



## UNIT 3 - STARTING A BUSINESS AND BUSINESS PLAN - FMI II 2019

Study this set online at: <https://www.cram.com/flashcards/unit-3-starting-a-business-and-business-plan-fmi-ii-2019-10409652>

Business plan

is the overall set of definitions, descriptions, sub-plans, strategies, resources, milestones and measurement procedures used by successful businesses to visualize the business and bring it to reality

Goal

a purpose, or something that you want to achieve

Funding

money given by an organization or a government for a particular purpose

Contributions

payments from a company or employee to pay for an employee's benefits such as medical insurance or a pension, money given to a person or organization in order to help them achieve a particular goal or it can be also the amount of money earned from a product, service, or activity which is used to pay for its overheads

Legal structure

Also called a business ownership structure or business form, choices include LLCs, partnerships, sole proprietorships, corporations, non-profits, and co-operatives.

Sole proprietor

a person who owns and operates a business alone

Partnership

an agreement between organizations, people, etc. to work together

LLC

Limited Liability Company is a form of company in the US whose owners are not legally responsible for the company's debts if those debts are above a particular amount



## UNIT 3 - STARTING A BUSINESS AND BUSINESS PLAN - FMI II 2019

Study this set online at: <https://www.cram.com/flashcards/unit-3-starting-a-business-and-business-plan-fmi-ii-2019-10409652>

Corporation

a large company, or a group of companies that are controlled as a single organization.

Licenses to operate a business

A legal document that grants you the right to operate a business. Depending on your business, there are other licenses that may also be required

Location

the act of choosing where to start a new business

An office

a room or building in which people work, especially sitting at desks with computers, phones, etc., as a part of a business or other organization - someone's place of work.

Storefront

the part of a shop that faces the road

Warehouse

a large building for storing things before they are sold, used, or sent out to stores

Local authorities

an official organization that is responsible for governing an area of the country

Permit

an official document that allows you to do something or go somewhere



## UNIT 3 - STARTING A BUSINESS AND BUSINESS PLAN - FMI II 2019

Study this set online at: <https://www.cram.com/flashcards/unit-3-starting-a-business-and-business-plan-fmi-ii-2019-10409652>

Startup

start-up business, start-up company workplace, commerce a business that has just been started

Break-even

a graph that shows the point at which a business will start to make as much money as it has spent on a particular product, activity

Profits

money that is earned in trade or business, especially after paying the costs of producing and selling goods and services / to be earning, or start to earn, money from a trade or business rather than losing it / profits for the first half, first quarter, etc. of a financial year

Sales revenue

the amount of income that a company receives from the sale of products or services in a particular period of time

Costs

money that has to be spent in order to buy, do, or make something / money that a company or organization has to spend regularly / the amount of money that is spent to produce goods or services, before any profits are added for the manufacturer or producer

Gross earnings

for individuals, refer to the total income earned prior to the application of any tax deductions or adjustments. For public companies, gross earnings are an accounting convention, referring to the amount left over from total revenues over a specified time period once the cost of goods sold has been deducted

Initial period

is the period of an introductory interest rate on a mortgage or other loan. The initial rate period varies by loan type and can be as short as one month or as long as several years

Margin

the amount by which one thing is more or less than another / the difference between the total cost of making and selling something and the price it is sold for / the difference between the amount of a loan and the value of the collateral



## UNIT 3 - STARTING A BUSINESS AND BUSINESS PLAN - FMI II 2019

Study this set online at: <https://www.cram.com/flashcards/unit-3-starting-a-business-and-business-plan-fmi-ii-2019-10409652>

Contributions

payments from a company or employee to pay for an employee's benefits such as medical insurance or a pension / money given to a person or organization in order to help them achieve a particular goal / the amount of money earned from a product, service, or activity which is used to pay for its overheads.

Fixed costs

a cost such as wages, rent, and interest that does not change in relation to how much a business produces

Variable costs

a cost that changes according to how much of a product is being produced or used

Total costs

is an economic measure that sums all expenses paid to produce a product, purchase an investment, or acquire a piece of equipment including not only the initial cash outlay but also the opportunity cost of their choices.

Variable costs administrative expenses

the expenses that an organization incurs not directly tied to a specific function such as manufacturing, production or sales

Monitoring

observe and check the progress or quality of (something) over a period of time; keep under systematic review.

Business performance

is a set of performance management and analytic processes that enables the management of an organization's performance to achieve one or more pre-selected goals.

Production

the process of producing commodities or manufacturing goods to be sold / It is also the department in a company that makes goods.



## UNIT 3 - STARTING A BUSINESS AND BUSINESS PLAN - FMI II 2019

Study this set online at: <https://www.cram.com/flashcards/unit-3-starting-a-business-and-business-plan-fmi-ii-2019-10409652>

Work force

people available to work or actually employed in a particular area, industry, or company.

Cost of labor

is the sum of all wages paid to employees, as well as the cost of employee benefits and payroll taxes paid by an employer. It is broken into direct and indirect costs.

Storage

the act of keeping things somewhere so that they can be used later, especially goods or energy supplies

Distribution

the act of delivering something

Advertising

the activity of making products or services known about and persuading people to buy them

Master budget

is the aggregation of all lower-level budgets produced by a company's various functional areas, and also includes budgeted financial statements, a cash forecast, and a financing plan. It is typically presented in either a monthly or quarterly format, and usually covers a company's entire fiscal year.

Financial advisor

someone whose job is to help people invest by giving them advice and managing their investments

Cash budget

a plan of how much money a company expects to spend and receive over a particular period



## UNIT 3 - STARTING A BUSINESS AND BUSINESS PLAN - FMI II 2019

Study this set online at: <https://www.cram.com/flashcards/unit-3-starting-a-business-and-business-plan-fmi-ii-2019-10409652>

Operating budget

a detailed plan of all expected income and expenses (= money spent) of a business during a particular period, usually a year

Income

money earned by a person, company, government, etc. over particular period of time

Overhead

refers to an ongoing expense of operating a business

Make a profit

is money you make, as opposed to money you lose

Go into debt

to owe money to someone or something (such as a bank or other lending institution).

Rate of return

the annual income from an investment expressed as a proportion (usually a percentage) of the original investment

Cost of capital

the amount of money that a company must pay out in dividends to its shareholders, and in interest on bonds and other loans

Discounted cash flow

the amount that an investment, company, project, etc. is worth now, based on calculating the amount you expect it will cost and earn in the future, then reducing this figure to represent its value now



## UNIT 3 - STARTING A BUSINESS AND BUSINESS PLAN - FMI II 2019

Study this set online at: <https://www.cram.com/flashcards/unit-3-starting-a-business-and-business-plan-fmi-ii-2019-10409652>

Purchasing power

the financial ability to buy products and services

Time value of money

is the concept that money available at the present time is worth more than the identical sum in the future due to its potential earning capacity.

Net present value

is the summation of the present value of a series of present and future cash flows

Cash flow

the total amount of money being transferred into and out of a business, especially as affecting liquidity

Discount rate

the rate of interest that a country's central bank charges for lending money to other banks  
a reduced price that is offered to customers if they buy large quantities of products or services or if they pay bill by an agreed date.

Capitalization rate

the rate of interest used to calculate the present value of an investment or property that will provide an income in the future

Discount factor

a factor which, when multiplied by a predicted future cash flow from a loan or some other form of debt, gives its present value

Internal rate of return IRR

the average amount of money earned each year from a particular investment, calculated by comparing how much money it makes each year with the original amount invested