

Applied Business – Scheme of Work

Certificate/Extended Certificate

**Unit 1: Financial Planning and Analysis Unit type:** externally assessed

**Guidance notes**

This Scheme of Work (SoW) illustrates how the unit content could be delivered over 60 GLH. The Financial Planning and Analysis unit should be delivered either before, after or at the same time as the Unit 2 Business Dynamics unit, and before the Unit 3 Entrepreneurial opportunities unit, which is the unit where the skills and knowledge developed through units 1 and 2 are synoptically brought together.

This SoW should be used in conjunction with the qualification Delivery Guidance document. You should also note that it follows the GLH Breakdown section of the unit specification in relation to the apportionment of teaching time to unit content.

Choose option

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| **Delivery time (hours)** | **Specification reference** | **Key learning objectives**  Consider inclusion and differentiation (as appropriate and relevant) **Equality and Diversity in BLUE** (to be enhanced by unit teacher as appropriate for learner group) | **Learning activities and resources**  What will be learner led? What will be Tutor led? Topics for plenary? Homework?  Classroom based or off-site? Employer engagement?  **Stretch and challenge in RED** *(to be enhanced by unit teacher as appropriate for learner group)* | **Plenary**  How will learner progress be checked?  Evidence requirements?  **Assessment time**  **(hours) N/A** | **Embedding or contextualising**  (opportunities for skills development)  **Maths in PURPLE Transferable Skill**  **opportunities in**  **ORANGE** |
| 2 | AO1 - Investigate why business enterprises plan their finances (introduction) | • Understand the differences and similarities that different enterprises have  in the environment they  operate in.  • Be able to outline the different motivations that individuals and groups have to start up and run enterprises. | Tutor to outline broad content and purpose of the unit, i.e. failure to plan is planning to fail. Links to the Business Dynamics unit should be made, i.e. the meaning of business vision and aims.  Tutor to use three case studies of different enterprises providing some similar products or services. These could include:  • A sole proprietor or partnership, eg a local independent cafe (tutor to provide information)  • A company <http://www.costa.co.uk/>and [https://www.whitbread.co.uk/inves](https://www.whitbread.co.uk/investors/reports-and-presentations/annual-reports-accounts.html) | • Work sheets completed to accompany tutor summary. | • Research skills when preparing for presentations.  • Researching Social Enterprise. |

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|  |  |  | [tors/reports-and- presentations/annual-reports- accounts.html](https://www.whitbread.co.uk/investors/reports-and-presentations/annual-reports-accounts.html)  • A social enterprise, eg Social Bite <http://social-bite.co.uk/>and [https://www.facebook.com/socialb itebusiness/?pnref=story](https://www.facebook.com/socialbitebusiness/?pnref=story)  Learners, working in small groups can be allocated one of the above and prepare a short presentation on their business. The presentation can include:  • A short introduction to the enterprise.  • What was the motivation to start the enterprise?  • What are the implications of failure of this enterprise?  Learners to make presentations to the  class group and tutor to provide an overview of the key findings:  • Motivation for starting an enterprise  • Similarities between enterprises, eg survival and interest groups  (to be developed as stakeholders  later)  • Differences between enterprises, eg profit/not for profit  Learners can undertake further research |  |  |

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|  |  |  | to understand not-for profit organisations by viewing this interview with the Big Issue founder John Bird.  [https://www.youtube.com/watch?v=jIO8G Jke6EU](https://www.youtube.com/watch?v=jIO8GJke6EU) |  |  |
| 2 | AO1 - Legal structures of business (all) | • Understand the financial implications of using different legal forms of business.  • Be able to identify appropriate forms of ownership for different types of business. | Tutor to review/introduce meaning of business ownership (also considered in Unit 2 Business Dynamics). These concepts could be illustrated using the businesses introduced in ‘AO1 – business planning introduction'. Tutor to review understanding.  Learners provided with a ‘guide sheet’ outlining the factors determining the choice of business ownership, eg a table detailing each factor (rows) and linking these to different forms of ownership (columns). Learners, working in groups,  to apply this to the businesses introduced  in ‘AO1 – business planning introduction' supplemented by a further local example of a sole proprietor or partnership to ensure that both are represented. Tutor to review understanding through whole class discussion.  Learners can further research liability through watching this presentation [http://www.tutor2u.net/business/referenc](http://www.tutor2u.net/business/reference/limited-liability-revision-presentation) | • Completion of guide sheet.  • Completion of Tutor2U quick revision test. | • Written communication skills when completing the guide sheet. |

