

## AQA AS Business Unit 1 – Revision Terms

Term	Definition	Tick
Adviser	An external contact of a business who provides support and advice, sometimes for free	
Bank loan	A fixed amount loan from a bank which is generally used to finance long-term assets	
Bank overdraft	Borrowings from a bank on a current account which are payable on demand	
Break-even	The point at which the total sales of a business equal total costs - i.e. the business is making neither a profit nor a loss	
Budget	A detailed plan of income and expenses expected over a certain period of time	
Business angel	A particular type of investor, usually a successful entrepreneur, who is willing to invest in high-risk, high-growth firms at a very early stage	
Business plan	A detailed description of a new or existing business, including the company's strategy, aims and objectives, marketing & financial plan	
Cash flow	The movements of cash into ("inflows") and out of ("outflows") a business	
Cash flow forecast	A projection, usually by week or month, of the likely cash inflows and outflows in a business	
Contribution	The difference between total sales and total variable costs	
Costs	Amounts incurred by a business as a result of its trading operations	
Demand	The amount of a product or service that customers are willing and able to pay at a given time	
Demographic segmentation	Defining a market in terms of social-economic factors such as age, income, class etc	
Elasticity of demand	The responsiveness of demand to a change in price or incomes	
Enterprise	The process by which new businesses are formed in order to offer products and services in a market	
Entrepreneur	An individual who sets up and runs a new business and takes on the risks associated with the business	
Fixed costs	Costs that do not vary with the level of output	
Franchisee	The person or company which operates a franchised business format - under licence from a franchisor	
Franchisor	The owner of a business format (franchise) which is licensed out to other people or businesses (franchisees)	
Inputs	The resources (land, labour, capital, enterprise) that go into producing goods and services	
Limited liability	Shareholders are only liable for the money they have invested - not for the overall debts and liabilities of their company	

Margin of safety	The difference between the actual level of output and the break-even output	
Market growth	The percentage growth in the size of the market, measured over a specific period	
Market research	The process of planning, collecting, and analysing data relevant to help make marketing decisions	
Market segmentation	The process of dividing a market into smaller sections (segments) which contain customers with similar needs and wants	
Market share	The share of the total market that is owned by a particular business, product or brand	
Opportunity cost	The cost of a decision as measured by the benefits foregone of the next best alternative	
Patent	The right to be the only user of producer of a specified product or process	
Primary research	The market research that involves the collection of data that does not yet exist	
Profit	The difference between total sales and total costs	
Qualitative research	Market research concerned with collecting data on attitudes, opinions, beliefs, intentions etc	
Quantitative research	Market research concerned with collecting data that can be quantified - e.g. sales statistics	
Return	The rewards to enterprise – e.g. profit, satisfaction	
Risk	The probability or chance that hoped-for outcomes will not occur	
Sample	In market research, a sample is a subset of a population	
Sole trader	A one-person business with unlimited liability for the debts of that business	
Total costs	The total of variable and fixed costs in a business	
Trade credit	Amounts owed to suppliers of a business – a source of finance	
Trademark	A word, symbol, or phrase used to identify a particular company's product and differentiate it from other companies' products	
Unlimited liability	Unlimited liability describes the potential risk that sole traders and partnerships face. They are liable for the debts of the business	
USP	Unique selling point - a feature of a product or service that makes it stand out compared with the competition	
Variable costs	Costs that vary directly in proportion to output	
Venture capital	Investment made by specialist funds to finance the launch, early development or expansion of a private company	
Working capital	The amount of money that a business has available to conduct it's day-to-day activities	