

# BUSINESS VITAMINS

## Financial Terminologies – Part 3

### Personal property

Covers any property someone can own, except for land, buildings and fixtures. Examples include goods, plant and equipment, cars, boats, planes, livestock and more.

### Personal Property Security Register (PPSR)

The PPSR- external site replaces a number of registers of security interests. It provides a single national noticeboard of security interests in personal property.

### Plant and equipment

A group of fixed assets used in the operation of a business such as furniture, machinery, fit-out, vehicles, computers and tools.

### Principal

The original loan amount borrowed or the remainder of the original borrowed amount that is still owing (excluding the interest portion).

### Profit

The total revenue a business earns minus the total expenses

### Profit and loss statement

(also known as an income statement) – a financial statement listing sales and expenses. Use it to work out the gross and net profit of a business.

### Refinance

When a new loan helps to pay off an existing one. Reasons to refinance include: extending the original loan over a longer period of time, reduce fees or interest rates, switch banks, or move from a fixed to variable loan.

### Rent to buy

A finance arrangement where you purchase something through an initial deposit and then 'lease' it while pay it off. After the final payment, the purchaser has the option (but no obligation) to buy the good or continue leasing.

### Repossess

The process of a bank or other lender taking ownership of property/assets for the purpose of paying off a loan in default.

### Retention of title

A clause in contracts where a buyer may receive property, but doesn't take legal ownership until the full price is paid.

### Return on investment (ROI)

A calculation that works out how efficient a business is at generating profit from the original equity from the owners/shareholders. It's a way of thinking about the benefit (return) of the money you invest into the business. To

calculate ROI, divide the gain (net profit) of the investment by the cost of the investment. The ROI then becomes a percentage or a ratio.

## Revenue

(also known as turnover) – the amount earned before expenses, tax and other deductions.

## Scam

A deliberate and targeted deception to obtain money or information unlawfully.

## Security

(also known as collateral) – property or assets that a lender can take ownership of when repayment of a loan does not occur.

## Stock

The actual goods or materials a business currently has on hand.

## Stocktaking

A regular process involving a physical count of merchandise and supplies actually held by a business, to verify stock records and accounts.

## Tax invoice

An invoice required for the supply of goods or services over a certain price.

## Variable interest rate

When the interest rate of a loan changes with market conditions for the duration of the loan.

## Variable cost

A cost that changes depending on the number of goods produced or the demand for the products or service.

## Venture capital

An investment in a start-up business that has excellent growth prospects. However, it does not have access to capital markets because it is a private company.

## Working capital

The cash available to a business for day-to-day expenses.

## Reference:

<https://business.gov.au/finance/financial-tools-and-templates/key-financial-terms?fbclid=IwARONPTJSVCLtVR93N1xQMd73igkmhWLStdueGyPOIAsBQN68DNlBlo38PFs>