the month for which the invoice is dated.
Expense	Costs that are incurred during the normal course of business to generate revenue, excluding the cost of merchandise/goods available for sale.

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FIFO (first in, first out)	A method of inventory valuation based on the actual cost of the inventory when it was first acquired.
Financial ratios	Term describing a variety of mathematical comparisons determining a store's financial performance.
Fiscal year	An accounting period of twelve months.
Fixed assets	Permanent assets required for the normal conduct of business that are not intended for resale.
free-on-board (FOB)	The point at which the purchaser (i.e., the store) takes title to the merchandise.
FTE employees	Full time employee equivalents
FTE students	Full time student equivalents
Gross margin	The dollar difference between net sales and the net cost of goods sold during (gross profit) a stated time frame, excluding the selling and other operating expenses.
Gross sales	The dollar value of total sales minus sales tax, excluding customer returns and discounts.
Income statement	A financial document that shows sales and expenses for a particular period of time.
Initial margin	The desired margin used to set the initial retail price on a product or service.
Inventory	The cost value of merchandise on hand.
Liabilities	An organization's obligations to pay cash or other resource for past, current or future benefits.
LIFO (last in, first out)	Process of valuing inventory using the most recent prices of items shipped to determine current costs.
Liquidity ratios	Calculations to determine operational solvency based on ability to convert to cash.
Logistics management	The control of merchandise as it moves into and out of the store.

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Loss prevention system (LP)	Tags that set off alarms.
Long term liabilities	All obligations, less the current obligations, due after the current fiscal year.
Margin	Percentage of the final selling price that is (gross) profit.
Markdowns/markups	Adjustment or change to the initial retail price, normally requiring a price change (i.e. new price sticker, change in PLU, etc.)
Marking	Affixing to merchandise the information necessary to stock, track and sell it.
Mitigate	To moderate in force or intensity; in asset protection, to reduce the risks inherent in an emergency.
Net income Also called net profit	One measure of an organization's performance.
Net markdown	Gross markdowns minus markdown cancellations.
Net reductions	Total of markdowns, special discounts, and shortages.
Net sales	The dollar value of gross sales minus tax, customer returns, and discounts.
Net worth	Store equity based on comparison of assets to liabilities.
Open to buy	Amount of money budgeted to maintain planned inventory levels, based on projected sales and purchases over a given period.
Operating expenses	The total actual expense of doing business and maintaining store operations.
Operating profit	The amount that remains after all expenses have been deducted from the net sales amount.
Order Also called a purchase order	A written sales contract between a buyer and seller detailing the exact merchandise or services to be rendered. The order usually specifies payment terms, delivery terms, item identification, quantities, shipping terms, and all other obligations and conditions.

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Percent	Part of 100. Convert percent to decimal by moving decimal 2 places to left assuming the decimal is at the end of the number.
Petty cash	A cash fund established to take care of small cash disbursements to avoid the more cumbersome payment procedures. Receipts are used to account for the money taken from the fund.
Physical inventory	An actual count of merchandise on hand at a specific time.
Price point Also called Pricing strategy	Prices at which demand for a given product stay relatively high.
Profit	The amount beyond what is needed to pay expenses.
Profit margin	The difference between the cost of a product or service and the current retail price.
Profitability ratios	A collection of different ratios used to determine the store's effectiveness in converting sales into profit.
Purchase discounts	The sum of all discounts on store purchases based on volume, forward buying, slotting allowances, discounts for early payments, etc.
Purchase order	A document requesting that a vendor provide goods/services under specific conditions.
Purchase returns	The return of merchandise to the vendor for credit, refund or replacement.
Receiving log	A chronological listing of incoming shipments.
Receiving report	A report that provides the information needed for control.
Reorder Also called fill-in order	Order used to buy an additional quantity of previous ordered items.
Retail	The sales of goods or commodities in small quantities directly to consumers.
Return on investment (ROI)	Measure of the store's profitability comparing net profit to the amount of money required for efficient store operation. There are several formulas available to calculate this frequently cited measurement.

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Revenue	The grand total of all resources received from the sale of products or services during a stated time period.
ROG	Receipt of Goods, dating begins on the date of delivery.
Selling price Also called selling cost	The price what the store charges for item; the amount that the purchaser pays.
Shrinkage	The combined result of theft, shortages and inventory losses, sometimes expressed as a dollar figure or as a percentage of net sales.
Shoplifting	The act of pilfering merchandise from a store display or tampering with price tags by either altering them to show a lower price or or substituting lower price tags for the originals.
Source marking	The practice of authorizing the vendor or supplier to mark the merchandise (usually by printing the barcodes or tags) before shipping it to the store.
Special order	An order for an item not regularly stocked by a store.
Staffing grid	Visual method of planning for number and type of staff required for different selling seasons.
Standing order	An arrangement authorizing a supplier to ship a specified quantity at stated times, such as the beginning of the month.
Statement of income and expenses	A statement of sales, costs, expenses and income over a specified time period.
Stock	The goods/product for sale.
Total purchases	The cost of all purchases of goods from vendors, students, wholesalers, other stores, etc., excluding cash discounts for early payments and returns.
Transfer in	Merchandise purchased from another department or from another store.
Transfer out	Merchandise sold to another department or to another store.

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Transportation terms	Arrangements that specify when title to goods passes to the retailer and whether the supplier or the retailer will pay for transportation changes.
Trend analysis	Uses comparisons of ratios and figures to identify trends of central concern to different store staff and departments. May show important changes in individual product or overall store sales, returns, or staff wages.
Turnover Also called turn, stock turn, inventory turn	The number of times during a period that a store sells its inventory and replaces. The ratio of net sales per year to average inventory in retail dollars.
Vendor Also called supplier	One who offers merchandise for sale to resellers.