**Key Terms**

**Theme 2 – Managing business activities**

This Key Terms list is designed for you to complete in your Study Periods. The aim is for you to consolidate your learning and identify any knowledge gaps. You will be tested on your key terms regularly!

You can use the following resources to help you:

* Getting Started Guide (this is on XXXXXXX)
* Tutor2U website (google the topic area and Tutor2u as the site is difficult to navigate around!)
* Tutor2u Youtube channel
* Your class notes
* The Edexcel A-Level Business text book
* Edexcel A-Level Business revision guide
* The CGP A-Level Business revision guide

**2.1 Raising finance**

|  |  |
| --- | --- |
| Term | Definition |
| Internal finance |  |
| External finance |  |
| Owners capital |  |
| Share |  |
| Retained profit |  |
| Sale of assets |  |
| Share capital |  |
| Venture capital |  |
| Overdraft |  |
| Leasing |  |
| Trade credit |  |
| Grants |  |
| Limited liability |  |
| Unlimited liability |  |
| Crowd funding |  |
| Business plan |  |
| Cash flow forecast |  |
| Opening balance |  |
| Closing balance |  |
| Net cash flow |  |

**2.2 Financial planning**

|  |  |
| --- | --- |
| Key term | Definition |
| Sales forecast |  |
| Dynamic market |  |
|  |  |
| Sales volume |  |
| Sales revenue |  |
| Fixed Cost |  |
| Variable cost |  |
| Total cost |  |
| Average variable cost |  |
| Total variable cost |  |
|  |  |
| Contribution |  |
| Breakeven point |  |
| Margin of safety |  |
| Total revenue |  |
|  |  |
| Budget |  |
| Historic budgeting |  |
| Zero-based budgeting |  |
| Favourable variance |  |
| Adverse variance |  |

**2.3 Managing finance**

|  |  |
| --- | --- |
| Key term | Definition |
| Gross profit |  |
| Cost of sales |  |
| Revenue |  |
| Operating profit |  |
| Operating expenses |  |
| Gross profit margin |  |
| Operating profit margin |  |
| Net profit margin |  |
|  |  |
| Liquidity |  |
| Statement of financial position |  |
| Inventory |  |
| Acid test |  |
| Current ratio |  |
| Working capital |  |
| Asset |  |
| Liability |  |
| Debtor |  |
| Creditor |  |
| Current asset |  |
| Long-term asset |  |
| Current liability |  |
| Long term liability |  |
|  |  |
| Economic recession |  |
| Strengthening pound |  |
| Weakening pound |  |

**2.4 Resource management**

|  |  |
| --- | --- |
| Key terms | Definition |
| Production |  |
| Productivity |  |
| Efficiency |  |
| Job production |  |
| Batch production |  |
| Flow production |  |
| Cell production |  |
| Minimum average cost |  |
| Economies of scale |  |
| Labour intensive production |  |
| Capital intensive production |  |
|  |  |
| Capacity utilisation |  |
| Under-capacity utilisation |  |
| Over capacity utilisation |  |
| Seasonal demand |  |
|  |  |
| Stock control |  |
| Re-order level |  |
| Buffer stock |  |
| Lead-time |  |
| JIT stock management system |  |
| JIC stock management system |  |
| Waste minimisation |  |
| Lean management |  |
| Lean production |  |
|  |  |
| Quality control |  |
| Quality assurance |  |
| Quality circles |  |
| Total quality management |  |
| Kaizen |  |
| Competitive advantage |  |

**2.5 External influences**

|  |  |
| --- | --- |
| Key term | Definition |
| Macro-economic uncertainty |  |
| Micro-economic uncertainty |  |
| Inflation |  |
| Cost push inflation |  |
| Demand pull inflation |  |
| Consumer Price Index |  |
| Exchange rate |  |
| Appreciating exchange rate |  |
| Depreciating exchange rate |  |
| Interest rate |  |
| Base rate |  |
| Monetary Policy Committee (MPC) |  |
| Loan |  |
| Savings |  |
| Tax |  |
| Direct tax |  |
| Indirect tax |  |
| Government spending |  |
| Business cycle |  |
| Peak |  |
| Trough |  |
| Recession |  |
| Economic forecasting |  |
| Contingency planning |  |
|  |  |
| Consumer protection legislation |  |
| Consumer Protection Act |  |
| Equality Act |  |
| Environmental legislation |  |
| Competition policy |  |
| Competition and Markets Authority (CMA) |  |
| General Data Protection Regulation (GDPR) |  |
| Health and Safety at Work Act |  |
| Market size |  |