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|  |  |  | [e/limited-liability-revision-presentation](http://www.tutor2u.net/business/reference/limited-liability-revision-presentation)  And undertaking this quick test  [http://www.tutor2u.net/business/referenc e/limited-liability-revision-presentation](http://www.tutor2u.net/business/reference/limited-liability-revision-presentation) |  |  |
| 2 | AO1 - Planning an enterprise (providing information to key stakeholders  to enable them to make decisions  about the viability of an enterprise or expansion) | • Understand the meaning of Stakeholders and their interests.  • Be able to describe business ownership and the interests of stakeholders. | Tutor to review/introduce meaning of stakeholders (also considered in Unit 2  Business Dynamics). These concepts  could be illustrated using the same businesses introduced in ‘AO1 – legal structures of business’.  Learners provided with a ‘guide sheet’ outlining the factors determining the choice of business ownership, eg a table detailing each business highlighted above (rows) and linking these too  different stakeholders (columns). Tutor to  review understanding through whole class discussion. The following study notes can help act as a summary.  [http://www.tutor2u.net/business/referenc e/stakeholders-introduction](http://www.tutor2u.net/business/reference/stakeholders-introduction) | • Completion of guide sheet | Research skills when completing guide sheet |
| 2 | AO1 - Financing the enterprise | • Understand the difference between the importance of and differences between start-up and running costs.  • Be able to differentiate between start-up and running costs for different | Tutor to outline the meaning of start-up and running costs. Using the example of setting up a business. The following will be of help [http://startups.co.uk/how-to- start-a-cafe-or-coffee-shop/4/](http://startups.co.uk/how-to-start-a-cafe-or-coffee-shop/4/) and [http://www.santanderbusinessguides.co. uk/bizguides/full/index.asp.](http://www.santanderbusinessguides.co.uk/bizguides/full/index.asp) | • Completion of homework task.  • Completion of specimen paper question 1. | • Written communication skills when completing the homework task |

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|  |  | enterprises.  • Understand that sufficient income will be required to cover costs and generate profit/surplus. | Tutor to provide a list of business start- ups and learners select one (or are allocated one) start-up and as a homework task identify start-up and running costs for the chosen/allocated start-up.  Tutor to introduce the role of profit/surplus and briefly relate to the three different enterprises in the introduction to AO1 |  |  |
| 2 | AO1 - Business planning and financing the enterprise | • Understand the need to plan the financing requirements of start-up costs, running costs and the requirement to ensure sufficient cash requirements.  • Be able to identify the appropriate internal and external sources of finance to meet short and long term finance requirements. | Tutor to review the meaning of start up and running costs and the issue of a time delay before revenue is available meaning possible cash flow problems.  Learners in small groups could work on the costing of a business start-up with the aim of establishing its cash requirements. Learner could do different start-up ideas or all consider the same scenario. The following could again be used as a resource [http://www.santanderbusinessguides.co. uk/bizguides/full/index.asp.](http://www.santanderbusinessguides.co.uk/bizguides/full/index.asp) and <http://startups.co.uk/>  The tutor could provide learners with the relevant information on different types of internal and external sources of funding. Learners could then consider how best to | • Completion of costing of business start-up and selection of appropriate  types of finance  tasks.  • Completion of specimen paper questions 1 and  8 | • Research skills when investigating start-up and running costs |

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|  |  |  | solve the start-up and running cost issues for the business idea considered above. |  |  |
| 1 | AO1 - Business planning and financing the enterprise | • Understand the need to set profit targets to ensure a return for the owners of an enterprise. | Tutor to highlight that plans need to include a survival profit/surplus.  Using the cafe business types used earlier learners to produce a ranking table showing how important a profit/surplus is for the first year of an enterprise for:  • An owner manager  • Plc  • Not for profit organisation | • Production of a table ranking the importance of making a profit/surplus. | • Research skills used when ranking an enterprise’s need to plan for a profit/surplus. |
| 2 | AO2 – Investigate the key elements of financial planning that managers and entrepreneurs must understand (Making a  profit or  surplus (all)) | • Understand basic profit/surplus calculations that include total revenue/income and total cost/expenditure  o retail/wholesale | Tutor to explain how retailers and wholesalers make their profits including the basic profit calculation for retail or wholesale types of business, Income less Expenditure (includes purchases and expenses).  Students to research mini case studies of different retailers to identify the nature of income earned and items of expenditure that they face. Mini case studies to include online and physical stores. Learners to produce an expenditure list for their chosen business (without figures).  Tutor to summarise findings which would | • Completion of expenditure list. | • Research skills when  identifying costs |

