

5.2 Glossary of terms

5169 Business Organisation and Environment	
after-sales service	This is a form of customer service provided by an organisation for its customers. It generally includes maintenance, repairs and advice regarding the product or service purchased.
break-even point	The point where a business is making neither a profit nor a loss, but where the income or revenue received is exactly equal to the amount being paid out in costs or expenses.
business	Any organisation set up to produce a product or service, with the intention of making a profit.
business cycle	A recurring change in general business conditions which will enable a business to forecast future events.
business incentive schemes	Schemes, often set up by the government, to encourage the start-up of business, or business expansion and growth.
capital	The funds invested in a business to enable it to buy the assets it needs to carry on trading.
casual employee	Usually paid by the hour or by the day, and taken on only when needed.
centralised	Where a large business decides that all its decisions will be made at head office, therefore centralising all the power.
chain of command	The route through which instructions are issued by managers.
charity	An organisation which exists to raise funds for the needy, or to carry out socially useful work. It is non-profit making.
code of conduct	A form of self-regulation designed and implemented by an organisation, enabling it to set appropriate standards for all employees or firms within an industry.
co-operative	A business organisation, such as a factory, farm or shop, that is collectively owned and operated by a group of people who run it for the benefit of the group.
customer base	The types of customer that the business aims its products at.
debenture	A certificate issued by a company to acknowledge a long-term loan. These can only be issued by limited companies, and are usually taken up by a bank.
decentralised	Where a large business allows all its smaller branches to make decisions for themselves, therefore decentralising the power.
deregulation	Where the government withdraws legislation restricting business practices, to enable the industry to develop without restrictions.
direct costs	Costs that are directly attributable to the production processes, e.g. production line wages and raw materials.
distribution of income	The use of taxes by a government to distribute the national income to national services, such as social security.
factors of production	The resources used in all business activity: land, labour, capital and entrepreneurship.

fair trading	The Fair Trading Act of 1973 gives the Director-General the right to take action against any company or group that tries to reduce competition or fix prices.
financial institutions	Businesses that provide financial services to private individuals or firms, such as loan facilities, insurance and mortgages. Examples of these include banks, building societies, insurance companies and financial advisers.
financial services	Organisations which manage money, capital or credit.
fixed capital	The amount of funds invested in a business which has been used to purchase items that will last a long time, such as office equipment and buildings.
fixed costs	Costs that remains the same regardless of output. If you increase production, these costs will not increase, e.g. rent and rates.
fixed-term contract	An agreement to supply goods or services to a customer for a given period of time.
flat structure	An organisational structure which has very few tiers within its design.
flexitime	Where organisations allow their employees to work hours which suit them, with start and finish times being at the employee's discretion. As long as the employee works the correct number of hours in a week, the times at which they work are irrelevant.
forecasting	Use of the previous year's figures, such as sales figures, to try and predict the next year's figures.
franchise	A business where the owner has purchased the right to sell another's goods. The owner will purchase the brand name, and in return will receive privileges. This enables a small business to run whilst gaining the benefits of belonging to a large organisation, such as group advertising and promotions.
indirect costs	Costs that are not directly attributable to the production process, e.g. administration wages, stationery and heating.
job sharing	Where two or more people share what is normally considered to be one person's job, with each one being paid for the proportion of the job they complete.
lease-back	When a business sells one of its assets to a leasing company, and then pays a fixed amount over a period of time to use the asset.
loans	Money borrowed from a bank to purchase assets for the business, usually over a fixed number of years.
marketing mix	Measures that a business uses to attract buyers to purchase its products or services. This is commonly known as the 4 Ps: Price, Product, Place and Promotion.
market share	The number of sales made by a company in relation to its competitors.
mergers	Merger by combination: when the owners of two businesses agree to join their firms together to make one business. Merger by acquisition: when the owners of one firm absorb another, so the latter firm ceases to exist.

