



Business Definitions – Worksheet

Match the business term to its definition.

GROSS PROFIT

OVERHEADS

CAPITAL

INTEREST

LOAN

NET PROFIT

SHAREHOLDER

SHARES

1. An amount of money paid/given for borrowing or saving – normally a percentage of the total borrowed/saved.	
2. An amount of money borrowed from somewhere else that has to be repaid – usually with interest.	
3. A way of buying a part of a business. A company allows people to buy a small stake in it to raise money for the business to grow.	
4. Someone who has bought a small part of a company. They buy and sell parts of different companies as a way to make money.	
5. The total amount of money a company has available to spend.	
6. The name given to the total amount of money made before deductions.	
7. The amount of money left when all the necessary deductions have been made e.g. VAT etc.	
8. The total of all costs involved in running a business, e.g. materials, wages, building costs etc.	



Business Definitions – Answers

1. An amount of money paid/given for borrowing/saving – normally a percentage of the total borrowed/saved.	INTEREST
2. An amount of money borrowed from somewhere else that has to be repaid – usually with interest.	LOAN
3. A way of buying a part of a business. A company allows people to buy a small stake in it to raise money for the business to grow.	SHARES
4. Someone who has bought a small part of a company. They buy and sell parts of different companies as a way to make money.	SHAREHOLDER
5. The total amount of money a company has available to spend.	CAPITAL
6. The name given to the total amount of money made before any deductions.	GROSS PROFIT
7. The amount of money left when all the necessary deductions have been made e.g. VAT etc.	NET PROFIT
8. This total of all costs involved in running a business, e.g materials, wages, building costs etc.	OVERHEADS



Setting up in Business

Setting up in Business Tips

- Before setting up in business you need to research your business idea and get to know your market and competitors. A lot of information is available on the internet and social networks. Also talk to your potential customers to test your product/service directly with them.
- Choosing the right name for your business is very important as it's one of the first things any potential customer sees. Your business name needs to be memorable, easy to say - you don't want it being pronounced incorrectly - and it must look good/both online and in print.
- You'll need a company logo that makes your company look professional and may also communicate to your customers what you do.
- Decide where you are going to set up your business - do you need to hire office space, a workshop or can you work from home? Some businesses require a lot of money to set up and some are minimal and may be started in a bedroom at home with a laptop.

Ways to fund your business

- **You / Family**
You may have some savings of your own or have family members that really like your idea and are prepared to invest some money in your new venture.
- **Business Angels**
Wealthy individuals (similar to the Dragons in Dragon's Den) who invest their own money for a percentage share of your business. They also give advice, share skills, knowledge and have an understanding of your market. They will want your business to grow so that their investment grows as the business grows.
- **Crowdfunding**
For crowd-funding to be effective you need to have an idea that appeals to a lot of people. The internet has made this possible; if you have the right idea and a good presentation on a crowdfunding website then there is hope!
- **Bank loan**
You have to be 18 to get a bank loan. You may be able to borrow money over a set period of time, usually several years, paying interest and repaying with set monthly instalments.
- **Grant**
There are many different types of grants available through the Government and charities, e.g. the Prince's Trust, to help you set up in business. You will have to go through the application process that could be quite complicated.
- **Win the lottery!**



Business Set-up Costs - Options

Look over the business set-up costs below and begin to think about what you'll need for your business.

COSTS



Use the Internet to research law/finance

Use a friend to do your accounts

Total £250

Use a small firm of local solicitors.

Use a small firm of local accountants for accounts.

Total £1,000

Use a national law firm.

Use a national firm of accountants for accounts, pay, advice

Total £5,000

PREMISES



Work from home
Increase in bills/ insurance

Total £250

Rent space or office in start-up premises

Total £5,000

Rent larger industrial unit and/or offices

Total £20,000



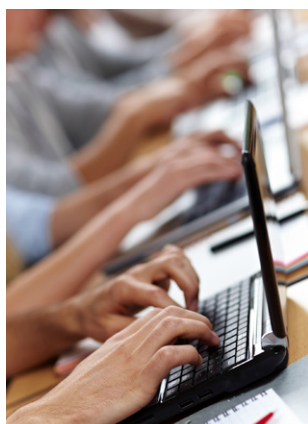
Business Set-up Costs - Options

FURNITURE



Secondhand desk and chair	Selection of new and secondhand	All new office furniture desks, chairs, cabinets etc.
Total £100	Total £1,500	Total £5,000

IT EQUIPMENT



Use existing computer, laptop Secondhand phone	Buy one each secondhand: laptops, desktop, mobile phones, printers, photocopier etc.	Buy two or more new desktops, laptops, tablets, mobile phones
Total £50	Total £2,500	Total £10,000

OFFICE SUPPLIES AND STATIONERY



Design and print own business cards, flyers and headed paper	Professionally designed and printed business cards and flyers	Professionally designed and printed business cards, flyers and promotional items (pens, pen drives etc.)
Total £50	Total £750	Total £1,500



Business Set-up Costs - Options

EQUIPMENT



None required	Basic machinery, tools etc.	Large machinery/ electrical equipment/ tools etc.
Total £0	Total £1,000	Total £10,000

SUPPLIES AND STOCK



Service provider - no stock	Samples, stock, and consumables	Extensive stock required, materials to manufacture
Total £0	Total £2,000	Total £10,000

MARKETING AND PROMOTION / SALES



Friend designs and builds website	Professional website design and build	Professional website design and build with SEO and adwords
1 small advert per month in local paper	Flyers printed	1 full-page advert per month
	1 half-page advert per month	Radio advertising
Total £250	Total £5,000	Total £20,000



Business Set-up Costs - Options

TRAINING



No training required	Basic Health & Safety training Business Management course	Extensive training in Health & Safety / First Aid Business Management course Qualification in a relevant skill
Total £0	Total £1,500	Total £5,000

REPAIRS AND IMPROVEMENTS



Minimum alterations required	Decorate and general tidy and repair of premises	Full shop fitting and shelving required Signwriting
Total £50	Total £2,500	Total £10,000



Business Set-up Costs - Worksheet

Business start-up: requirements	Cost
Legal / finance Solicitors, accountants or loan arrangement fees	
Premises Costs for taking on desk space, a lease or buying premises	
Furniture Any office furniture or white goods (fridge, freezer)	
IT equipment Computers, phones etc.	
Office supplies and stationery Promotional flyers, pens, pencils, specially printed paper, envelopes etc.	
Supplies and stock Readymade items to sell at a profit or supplies you may need to run your business, e.g. hairdressers will need products, gardeners will need tools, antiques dealer will need a van	
Marketing and website Promotional and advertising channels, products	
Training Any training needed (by law) before you start e.g. Health & Safety or First Aid	
Repairs and improvements You may need to alter and decorate the premises to suit your business	
Equipment Anything else you may need	
Any other costs	
TOTAL	