



Mathematical Terms Definitions

Following are some Mathematical terms and, where appropriate, an example. There are many more terms, if there is one that is not here, and you think it should be included in the list please notify us.

Term	Definition	Example
Accounts Payable	Money that you owe	All the invoices from your suppliers that you have not yet paid are part of your accounts payable.
Accounts Receivable	Money that is owed to you	All invoices issued to you customers and are outstanding are part of your accounts receivable.
Annual Percentage Rate (APR)	The percentage cost of borrowing per year, including interest, fees, etc.	A \$1000 loan repaid after one year with \$80 interest plus a \$10 service fee, has a total finance charge of \$90, and so has an APR of 9%.
Annual Percentage Yield (APY)	The annual rate of return on an investment.	A \$1,000 investment at 10% per year earns \$100 in one year and has an APY of 10%.
Approximation	Not exact, but close enough to be used.	3.14 is an approximation of Pi (which is actually 3.14159265... etc.)
Arithmetic Mean	Another name for Average, calculated by adding the series of numbers and divided by the quantity of numbers added.	The arithmetic mean of 2, 7, and 9 is 6. $2 + 7 + 9 = 18$ $18 \div 3 = 6$
Basis Points	Unit equal to 1/100 of 1%	Increasing the interest rate by 50 basis points means that we added $\frac{1}{2}$ % to the rate, i.e. from 5.0% to 5.5%
Capital Gain	Money gained when you sell an asset (such as personal property, real estate, etc.) for more than it cost.	Buy a building for \$1,000,000, then sell it next year for \$1,200,000. The capital gain is \$200,000



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Capital Loss	Money lost when you sell an asset (such as personal property, real estate, etc.) for less than it cost.	Buy a building for \$1,000,000, then sell it next year for \$950,000. The capital loss is \$50,000
Categorical Data	Data that can be divided into specific groups, such as favorite color, age group, type of food, sport, etc.	
Column Graph	Another name for bar graph	
Data Analysis	Processing data to find useful information and to help make decisions.	Clean up the data, calculating statistics, grouping, etc.
Pie Graph	A graph that represents data as a portion of a circle, like cutting a pie.	
Simple Interest	Interest is always computed on the amount of principal; previous unpaid interest is not added.	
Standard deviation	A measure of how spread out numbers are	Positive indicates increase, negative represents decrease.