monopoly	A business that has virtually total control of a market and uses this to its advantage, either to raise prices or to ensure no competition can enter the market. Officially, a monopoly is where one firm has a 25% market share.
multinational/transnational	A large business which has production facilities in more than one country.
mutuality	A non-profit making business owned by the investors, who run it in order to benefit its members. Profits are used to increase customer service and are not paid out to shareholders, as is the case with limited companies.
nationalised industry	An industry that is owned and controlled by the state, and which is usually under the direction of a board appointed by the state. Revenues gained from its trading are paid directly to the government, e.g. air traffic control.
organisation chart	A diagram showing the structure of a business in terms of its personnel.
overdraft	An agreement with a bank that allows a customer to draw out more money than is in their current account.
partnership	A business owned by 2–20 people, who share in the control of the business.
plough-back profits	To reinvest the profit made in one year back into the business, without taking any of it out.
population trends	The alteration of the make-up of the total population, in terms of its age group, ethnicity or gender.
primary industry/sector	An industry which involves extracting materials from nature, e.g. coal mining, quarrying and fishing.
private company	A limited company which is not allowed to sell its shares on the stock exchange to the general public. These are usually small family businesses.
profit	The amount of money left when all the costs have been taken away from the income.
profit motive	The aim of a business to gain financial rewards for taking business risks.
promotional mix	Also called 'marketing communications mix'. The combination of methods chosen by a business to communicate about their goods and services.
public limited company (plc)	A limited company which is allowed to sell its shares on the stock exchange to the general public.
pyramid structure	An organisational structure in which power and responsibility are built up in layers.
reserves	Amounts of money which are held within a business, in order to ensure that funds are available in the future for a particular project or special event.
secondary industry/sector	A manufacturing or construction industry which changes raw materials into products, e.g. car manufacturer.
shareholder	A person or organisation who owns shares in a limited company.

shares	A unit of investment made in a limited company, which allows the holder to receive dividends or benefits in relation to the number of shares held. Shares can be purchased by a member of the public through the stock exchange.
sole trader	A business owned by one person.
span of control	The number of people working directly under a manager.
stakeholder	A person or organisation with an interest in a business venture, either financially or politically.
start-up capital	The amount of capital invested by the owner of a business in order to get the business up and running.
surplus	In a non-profit-making organisation, the amount left when costs are taken away from income.
target setting	A management function which enables the business to progress and set attainable targets for the future. This process can cover any time period, such as weekly, monthly or annual targets.
taxation	The main method used by central and local governments for raising revenue.
tertiary industry/sector	Industries that do not produce anything, but provide a service, e.g. hotels and management consultants.
trade credit	Credit given to a firm by another firm, usually one within the same line of business.
trade union	An organisation that is set up to represent the workers within a particular industry, and to lobby their employers for better pay, conditions and working hours.
variable costs	Costs that alters when output changes, e.g. raw materials.
venture capital	Risk capital, usually in the form of a package of loan and share capital, to provide sufficient investment in a small or medium-sized business that wishes to produce a new product.
working capital	The amount of funds available to the business which can be used for daily trading, such as buying stock.

5162 Effective Business Communication

action points	A list of actions that must be undertaken by selected individuals, which has been agreed at a meeting.
aims	Long-term intentions.
bar chart	A diagram that gives a quick comparison between variables, e.g. the number of people working in each department.
body language	Hidden messages sent through body movement, e.g. a nodding head often means agreement.
clarify information	To check understanding of the facts and/or figures.
communication	The process of transferring information from one person to another.
corporate image	The perception of an organisation that is held by employees, customers, the government and the public.

