

## WHY BUSINESSES BORROW MONEY

# Glossary of key terms

Term	What it means
Capital	Anything that has value or can be used to make money, such as personal savings, private loans, labor, real estate or equipment
Fees	Additional costs that vary by lender, credit score, income, principal, assets and liabilities
Financial capital	Debt and equity from your business
Intellectual capital	The collective knowledge within a company
Interest	The amount of money owed in addition to your principal
Principal	The original amount of money borrowed in a loan
Social capital	The value derived from social connections