

EandB – Definitions of key terms – Year 7

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| Business sector | the part of the economy made up of business enterprises (a subset of the domestic economy) |
| Capital gain | an increase in the value of a capital asset from the purchase price (e.g. a house, a painting or shares in a business listed on the stock market) |
| Circular flow diagram | a diagram that shows how sectors of the economy interact with one another |
| Close substitute | a good that could be used for the same purpose as another with the consumer receiving the similar satisfaction from its use (e.g. two cola drinks) |
| Consumers sector | the part of the economy made up of the economic activities of private households (a subset of the domestic economy) |
| Consumption | using goods and services |
| Crowd funding | financing a business through donations of money from people, typically through a website on a crowd funding platform |
| Dividends | an amount of a company's profits that is paid to the owners of its shares |
| Earn | to receive money (or something of value) in exchange for one's labour or time |
| Entrepreneur | originally a person who undertook business activity but today is generally used for a person who finds a new idea or invention and converts this into a new or better product, service or process; and typically starts up a business |
| Financial sector | the part of the economy made up of banks and other financial institutions (a subset of the domestic economy) |
| Government sector | the part of the economy made up of the economic activities of general government (a subset of the domestic economy) |
| Household | all persons living under one roof or occupying a separate housing unit |
| Income | money received from work (wage or salary), capital (interest or profit), or land (rent) |
| Income support payment | money received from the government by low income earners with limited assets |
| Interdependent | rely upon each other |
| Interest | money received for lending money (usually expressed as an annual percentage) |
| Mark up | the amount added to the cost price of a product to cover |

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| | overheads and profit when setting the selling price |
| Micro business | a business with between 0 and 4 employees |
| Personal savings | the part of an individual's or household's income that is not used to for purchasing goods and services (i.e. money not used for consumption) |
| Personal wealth | a measure of how much a person (or a household) has in savings, investments, real estate and cash, less any debts |
| Poverty | the state of being extremely poor; having little or no money, goods, or means of support |
| Price | the amount of money that you have to pay in order to purchase a good or service |
| Price sensitivity | the responsiveness of the quantity of a good or service purchased to a change in price |
| Production | the process by which resources are converted into goods or services |
| Rent | money received for the use of buildings or land |
| Retirement | leaving your job and stopping working, usually because of your age |
| Sector | a segment, part or subdivision (the domestic economy is divided into the consumers, business, financial and government sectors) |
| Social entrepreneur | a person who develops, funds and implements a solution to a social, cultural, or environmental issue |
| Superannuation | a system where money is placed in a fund to provide for a person's retirement from employment |
| Unearned income | money received without a corresponding economic flow (e.g. gifts from friends/family or income support payments from the government) |
| Workforce | the part of the working age population willing and able to work |
