

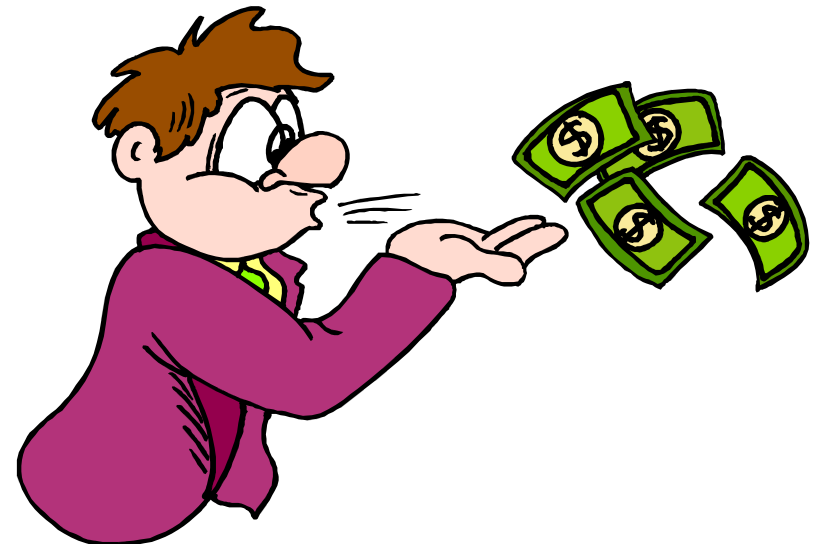


Money in Business

- Businesses need money to exist:

Any money received by a businesses is **REVENUE**

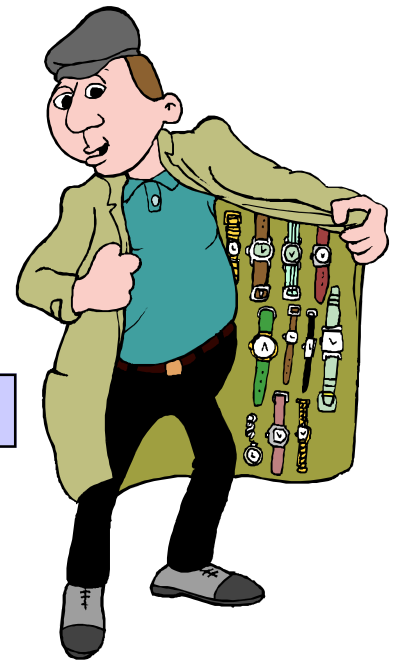
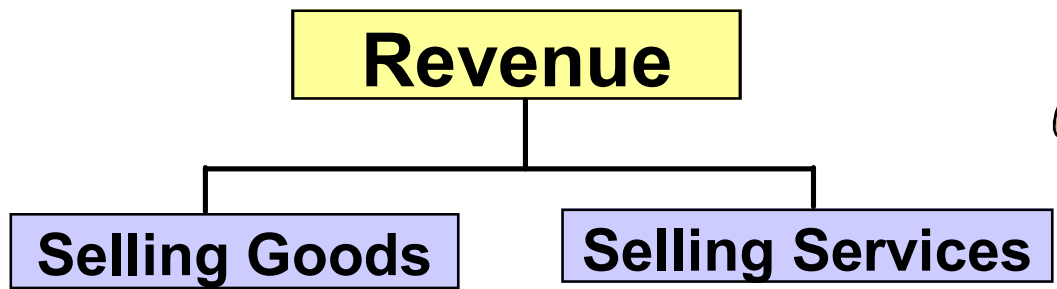
Any money spent by a business is a **COST**





