

Definitions

Read the following definitions that can be useful to perform the exercise ***Business Plan - Financial.***

Capital for the foundation

These are the funds that you need to be able to start the business. Example: one month's salary of the holder (3000), which has to deal with all the paperwork relating to the initiation of, and advertising costs for the promotion (300).

Capital for fixed assets

They are the costs that you need to pay to acquire the fixed assets, namely all the goods that you will use for years (equipment and vehicles). For accounting purposes those are costs that are not to be registered in the income statement but that you "reactivate" as investments and write off each year.

For an industry they could be all the machinery, for and ice cream shop an ice cream machine to make ice cream and refrigerators.

Capital for the circulating assets

All other costs that will have to maage, in your example regarding the first three months, which are regarded as the beginning of the period of probably no or limited income.