cost-effectiveness	Giving a satisfactory return for the amount spent.
counselling	Advice given.
disciplinary interview	A meeting to discuss an employee's inappropriate actions.
email	Electronic mail sent from one computer to another.
employment interview	A formal interview to find out about a person's suitability for a vacancy within the company.
external	Outside the organisation.
fax	An exact copy of a document, sent from one fax machine to another through telephone lines.
formal channel	Information being passed conforms to the official structures set within the organisation.
functional group	A group focusing on activities within an individual department.
grievance procedure	A formal interview discussing an employee's complaint about the way they are treated.
group culture	The 'unwritten rules' that influence the behaviour, decision-making and management style of employees within a company.
group hierarchy	The position of each individual within an organisation.
informal channel	Information being passed outside the official channels of communication within an organisation.
interaction	Communication between people.
Internet	The information superhighway, linking millions of computers worldwide.
leadership	Being in charge.
line graph	A diagram that joins a series of points showing the relationship between two variables.
market research	The process of gathering data on consumers, in relation to the product a business sells.
memos	An official written internal document, for information that is brief or urgent.
multimedia	The computerised presentation of information, by combining audio and video components using text, sound and graphics.
non-verbal communication	Body language, e.g. eye contact, hand gestures.
obtain information	Gather the facts and/or figures.
one-way communication	The sender of a communication receives no feedback.
organisational chart	A diagram showing the position of management and employees within an organisation.
performance appraisal review	An assessment of an employee's work over a period of time.
pie chart	A diagram with a circle split into proportional slices to represent different items.
project group	A group focusing on a particular activity.

receiver	A person receiving information.
report	A written business document.
research and development interview	A meeting focusing on new ideas for a business, and how these ideas can be turned into commercially viable products.
self-managing group	A group that is responsible for itself – for identifying problems and solving them.
semi-structured interview	An interview with pre-set main questions, then follow-up questions which are decided during the interview.
sender	An individual issuing information.
set house styles	Strict layout rules, established by an organisation for its business documents.
structured interview	An interview in which all questions are formally set in advance.
table	Rows and columns of information (normally figures).
two-way communication	The sender of a communication receives feedback.
verbal communication	Oral or written communication.
5163 Business Finance	
<i>accounting</i>	
financial accounting	The preparation of business accounts from business records.
management accounting	The preparation of financial statements, reports and data, for use by managers.
cost accounting	A subsidiary of management accounting, which tries to establish precise information regarding the cost of the business activity.
<i>assets</i>	
	Items or claims held by a business which have a monetary value attached to them.
tangible assets	Physical assets, e.g. land, building, equipment, etc.
intangible assets	Non-physical assets, e.g. patents, trademarks, copyright, etc.
balance sheet	A summary of the financial position of a business at a point in time, including liabilities and assets.
bank loan	A fixed sum of money, lent for a fixed period of time at a set rate of interest, from one of the commercial banks.
bank reconciliation	The agreement of the bank columns of a cash book.
book value	The current value of an asset – historic cost minus accumulated depreciation.
break-even	The quantity of sales at which total costs equal total revenue.
budgetary control	The monitoring of financial targets for the future.
business entity	Business identity as ‘an artificial legal person’.
capital	The money invested in a business by its owners.
capital expenditure	Spending on assets which will last for more than one production time period.

cash book	A ledger which is used to enter incoming and outgoing payments.
cash flow	Cash inflows and outflows over a period of time.
copyright	The exclusive legal right to an originator of material over that material, e.g. to print, publish, perform or film it, etc.
<i>cost</i>	An expense incurred in operating a business.
direct costs	Costs that a business can link directly with the output of the business, e.g. raw materials.
indirect costs	Costs which cannot be attributed to just one product.
fixed costs	Costs which do not vary with number of output units produced.
variable costs	Costs which vary with the number of output units produced.
marginal costs	The addition to total costs of producing one extra unit of output
unit/average cost	The cost of producing a single unit of output, i.e. total cost of production divided by total output.
cost centres	Divisions of the costs according to the functions of a business.
credit	A positive entry in an account book, recording a payment received.
credit note	A supplier's note agreeing or certifying a rebate, usually issued on goods returned.
day book	An account book used for the initiation of credit transactions, where goods are sold on credit.
debit	A negative entry in an account book, recording a payment made.
debt factoring	A short-term source of finance where the risk of collecting the debt becomes that of a third party (called the factor), who 'buy' the debts of firms for cash.
disclosure	Assumed compliance with accounting standards.
double-entry bookkeeping	Records where entries are made onto books or ledgers as both a credit and a debit.
forecast	An estimate or calculation of budgets for the future.
going concern	The notion that the business will continue to operate. This ensures that closing balances become opening balances.
historic cost	The valuation of assets at their original cost.
incorporated body	A company recognised in law.
investment	The production of items that are not for immediate consumption. The purchase by an organisation of equipment and materials that will add to capital stock. To lay out money in an enterprise with the expectation of profit.

