



Overheads

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Expenses incurred  
in the running of  
the business

Share  
Capital

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Assets -  
Liabilities

Control  
Account

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Is prepared by  
totalling other  
individual accounts  
e.g. debtors

Trading  
Account

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Used to find the profit or  
loss made during a  
certain period of doing  
business





**Gross/Profit  
Loss**

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The difference  
between sales  
and cost of sales

**Cash Flow**

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The day-to-day  
money entering and  
exiting a household

**Debit**

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Money  
received

**Credit**

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Money  
expended





**Working  
Capital**

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Finance  
available day-  
to-day.

**Debtors**

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An individual or  
organization that  
owes money.

**Cash Flow  
Forecast**

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A breakdown of all  
planned expenditure and  
income on a monthly  
basis for a company.

**Balanced  
Forecast**

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When planned  
expenditure and  
income are equal.





# Surplus

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When planned income is more than planned expenditure.

# Deficit

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When planned income is less than planned expenditure.

# Fixed Assets

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Assets that meant for long-term use and will not be sold for cash quickly e.g. a building.

# Creditors

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Individuals or organisations that a company owe money to





## Matching Principle

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A business uses the most appropriate source of finance for their needs, either short, medium or long-term.

## Factoring Debt

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When a business sells its invoices from debtors to a third party for a reduced amount of money instead of waiting for the debtor to pay.

## Venture Capital

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Investing in a high-risk or new project.

## Sale and Leaseback

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Selling an asset for cash and signing a lease agreement with the new owner in order to keep using the asset e.g. a building.





# Debenture

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A long-term source of finance in the form of a loan with interest to be repaid within a certain time period.

# Crowdfunding

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Sourcing finance from multiple people paying small amounts.

# Bad Debt

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A debt that cannot be repaid.

# Capital Expenditure

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Money spent by a business on purchasing fixed assets that will last many years, e.g. a building.





# Current Expenditure

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Money spent by a business on day-to-day expenses of running a business, e.g. utilities

# Audit Fees

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Auditors review a company's accounts to confirm the financial position of the company is correct and honest.

# Reserves

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Profit made by the business which has been put aside for later use.

# Liabilities

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The money owed by a business





# Capital Expenditure

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The money that has been invested into a business.

# Working Capital

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Current Assets -  
Current Liabilities

# Liquidity

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A business's access to cash and their ability to sell assets for cash quickly.

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