Revenue

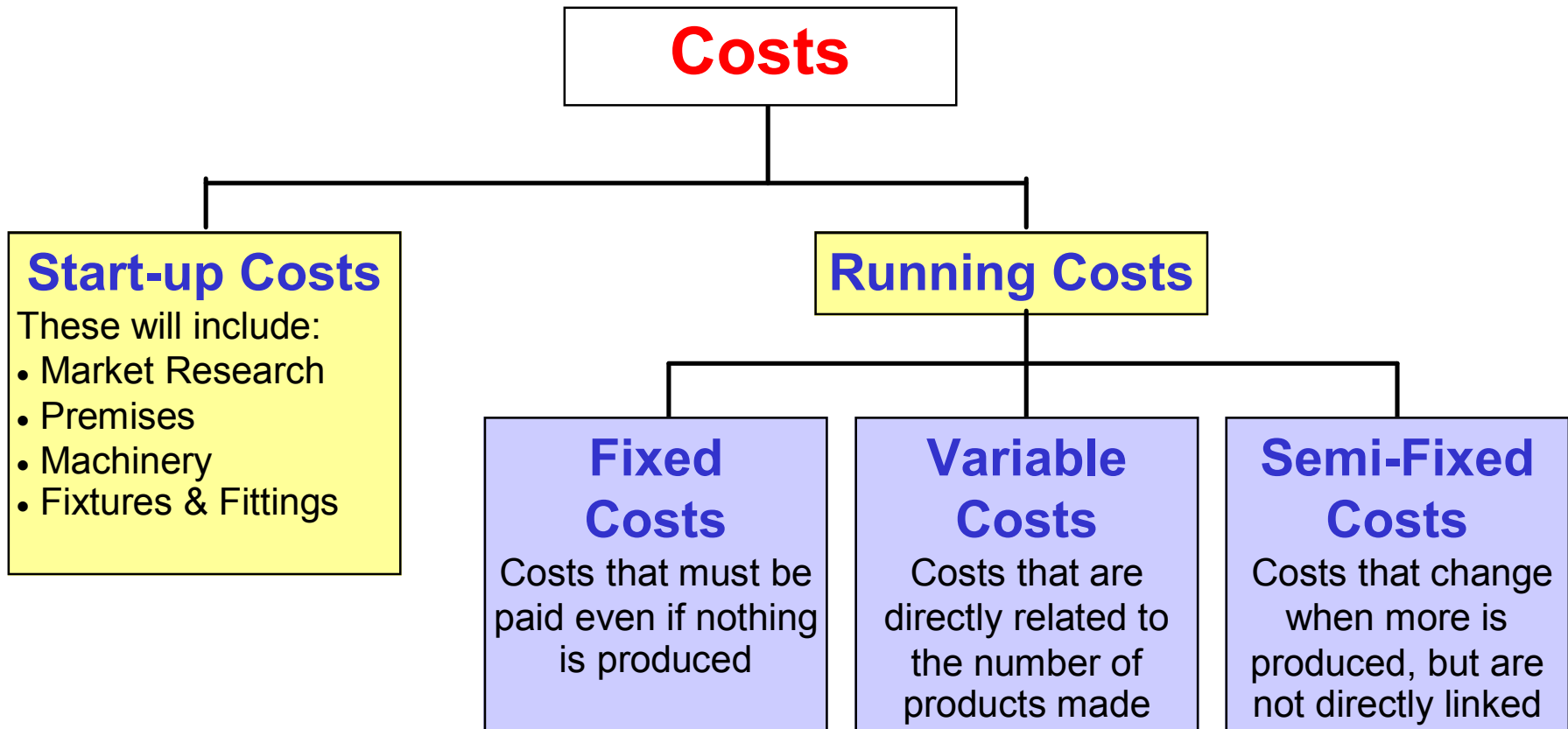
- Business will receive money by selling their goods or services.
- As such we can say that there are two ways a business can get money (legally!!):





Costs

- A new business will have 2 types of costs:



- Once established a business will only have to pay the running costs



Running Costs

Fixed Costs

These costs are sometimes called **Indirect Costs** or **Overheads**.

They must be paid even if nothing is produced. Examples include:

- Salaries
- Rent



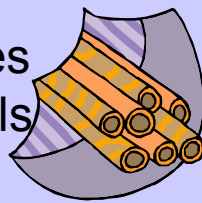
Variable Costs

These costs are sometimes called **Direct Costs**.

They change directly with production, i.e. if production increases, the variable costs will.

Examples include:

- Hourly Wages
- Raw Materials



Semi-Fixed Costs

These are costs that cannot easily be classified as fixed or variable.

For example telephone bills depend upon the number of calls made, but also have a fixed “line-rental”

