

1.3 Putting a business idea into practice

Key word	Definition
Market share	The proportion of sales in a market that are taken by one business
Profit	The amount of revenue left over once costs have been deducted
Social objectives	Likely to be non-financial, such as to reduce the carbon emissions of a business or improve the quality of life for a local community
Income stream	The source of regular income that a business receives. This could be through the money it receives from customers, or other seas such investment income
Viable	Capable of working or succeeding
Income statement	A financial statement showing the amount of money earned and spent in a particular period and resulting profit and loss
Stakeholder	Anyone who has an interest in the activities of a business, such as its workers, its suppliers, the local community and the government
Break-even point	The point where revenue received meets all of the costs of the business
Credit	The amount of money that a financial institution or supplier will allow a business to use, which it must pay back in the future at an agreed time
Overheads	Fixed costs that come from running an office, shop or factory, which are not affected by the number of specific products or services that are sold
Insolvent	A business that is unable to pay its debts and/or owes more money than it is owed
Consumables	Items that get 'used up', such as pens, paper, staples and other items that a business has to replace regularly
Trade credit	A credit arrangement that is offered only to businesses by suppliers
Overdraft	A facility offered by a bank that allows an account holder to borrow money at short notice
Cheque	A written order to a bank to pay an amount of money from an account holder's account to a specified person
Venture capital	Money to invest in a business is sourced from individuals, or groups of people, who wish to invest their own money into new businesses
Return on investment	The amount of money that an investor gets back in return for investing a business
Shareholders	Investors who are part-owners of a company

Share capital	Money to invest in a business is raised by the business issuing shares that it then sells to those who wish to invest in the company
Credit check	A check on the financial status of a business or individual to ensure that the business or the individual has a reliable credit history and does not have any existing outstanding debts
Security	When the lenders asks the borrow to put up an asset, such as a house, or a valuable item owned by the business
Asset	Any item of value that a business owns, such as its machinery or premises
Guarantor	A named person who guarantees to pay the repayments on a loan should the person who has taken out the loan not be able to make the payments
Retained profit	Money that a business keeps, rather than paying out to its shareholders