

3.1 What is business?

3.1.1 Understanding the nature and purpose of business

Content	Additional information
Why businesses exist	Business objectives such as profit, growth, survival, cash flow, social and ethical objectives.
The relationship between mission and objectives	
Common business objectives	
Why businesses set objectives	
The measurement and importance of profit	The measurement of profit should include: <ul style="list-style-type: none"> • revenue (also turnover and sales) • fixed costs • variable costs • total costs.

3.1.2 Understanding different business forms

Content	Additional information
Reasons for choosing different forms of business and for changing business form	Different forms of business include: <ul style="list-style-type: none"> • sole traders • private limited companies and public limited companies • private sector and public sector organisations • non-profit organisations such as charities and mutuals. Issues with different forms of business include: <ul style="list-style-type: none"> • unlimited and limited liability • ordinary share capital • market capitalisation • dividends.
The role of shareholders and why they invest	
Influences on share price and the significance of share price changes	
The effects of ownership on mission, objectives, decisions and performance	

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