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|  |  |  | ensure that likely purchases of assets are identified as well as expenses such as:  • Selling and distribution  o sales force o advertising o transport  o showroom/shop expenses  • Administration  o office salaries  o office equipment  o office rent  • Finance  o interest charges  o leasing |  |  |
| 2 | AO2 – Investigate the key elements of financial planning that managers and entrepreneurs must understand (Making a  profit or  surplus (all)) | • Understand basic profit/surplus calculations that include total revenue/income and total cost/expenditure  o Service  o Not for profit  o Manufacturing | Tutor to explain how service, not for profit and manufacturing type businesses  make their profits/surplus including basic profit calculation e.g. Income less Expenditure (which includes production cost and expenses for manufacturing concerns). Not for profit organisations  are like to be a hybrid of other types  depending on what they do.  Students to be allocated an example of each type of concern. They will research and make a presentation on income and expenditure for these types of business. | • Completion of business presentation. | • Research skills and presentation skills when preparing and delivering the presentation. |

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|  |  |  | Tutor to summarise findings. Likely manufacturing costs could be highlighted such as:  • Manufacturing  o factory direct  o factory indirect  o cost of inventories  o factory machinery |  |  |
| 2 | AO2 - Costs and revenue | • Understand that accurate identification of costs is vital in producing accurate profit calculations.  • Be able to classify fixed, variable and semi variable costs in different situations.  • Understand that total  revenue is derived from price x quantity. | Tutor to explain the meaning of fixed, variable and semi variable costs, stressing that these terms are part of the language of business and have precise meaning for calculations. The tutor can then choose a business to case study exploring the types of cost incurred.  Learners can investigate from previous researched or new enterprises the fixed, variable and semi variable costs incurred.  Learners can also complete the following tutor2u revision quiz.  [http://www.tutor2u.net/business/referenc e/business-costs-revision-quiz](http://www.tutor2u.net/business/reference/business-costs-revision-quiz) | • Completion of research tasks.  • Completion of tutor2u business costs revision quiz | • Research skills when  identifying costs and types of expenditure |

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| 2 | AO2 - Costs and revenue | • Understand the distinction between revenue and capital expenditure.  • Be able to identify items of capital and revenue expenditure in different situations. | Tutor to explain the meaning of capital and revenue expenditure. Again these are part of the language of business so precision is required. Although now within the specification and therefore not assessed [https://www.gov.uk/government/publicati ons/hmrc-capital-vs-revenue- expenditure-toolkit](https://www.gov.uk/government/publications/hmrc-capital-vs-revenue-expenditure-toolkit)  Shows that the precise definitions make a difference in tax paid.  Using new or previous case studies learners can identify capital and revenue expenditure.  Accounting textbooks often have questions that could be set for learners. | • Completion of research tasks. | • Research skills when  identifying costs  and types of expenditure. |
| 2 | AO2 - Break- even | • Understand the concept of break-even and contribution. | Tutor to explain the meaning of break- even. Diagrammatic presentations can be used as part of the explanation. Further explanations should include areas of profit and loss and margins of safety as well as break even output.  Learners can be directed to the many explanatory videos available for break- even for example:  [http://www.bing.com/videos/search?q=br eak-](http://www.bing.com/videos/search?q=break-even%2Bcharts&amp;&amp;view=detail&amp;mid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;rvsmid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;fsscr=0&amp;FORM=VDFSRV) | • Completion of break-even questions set in class | • Written communication skills when completing break-even questions. |

