



DESIGN VENTURA 2023–24

Bringing the business of design
to life with Deutsche Bank

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Glossary of Enterprise Terms

Cost Price	<p>The cost price is what a product actually costs to manufacture, assemble and package. This is different to the retail price that you will eventually sell your product for.</p> <p>The cost price is usually around 50% of the total retail price</p>
Retail Price	<p>The retail price is the cost price, plus other overheads.</p>
Mark up	<p>The increase in price of an item for sale so that a retailer can make a bigger profit.</p>
Salary	<p>Regular payment to employees for the work they do.</p>
Profit	<p>The money left once all running costs (such as tax, shop rent, staff salaries etc.) have been subtracted after a sale.</p>
Retail	<p>The sale of goods from a fixed location – such as a shop.</p>
Running costs	<p>Also known as overheads – this covers the costs that it takes to run the business, including rent, tax, staff salaries, cleaning, lighting and heating etc.</p>
Break even	<p>When expenditure and income are equal, so that no profit is made, but no loss is made either.</p>
VAT	<p>VAT (Value Added Tax) is a way that the Government collects tax through the things we buy. It is a tax on goods and services.</p> <p>Most retail prices include VAT but we will not be including VAT in the final Design Ventura costs.</p>
Labour	<p>The number of hours a person will spend working on the production and assembly of the product. You can use the UK minimum wage for under 18s as a rough cost</p>
Minimum wage	<p>The legal minimum hourly payment rate for workers set by the Government. There are different rates of payment for different ages, but you must be over the age of 16 to be entitled to this payment. The minimum wage for 16-17 year olds is £4.62 per hour.</p>
Fairtrade	<p>A product meets Fairtrade social, economic and environmental standards. The standards include protection of workers' rights and the environment and fair payment to producers.</p>

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Cost effective	The use of money and materials to get the best value.
Income	The money that comes into your business – this can be from sales, but also from loans and investments.
Expenditure	The money that you need to spend in order to create your product and run your business.

Minimum wage rates 2016	25 and over	21 to 24	18 to 20	16 - 17	Apprentice
April 2020 (current rate)	£8.91	£8.36	£6.56	£4.62	£4.30

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