

A ROLE OF FINANCE		
1	Finance	Responsible for the control of money in a business
2	Financial Information	Information provided by the finance department including profit, cash-flow, break-even, profit margins, and investment returns.
3	Decision making	The process of using available information to help draw conclusions on course of action.

B SOURCES OF FINANCE		
1	Loan	Sums of money borrowed for agreed time periods and agreed interest
2	Overdraft	An agreement with a bank for a business to spend more money than is available in its account
3	Trade-credit	An agreement with suppliers whereby a business receives goods, but pays for them at a later date
4	Retained profit	The use of previous years profits to fund business activities
5	Sale of assets	The sale of items owned by the business to raise money i.e. buildings
6	Owners capital	Money from savings that the owner/s put into the business
7	New partner	Brining in a new shareholder to contribute money to the business
8	Share issue	Releasing more of the business for sale to new and existing shareholders
9	Crowdfunding	Money raised through an appeal to the public to donate
10	Interest	The amount of extra money to be paid back on top of that borrowed

C REVENUE, COSTS AND PROFIT		
1	Revenue	Money received from sales (Quantity Sold X Selling Price)
2	Variable cost	Costs that increase directly with production (Quantity Sold X Variable Cost)
3	Fixed Cost	Costs that do not change with production
4	Total Cost	All the costs of a business added together (Fixed Cost + Variable Cost)
5	Gross Profit	Profit figure after the removal of costs associated with production i.e. raw materials (Revenue – Cost of Sales)

6	Net profit	Profit figure after the removal of all expenses such as salaries (Gross Profit – Expenses)
7	Gross Profit Margin	The percentage of revenue a business turns into gross profit (Gross profit / Revenue X 100)
8	Net profit margin	The percentage of revenue a business turns into net profit (Net profit / Revenue X 100)
9	Loss	Occurs in a business when the costs are greater than revenue
10	Average rate of return	A method of measuring and comparing the profitability of an investment of its lifetime.

D BREAK-EVEN		
1	Break-even forecast	A prediction about the break-even quantity based on estimates of future sales revenues and costs
2	Break-even quantity	The amount a business must sell to earn enough revenue to cover its total costs
3	Break-even calculation	Total Fixed costs / (Selling Price – Variable cost per unit)
4	Contribution per unit	The amount of money left from each product after the variable costs are deducted from the selling price.
5	Margin of safety	The amount by which the actual output is greater than its break-even output

E CASH AND CASH-FLOW		
1	Cash-flow	Shows the flow of money into and out of a business on a short term basis
2	Forecast	The prediction of the flow of money into and out of a business over a time frame
3	Inflows	Cash flowing into the business i.e. sales
4	Outflows	Cash flow out of the business i.e. raw materials
5	Expenditure	Money that a business pays out
6	Opening balance	The amount of free cash available at the begging of each month
7	Closing balance	The amount of free cash available at the end of each month.