

BUSINESS: *Creating informed, discerning employees, consumers and future leaders*

KNOWLEDGE ORGANISER

Theme 2 – Building a Business

Wider Business
World – real life
examples

Key Vocabulary

Profit – this is money that is left over once all expenses incurred in running the business have been paid.

Gross Profit – the difference between revenue and total costs. (sales revenue – cost of sales)

Net Profit – Profit calculated by deducting all expenses away from gross profit.

Gross Profit Margin – the % of sales revenue that is left once the cost of sales has been paid.

Net Profit Margin – the % of sales revenue that is left once all costs have been paid.

Average Rate of return – a method of comparing the profitability of different choices over the expected life of an investment.

Quantitative Data – data made up of numbers.

DO I UNDERSTAND THIS TOPIC?



Topic 2.4 Making Financial Decisions

2.4.1 Business Calculations

The concept and calculation of:

- gross profit
- net profit

Calculation and interpretation of:

- gross profit margin
- net profit margin
- average rate of return.

2.4.2 Understanding Business Performance

The use and interpretation of quantitative business data to support, inform and justify business decisions:

- information from graphs and charts
- financial data
- marketing data
- market data.

The use and limitations of financial information in:

- understanding business performance
- making business decisions