Theme 1 2022

Overdraft Disadvantages

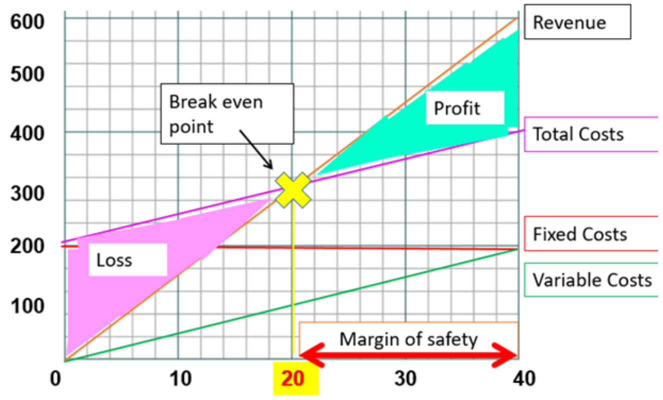
- more expensive than other methods
- Some banks charge daily fees
- short term method
- debt

Define adding Value

It's the difference between its costs and the amount received when it is sold

Methods of adding value

- Branding (people like a well known brand)
- Quality (using raw materials to produce something of high quality)
- Convenience (making it easier for people to get what they want)



Risks of an entrepreneur
Financial loss
Loss of job security
Increased stress

Advantages of franchise
Training is provided
Already established
Advertising & marketing
Support from franchisor

Disadvantages of franchise
Have to pay a large start – up fee
Percentage of profits
Not free to make business decisions
Lack of control

Impact of being a private limited company

Limited liability
Can sell shares to raise finance
Publish all financial accounts to the public

Evaluate the impact
Changes in technology (comms business)

Need to provide training to existing employees - expensive
Improve marketing
Business opportunity
Clients will need help with new communications
Tech changes constantly - need to stay ahead of competition
Charge higher price for services
Competitive market

Impact of increased unemployment
Less disposable income
Fall in demand
More potential recruitment opportunities

Advantages of meeting employment legislation
Motivated employees
Not be prosecuted for breaking the law
Good reputation

Possible conflicts between owners and employees
Higher pay vs profits
Working conditions vs profits

Formular	Definition
Total Costs **TC= FC + VC**	Total cost (TC) describes the total cost of production and is made up of variable costs, plus fixed costs.
Break Even point	The point at which total cost (TC) and total revenue (TR) are equal.
Total revenue **R = Q X P**	Refers to the total receipts from sales of a given quantity of goods or services. It is the total income of a business
Profit/loss **P/L = R - TC**	Profit is the surplus left from revenue after paying all costs. Profit = total revenue - total costs. A loss is made when the revenue from sales is not enough to cover all the costs of production.
Net Cash Flow **Inflows – outflows**	Cashflow is money flowing in and out of the business. The Net cash flow is the inflows (receipts) minus the outflows (payments)

	Advantages	Disadvantages
Internet research	Cheap to carry out Convenient to carry out	Language barriers May be out of date
Focus group	Get in depth feedback Can ask follow up questions Specific sample group	Expensive to arrange Moderator may influence responses Harder to analyse as qualitative data

Non-financial objectives (independence, personal satisfaction, customer satisfaction environmental)
Financial objectives (profit, survival, growth, market share)