<i>investment appraisal</i>	The analysis of the viability of an investment project.
average rate of return	The measurement of net return per annum expressed as a % of initial investment.
internal rate of return	The rate of return at which the net present value is equal to zero.
net present value	The present value of a future income stream minus the initial cost of the investment.
invoice	A list of goods shipped or sent, or services rendered, with prices and charges.
journal	See 'day book'.
<i>ledgers</i>	Account ruled books used for recording information, in money values, of the day-to-day trading of a business.
purchase ledger	A ledger recording the goods and services purchased by a business.
sales ledger	A ledger recording the sales made by a business.
nominal/general ledger	A ledger recording sales, purchases, bank receipts and payments, cash receipts and payments, transfer of money from accounts, etc.
<i>liabilities</i>	Items owed by the business that can be long term or current.
current liabilities	Liabilities that are likely to require repayment within one year.
long-term liabilities	Liabilities with a repayment period beyond one year.
money cycle	Also called 'circular flow'. The way in which money flows from businesses to households by the exchange of goods and services, and factors of production.
money terms	Values of goods and services expressed accurately in terms of currency units.
overdraft	A situation where withdrawals exceed payments in an account.
overheads	The sum of all business costs which cannot be traced to specific units of output, or are not traced because it is too costly or inconvenient to do so.
partnership	An association consisting of 2–20 people, who agree to contribute money, labour and skill to a business for the benefit of all, and to share the profits and losses.
patent	A government authority to an individual or organisation, conferring a right or a title.
<i>profit</i>	Total revenue minus total cost.
gross profit	Sales revenue minus cost of sales.
net profit	Gross profit minus trading expenses.
profit and loss account	An account showing how the net profit of a business, and the retained profit of a company, are calculated.
profit centre	Calculation of profit for a particular product or section of a business.
profits	Excess of revenues over outlays and expenses in a business enterprise over time.
raw materials	Inputs into production that are provided by nature.

realisation	Profits earned when products are sold legally.
receipt	A record of a payment made.
retained profit	Those profits kept in the business after the owners have taken their share of the profits.
share capital	Funds introduced into the business through the issue of shares – the maximum amount of money that can legally be raised through the sales of shares.
<i>shares</i>	The division of capital into smaller equal portions.
cumulative shares	Shares which allow for dividends unpaid in one year to be paid in subsequent years.
ordinary shares	Shares which attract variable dividend payments and have strong voting rights – also known as equities.
preference shares	Shares carrying a fixed rate of dividend which is payable from a company's available profits. Preference shares have limited voting rights.
sole trader	A business in which the owner provides the capital and takes all the profits, and carries the risk of the business alone.
taxation	The act or principle of levying compulsory financial contributions, imposed by the state to raise revenue.
trade credit	An agreement allowing a business to buy goods and services, and to pay for them over a fixed period of time.
trademark	A device or word secured by legal registration.
trading account	The financial statement that records the trading activities of the business and generates the gross profit figure.
transnational/multinational	An organisation whose operations extend beyond national boundaries.
true and fair view	A testimony that accounts give an honest interpretation of the financial transactions of a business.
variance analysis	An investigation of the differences between actual and forecasted figures.
5164 Marketing	
advertising	The use of paid-for space in a publication, or for time on television, radio or cinema, usually as a means of persuading people to take a particular course of action, or to reach a point of view. Advertising may also be taken to include posters and other outdoor advertising.
bias	A statistical term referring to errors in sample survey results, which may be due to the use of an unrepresentative sample, or to undue influence upon the response by the agency conducting the survey, or a combination of such causes.
competitive advantage	Some benefit or value provided by a product, service or business, often unique to the organisation concerned, that gives it superiority in the marketplace.