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|  |  |  | [even+charts&&view=detail&mid=C62A47](http://www.bing.com/videos/search?q=break-even%2Bcharts&amp;&amp;view=detail&amp;mid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;rvsmid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;fsscr=0&amp;FORM=VDFSRV)  [8BEB6C80967D13C62A478BEB6C8096](http://www.bing.com/videos/search?q=break-even%2Bcharts&amp;&amp;view=detail&amp;mid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;rvsmid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;fsscr=0&amp;FORM=VDFSRV)  [7D13&rvsmid=C62A478BEB6C80967D1](http://www.bing.com/videos/search?q=break-even%2Bcharts&amp;&amp;view=detail&amp;mid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;rvsmid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;fsscr=0&amp;FORM=VDFSRV)  [3C62A478BEB6C80967D13&fsscr=0&F ORM=VDFSRV](http://www.bing.com/videos/search?q=break-even%2Bcharts&amp;&amp;view=detail&amp;mid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;rvsmid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;fsscr=0&amp;FORM=VDFSRV)  Learners can complete break-even chart questions from information provided by the tutor.  Most business studies textbooks at GCSE and GCE will have examples of varying difficulty that learners can complete. For example AQA Applied Business GCSE (Hammond, McGuire, Ramsbottom, Silvester-Hall, Stimpson, Sumner and Whitehouse) - Nelson Thornes and Applied Business AS (Surridge, Chapman, Merrills and Cornelius) - Collins |  |  |
| 4 | AO2 - Break- even | • Understand the concept of break-even and contribution.  • Be able to produce break- even and contribution calculations in a variety of situations. | Tutor to provide the break-even formula and explain the meaning of contribution.  Learners can complete questions that involve calculating break-even given by the tutor. The questions can include scenarios where costs can change, learner can re-calculate break-even and also if sufficient context is provided suggest what can be done to rectify the situation applying knowledge acquired in | • Completion of break-even questions set in class. | • Written communication skills when completing break-even questions. |

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|  |  |  | AO1.  Learners can be directed to the many explanatory videos available for break- even for example:  [http://www.bing.com/videos/search?q=br eak- even+charts&&view=detail&mid=1B9DC](http://www.bing.com/videos/search?q=break-even%2Bcharts&amp;&amp;view=detail&amp;mid=1B9DC9EA603B48F718991B9DC9EA603B48F71899&amp;rvsmid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;FORM=VDFSRV&amp;fsscr=0)  [9EA603B48F718991B9DC9EA603B48F](http://www.bing.com/videos/search?q=break-even%2Bcharts&amp;&amp;view=detail&amp;mid=1B9DC9EA603B48F718991B9DC9EA603B48F71899&amp;rvsmid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;FORM=VDFSRV&amp;fsscr=0)  [71899&rvsmid=C62A478BEB6C80967D](http://www.bing.com/videos/search?q=break-even%2Bcharts&amp;&amp;view=detail&amp;mid=1B9DC9EA603B48F718991B9DC9EA603B48F71899&amp;rvsmid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;FORM=VDFSRV&amp;fsscr=0)  [13C62A478BEB6C80967D13&FORM=V DFSRV&fsscr=0](http://www.bing.com/videos/search?q=break-even%2Bcharts&amp;&amp;view=detail&amp;mid=1B9DC9EA603B48F718991B9DC9EA603B48F71899&amp;rvsmid=C62A478BEB6C80967D13C62A478BEB6C80967D13&amp;FORM=VDFSRV&amp;fsscr=0)  The tutor2u case study can be used to calculate costs and then break-even and contribution.  [http://www.tutor2u.net/business/blog/bre akeven-and-profit-calculations-practice- case-study-sas](http://www.tutor2u.net/business/blog/breakeven-and-profit-calculations-practice-case-study-sas) |  |  |
| 2 | AO3 – Consider how managers and entrepreneurs monitor the financial performance of an enterprise (Using break- | • Understand the value and limitations of break-even. | Tutors to explain the value of break-even explaining that break-even does not  show profit, but potential profit at given cost/volumes.  Students can be given a copy of study notes below  [http://www.tutor2u.net/business/referenc](http://www.tutor2u.net/business/reference/breakeven-analysis-strengths-and-limitations) | • Completion of specimen paper questions 3, 5, 6 and 7. | • Written communication skills when completing break-even questions. |

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|  | even) |  | [e/breakeven-analysis-strengths-and- limitations](http://www.tutor2u.net/business/reference/breakeven-analysis-strengths-and-limitations)  The following is a more academic explanation that students could study.  [http://www.accountingdetails.com/break\_](http://www.accountingdetails.com/break_even_analysis-2.htm)  [even\_analysis-2.htm](http://www.accountingdetails.com/break_even_analysis-2.htm) |  |  |
| 2 | AO3 – Consider how managers and entrepreneurs monitor the financial performance of an enterprise (Using break- even) | • Understand the role of  break-even in setting targets and as part of "what if" targets. | Tutor can provide data on costs and market information e.g. likely cost rises and competition etc and learners can produce/use spreadsheets to show break-even and use for what if analysis to suggest solutions and present solutions. | • Presentation of solution based on what if analysis | • Data interpretation skills based on what if analysis |
| 2 | AO3 – Consider how managers and entrepreneurs monitor the financial performance of an enterprise (Using break- even) | • Be able to use break-even and contribution analysis to provide options to solve business problems. | Tutor can explain how contribution analysis can help solve business problems. It would be an advantage to stretch the specification to consider particular types of contribution/marginal coating decisions such as acceptance of a special contact, make or buy decisions and pricing decisions.  The tutor2u presentation gives an example. [http://www.tutor2u.net/business/presenta tions/accounts/specialorders/default.html](http://www.tutor2u.net/business/presentations/accounts/specialorders/default.html) | • Completion of questions based on contribution/marg inal costing decisions. | • Written communication skills when completing marginal  costing decision  questions. |

