

Chapter 7
Office Management
Key Terms

1. Balance of payments
2. Bilateral contract
3. Capital assets
4. Capital lease
5. Contract
6. Currency
7. Embargo
8. FICA
9. Foreign exchange
10. International finance
11. International trade
12. Lease
13. Licensing agreement
14. Long-term capital gains or losses
15. Operating lease
16. Quasi-contract
17. Quota
18. Short-term capital gains or losses
19. Tariffs
20. Uniform Commercial Code
21. Unilateral contract
22. Voucher
23. Voucher system

Office Management

Chapter 7

- A. A document that is used to authorize payment of a liability.
- B. A long-term, non-cancelable lease and, although legally a rental agreement, is in substance an installment purchase by the lessee, GAAP require that substance (as if the lessee were the owner) be recorded.
- C. Refers to the monetary means for making payments in currencies other than a country's own currency.
- D. Another form of commercial policy to restrict the amount of international trade. The two types of quotas used are import quotas and tariff quotas.
- E. Consists of coins and paper money issued by the federal government.
- F. An international summary statement of all economic and financial transactions between one country and the rest of the world for one year.
- G. A unique form of quota, during which no units of a particular commodity can be imported or, in some cases, exported.
- H. Result from dispositions of capital assets held for one year or less. They must initially be offset to determine net short-term capital gain or loss.
- I. Often called a franchise, it is when one party (the licensor or franchisor) allows or licenses another party (the licensee or franchisee) to use the licensor's trade name, trademarks, commercial symbols, copyrights, and other property in the distribution and selling of goods and services.
- J. Result from dispositions of capital assets held for more than one year. Long-term capital losses are used to offset long-term capital gains.
- K. The US Internal Revenue Code defines capital assets as any property a taxpayer holds that is not listed in Section 1221, which includes inventory, accounts receivable, and depreciable property or real estate used in a business.
- L. A contract known as a lease outlines the conditions of how property owners may lease or rent property to others. Most states have specific statutes regulating the landlord-tenant (lessor-lessee relationship).
- M. Used to obtain the maximum amount of internal control over cash disbursements, purchasing, and receiving and requires that a voucher be prepared and verified prior to making any payment.
- N. Social Security Tax, must be withheld from each employee's pay. Employers withhold a specific percentage of each employee's earnings until a maximum limit is reached. The employer must also pay a tax at the same rate as the employee.
- O. This is not a contract in the true sense because there is no mutual assent, but the law imposes an obligation under some circumstances where there is no agreement between the parties to prevent an injustice from occurring. Frequently, this is found to exist to prevent unjust enrichment of a party.
- P. For an agreement to be a legally enforceable contract, five elements must be present: legality, mutuality of agreement, consideration, capacity of parties, and form required by law.
- Q. Taxes levied on commodities as they move through a custom boundary.
- R. The movement of monies from one country to another.
- S. Usually short-term and gives the lessee the right to use the asset for a given time, but the lessor retains ownership and all its risks and rewards.

Office Management
Chapter 7

- T. Encompasses economic concepts, the political economy, and the sociocultural climate of different nations.
- U. Involves an exchange of promises. The offer is accepted by a return promise from the offeree. Unless the offer provides that acceptance is to be by actual performance, a promise to perform will usually suffice as an acceptance.
- V. One in which the offer is accepted by performance of the requested act. The offer invites acceptance only by performance of the requested act, not by a return promise.
- W. Promotes greater uniformity in interstate commercial transactions; developed as a model law for state consideration and enactment, and today, has been adopted by every state. It applies to a wide range of business applications, such as the sale of goods, commercial paper, and security interests in personal property.