demographic segmentation	The division of the market into groups, based on demographic variables such as age, sex, income, occupation, family size, family life cycle, education, race/nationality.
desk research	Obtaining facts and information from sources which are already published (e.g. directories), or which are readily accessible (e.g. sales records), as opposed to field research.
direct marketing	A producer supplying direct to consumers, without the use of any retail outlet. This includes mail order companies, and direct response firms selling through the media or by post.
field research	That part of a market research survey which involves contact with customers, or with a representative sample of the population.
focus group	A small sample group of typical consumers, under the direction of a leader who elicits reaction to a stimulus, such as an advertisement or a new product concept.
geographic segmentation	The division of a market into different geographical areas, such as neighbourhoods, regions, countries or cities.
marketing culture	A business that has adopted the marketing concept throughout the whole organisation.
marketing mix	A planned mixture of the elements of marketing in a marketing plan. The aim is to combine them in such a way as to achieve the greatest effect at minimum cost. Also referred to as the 4Ps or the 7Ps.
marketing objective	Where an organisation aims to be in the marketplace within a specified time. This may be broken down into products and territories, coupled with sales turnover figures and market share.
market orientation	Seeking to identify and quantify customer requirements, and planning output and profitability accordingly.
marketing plan	A written plan, usually comprehensive, describing all activities involved in achieving a particular marketing objective, and their relationship to one another in both time and magnitude. A marketing plan will include short- and long-term sales forecasts, production and profit targets, pricing policy, promotional and selling strategy, staffing requirements, and also the selected marketing mix and expense budgets.
marketing planning process	The process of analysing marketing opportunities, selecting target markets, developing appropriate marketing mixes and putting in measures to control the process.
marketing research	Any research activity that provides information relating to marketing operations. Whilst the term embraces conventional market research, also included are motivation studies, advertisement attention value, packaging effectiveness, logistics, and media research, as well as analysis of internal and external statistics of relevance.
market penetration	A strategy for increasing sales of current products into existing target market segments (by winning competitors' customers, increasing product usage, or taking over a competitor).
market research	Research into a particular market.

market share	The proportion of a particular market held by an organisation.
market skimming pricing	Setting a high price for a new product with the aim of 'skimming' high revenues from segments willing to pay high prices. The business sells less, but at a more profitable price.
personal selling	The process of making oral commercial representations during a buyer/seller interview situation. This is colloquially referred to as face-to-face selling, and sometimes known as buyer/seller interface.
PEST	Political, Economic, Social and Technological analysis of an organisation's environment.
PLC	The Product Life Cycle – a term used to describe the stages in the life cycle of a product: introductory, growth, maturity and decline. At each stage, a different marketing mix is appropriate.
primary research	Information gathered for a specific purpose.
promotions mix	The combination of advertising, public relations, personal selling and sales promotion that a business uses to achieve its promotional objectives.
public relations	A conscious effort to improve and maintain an organisation's relationships with such people as employees, customers, shareholders, local communities, trade unions. The aim of this is to strengthen reputation, i.e. to build corporate image. Not to be confused with press relations.
sales promotion	Any non face-to-face activity concerned with the promotion of sales, but often taken also to exclude advertising. In consumer marketing, frequently used to denote any below-the-line advertising expenditure, and having close connections with in-store merchandising.
secondary research	Information that already exists, having been gathered for another purpose.
segmentation	The breakdown of market into discrete and identifiable elements, each of which may have its own special requirements of a product, and each of which is likely to exhibit different habits affecting its exposure to advertising media. Other marketing factors, such as optimum price, quality, packaging and distribution, are likely to differ between one segment and another. Typical breakdowns are based upon age, social standing, income, sex, geographical location, leisure pursuits.
survey research	The gathering of primary research through either postal, face-to-face or telephone surveys. Questions are asked to identify knowledge, attitude, behaviour and preferences.
SWOT analysis	An analysis of Strengths, Weaknesses, Opportunities, Threats – a situation assessment used in marketing planning.
targeting	Choosing a medium which will direct an advertising message at a narrowly defined market segment.
target segment	A set of buyers, sharing common needs or characteristics, that an organisation decides to target.