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|  |  |  | Learners can complete questions using contribution/marginal costing. Questions can usually be obtained from cost/management accounting textbooks or the internet. |  |  |
| 2 | AO2 - cash- flow | • Understand the concept of cash-flow forecasts. | Tutor to introduce cash-flow forecasts.  Learners can produce a cash-flow forecast from very simple/limited number of transactions. Some of the information can be relatively easy to place in a chart others can be left to discretion of the learner. The cash-flow should produce negative balances during the period (for example middle months). The tutor can also produce a possible answer and classroom discussion can take place on how estimates were arrived at and solutions suggested. The tutor can then introduce data on what actually happened. The information can be placed side by side to allow simple variance calculations. | • Completing the cash flow question. | • Data analysis skills when completing the cash-flow question. |
| 3 | AO2 - cash- flow | • Be able to interpret a cash flow forecast.  • Understand that a positive cash flow does not represent a profit. | If trade credit was not introduced in AO1 it should be introduced here or it should be consolidated in order to demonstrate that cash and profit are different.  The tutor can provide completed cash- flow forecasts with contextual information | • Reporting on cash flow forecast.  • Complete cash flow forecasting quiz | • Data analysis skills analysing cash-flow forecasts. |

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|  |  |  | so that learners are required to consider possible solutions to the cash-flow scenarios.  Tutor2u resources that can be used. [http://www.tutor2u.net/business/referenc](http://www.tutor2u.net/business/reference/cash-flow-forecasting-management-revision-quiz)  [e/cash-flow-forecasting-management-](http://www.tutor2u.net/business/reference/cash-flow-forecasting-management-revision-quiz)  [revision-quiz](http://www.tutor2u.net/business/reference/cash-flow-forecasting-management-revision-quiz)  [http://www.tutor2u.net/business/referenc e/finance-why-a-business-needs-credit- as-a-source-of-finance](http://www.tutor2u.net/business/reference/finance-why-a-business-needs-credit-as-a-source-of-finance)  [http://www.tutor2u.net/business/referenc e/cash-flow-forecasting-for-a-start-up- revision-presentation](http://www.tutor2u.net/business/reference/cash-flow-forecasting-for-a-start-up-revision-presentation)  [http://www.tutor2u.net/business/referenc e/profit-and-cash-flow-what-is-the- difference](http://www.tutor2u.net/business/reference/profit-and-cash-flow-what-is-the-difference) |  |  |
| 4 | AO3 - Budgets (all except income and expenditure) | • Understand that Cash-flow forecasts can help to monitor the financial performance of an enterprise.  • Understand that variance analysis can help monitor the financial performance of an enterprise. | The tutor should recap the previous section and introduce the formal definitions of adverse and favourable variances. These variances should be illustrated using worked examples.  Students can watch these presentations to consolidate knowledge.  [https://www.youtube.com/watch?v=NFu2](https://www.youtube.com/watch?v=NFu2iqmCnX4) | • Complete variance analysis questions and quiz | • Data analysis skills when completing variance analysis questions. |

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|  |  |  | [iqmCnX4](https://www.youtube.com/watch?v=NFu2iqmCnX4)  [http://www.tutor2u.net/business/referenc e/budgets-revision-presentation](http://www.tutor2u.net/business/reference/budgets-revision-presentation)  Learners should complete a series of questions involving variances.  Learners to complete variance analysis quiz [http://www.tutor2u.net/business/referenc e/variance-analysis-revision-quiz](http://www.tutor2u.net/business/reference/variance-analysis-revision-quiz) |  |  |
| 2 | AO3 - Budgets (all except income and expenditure) | • Be able to interpret cash- flow statements using what if and variance analysis. | Learner should now be provided with more complicated cash-flow forecasting scenarios/questions that should be contextual so that they could be answered in an examination setting. | • Completing cash- flow questions.  • Completion of specimen paper question 10. | • Data analysis skills when solving cash flow questions. |
| 2 | AO3 - Interpreting financial information (all) and Budgets - income and expenditure. | • Be able to calculate gross and operating profit.  • Understand the structure and purpose of an actual or forecasted Income Statement. | Tutor should outline how gross (revenue less cost of sales) and operating profit Gross profit less expenses) is calculated. The structure of an Income Statement should be explained.  Business studies and accounting text books can provide data for profit calculation and income statement questions.  [http://www.tutor2u.net/business/referenc e/income-statement-introduction](http://www.tutor2u.net/business/reference/income-statement-introduction) | • Completing Income Statement questions.  • Completing income statement revision quiz | • Data analysis skills when answering Income statement questions |