5165 Human Resource Management	
appraisal	The process of assessing the progress and effectiveness of an employee.
bonus	An additional payment for reaching a sales or production target, or in recognition of service, or a share of profits.
centralisation	All authority to take decisions is held by the senior management.
consultation	The process of seeking the views of others before making a decision.
contracting out	Giving tasks to independent or outside suppliers, rather than directly employing the staff to do them, e.g. cleaning, computer servicing, catering.
CV	Curriculum Vitae – a document which normally accompanies a job application form and which contains the details about a candidate’s career history.
decentralisation	The authority to take decisions is delegated downwards through the chain of command, giving more responsibility to those in less senior positions.
disciplinary procedure	The process by which employees are reprimanded, punished or even dismissed, as a result of their failure to work according to their employment contract and/or company code of conduct.
dismissal	The loss of an employee’s job (also known as being ‘given the sack’), as a result of incompetence, or some infringement of conduct or rule.
employers’ association	An organisation representing the interest of employers, within either an economic sector or an industry. The association’s activities include research, public relations, negotiation and lobbying.
employment contract	A legal document or agreement, which sets out the terms and conditions of either a specific job or a category of job.
employment protection	The structure of laws, regulations and agreements which safeguard employees from, for example, unfair dismissal, exploitation or inadequate pay.
equal opportunities	Employees and prospective employees have equal chances of advancement and employment, regardless of their religion, gender, disability or race.
fixed rate	A rate of pay that is fixed. It is generally applied to work that is not easily measured.
fixed-term contract	An employment contract for a specific period of time, usually for a particular task.
flexitime	An arrangement allowing employees to complete their working week at times largely convenient to them. Usually, a minimum number of hours must be worked during a specified time period, but the employee’s starting and finishing times are flexible.
fringe benefits	Benefits given to employees in addition to wages or salary, e.g. a company car, subsidised meals, medical insurance. Fringe benefits help to motivate staff and to maintain their loyalty.

grievance procedure	The means by which employees can seek to resolve complaints of alleged or real breaches of the terms and conditions of their employment.
health and safety	Employers should provide, as far as is practicable, a safe working environment, as well as appropriate safety equipment, clothing and training.
human resource management	The employment, training and development of an organisation's workforce, to ensure it is effective and efficient.
induction training	An initial or introductory programme, designed to ease new employees into an organisation. The emphasis is on rules and procedures, key personnel, terms and conditions.
job creation	Government and/or business sponsored schemes to create employment in economically depressed areas.
job description	A detailed statement identifying what a job entails, i.e. the nature of the work, responsibilities, tasks, measurement of performance, accountability.
job satisfaction	The extent to which employees feel positive about themselves and their work. Job satisfaction can be encouraged by recognition of effort. The lack of job satisfaction will lead to absenteeism and high staff turnover.
lifelong learning	The idea that learning (education and training) is an on-going experience.
line managers	Managers operate in a hierarchical structure, and are delegated a certain amount of authority and responsibility. They may delegate in turn.
media	The means or channels through which jobs can be advertised. The media include radio, television, magazines and journals, cinema, posters and newspapers.
negotiation	The process by which opposing interests (e.g. those of the employer and those of the employees) try to come to mutually acceptable decisions.
payment by results	Sometimes referred to as PBR. A system of wages designed to achieve specific targets, or generally a higher rate of output. Commission is an example of PBR.
person specification	A description of the qualities, attributes and characteristics required in a person for them to carry out a particular job.
piecework	A method of wages based on output. The employee receives a payment or rate for each item they produce.
problem-solving mechanism	A process which seeks to resolve problems and conflicts at work through, for example, disciplinary and grievance procedures.
professional body or association	A form of trade union, as it may represent its membership in bargaining with employers, but it is also responsible for setting and maintaining professional standards.
profit-sharing	Employees are paid a share of the company's profits, usually in the form of an annual cash bonus.
redundancy	A form of dismissal, except that redundancy can only occur if a particular job or function ceases to exist. An organisation cannot declare a person redundant and then appoint someone else to the same or equivalent job.

references	Written statements in support of a candidate's job application. They contain comment about the person's character, abilities, and suitability. References are important in the recruitment process.
resignation	An employee voluntarily ends the employment contract, by leaving the business. The period of notice they are required to give will depend upon the nature of the contract and the status of the employee.
retirement	An employee either reaches the end of their working life, or chooses to give up work altogether, to live on a pension.
salary	A method of pay based on a year's work. For example, a job may carry a salary of \$20,000, and for that payment the employee is expected to do the job, regardless of the number of hours it takes.
service contract	An employment contract mostly given to senior management. It usually specifies long periods of notice, and high compensation payments in the case of dismissal.
share option scheme	An incentive usually offered to management which permits them to buy company shares at a future date, say within 3–5 years, at today's price. For example, if the current share price is 50c and a future purchase is made when the price is \$2, then the executive can sell the shares and make \$1.50 profit on each.
shift system	Work is undertaken during non-standard working hours, usually in 3 × 8 hour shifts in every 24-hour cycle. Shift working maximises the use of plant and equipment, to increase output.
social costs	The costs to the whole community of a business decision. For example, if a business issues redundancy notices, the resulting unemployment can affect the entire community.
support costs	The costs additional to pay involved in employing staff, e.g. protective clothing, training, company pension contributions.
Total Quality Management (TQM)	A method of monitoring the production process, to prevent errors and poor quality. It attempts to influence the attitudes and actions of the workforce, in order to create a quality culture.
trade union	An organisation representing employees' interests, e.g. pay, safety, training and conditions.
training: off-the-job	All forms of training carried out away from the actual workplace, e.g. college, training centre, conference room.
training: on-the-job	Training or instruction carried out at the actual place of work.
wage	A method of pay based on one hour's work. The pay packet may be issued weekly, but it will represent the actual hours worked.
worker director	A representative of the workforce who sits on the board of directors as an acknowledged director, not just as an observer.
works council	A meeting or committee comprising representatives from both management and the general workforce. It discusses the development and improvement of the business and its processes.

6. Appendix: International standards terminology

The list below identifies the international standards terminology and current Cambridge/UK usage. Cambridge anticipates including well-known standards, which are relevant to the level of study, in question papers, mark schemes and associated documents.

Centres should use the new terminology in their teaching and learning materials so that candidates are familiar with the terms. Candidates will **not** lose marks for using different terms.

International usage	Current Cambridge/UK usage
Statement of financial position (balance sheet)	<i>Balance sheet</i>
Bank (and other) loans/ Interest bearing loans and borrowing	<i>Loans repayable after 12 months</i>
Bank overdrafts and loans/ Interest bearing loans and borrowing	<i>Loans repayable within 12 months</i>
Capital or equity/shareholders' equity	<i>Capital</i>
Cash (and cash equivalents)	<i>Bank and cash</i>
Cost of sales	<i>Cost of goods sold</i>
Current assets	<i>Current assets</i>
Current liabilities	<i>Current liabilities/ Creditors: amounts due within 12 months</i>
Finance costs	<i>Interest payable</i>
Finance income/investment revenues	<i>Interest receivable</i>
Financial statements	<i>Final accounts</i>
Gross profit	<i>Gross profit</i>
Income statement (statement of comprehensive income)	<i>Trading and profit and loss account</i>
Intangible assets	<i>Goodwill etc.</i>
Inventory/inventories (of raw materials and finished goods)	<i>Stock</i>
Investment property	<i>Investments</i>
Non-current assets	<i>Fixed assets</i>
Non-current liabilities	<i>Long term liabilities/ Creditors: amounts falling due after more than one year</i>
Operating profit	<i>Net profit</i>
Other operating expenses	<i>Sundry expenses (administration and distribution)</i>
Other operating income	<i>Sundry income</i>

Other payables	<i>Accruals</i>
Other receivables	<i>Prepayments</i>
Plant and equipment	<i>Plant and equipment</i>
Property	<i>Land and buildings</i>
Raw materials Ordinary goods purchased	<i>Purchases</i>
Revenue	<i>Sales</i>
Share capital	<i>Share capital</i>
Trade payables	<i>Creditors</i>
Trade receivables	<i>Debtors</i>
Work in progress	<i>Work in progress</i>