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|  |  |  | [http://www.tutor2u.net/business/referenc e/income-statement-revision-quiz](http://www.tutor2u.net/business/reference/income-statement-revision-quiz) |  |  |
| 2 | AO3 - Interpreting financial information (all) and Budgets - income and expenditure. | • Understand the structure and purpose of an actual or forecasted Statement of Financial Position. | Tutor should define assets, liabilities, working capital and equity. The structure of a Statement of Financial Activities/Balance sheet should be explained.  Learners can complete Statement of Financial Position provided by the tutor and the following.  [http://www.tutor2u.net/business/referenc e/balance-sheet-revision-quiz](http://www.tutor2u.net/business/reference/balance-sheet-revision-quiz)  [http://www.tutor2u.net/business/referenc e/balance-sheet-revision-presentation](http://www.tutor2u.net/business/reference/balance-sheet-revision-presentation) | • Completing statement of financial position questions.  • Completing statement of financial position revision quiz | • written communication when completing statement of financial position questions |
| 2 | AO3 - Interpreting financial information (all) and Budgets - income and expenditure. | • Be able to identify and classify assets, liabilities, working capital and equity. | Learners can be provided with lists of balances. These can be separated into Income Statement or Statement of Financial Position items. Using a proforma these items can be used to prepare Income statements and Statements of Financial Position. Several of this type of question can be set to ensure that the full range of items can be encountered.  Tutor should explain the main adjustments e.g. Depreciation and other provisions. made to final accounts (these do not need to calculated but will make it | • Completion of classification of income statement and statement of  financial position.  • Completion of research tasks into final accounts. | • Data skills when considering final accounts |

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|  |  |  | easier for learner to read final accounts of business enterprises).  Learners can be allocated business enterprises to research using their final accounts and internet reports. This information will be of use for AO4 - interpreting financial ratios, e.g. groups of learners can consider particular markets such as supermarkets. |  |  |
| 2 | AO4 – Assess information to enable stakeholders to make decisions about the financial  performance of  an enterprise (Stakeholder perspectives (all)) | • Understand the different financial and market information required by owners, managers, potential investors and suppliers.  • Be able to identify relevant financial and market information for different stakeholders. | Tutor to provide mini case studies for two enterprises and discuss who the relevant stakeholders would be. The tutor should then explain with the class group what their information needs would be.  Learners provided with a range of enterprises and a table for each enterprise showing Type of information (profitability, financial stability, meeting objectives etc) (rows) and linking these too different stakeholders (columns). Tutor to review understanding through whole class discussion. | • Completion of table matching information type with stakeholders. | • Research skills when investigating stakeholder information needs. |
| 1 | AO4 - Interpreting financial ratios | • Understand how financial ratios are used to enable stakeholders to make decisions about the financial performance of an enterprise. | Tutor should explain why ratios and percentages are used rather than absolute figures in order to compare financial performance between businesses operating in the same market or with previous years. This can be done by providing the profit figures for two enterprises and asking the question | • Completion of research into the limitations of ratio analysis | • Research skills when researching the limitations of ratio analysis |

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|  |  |  | "which is the more profitable?". The use of "profitable" rather than "profit" can tease out that the absolute figures do not answer this question and some other data is needed to provide comparison.  Discussion can take place to decide what data should be. Answers can include sales and capital. This provides the basis for two ratios, operating profit margin and return on capital employed. The need to express these relationships can also be discussed. With profitability measures established similar activities can be used to illustrate why solvency is normally expressed as ratios and activity in days  or times.  Learners to research the limitations of ratio analysis. |  |  |
| 3 | AO4 - Interpreting financial ratios | • Be able to interpret financial ratios using the headings of profitability, solvency and activity. | Tutor to explain profitability, solvency and activity ratios.  Learners can try and calculate ratios from data and formulae provided by the tutor, although calculations are not required for the examination they may aid understanding of the relationships.  [http://www.tutor2u.net/business/referenc e/financial-ratios-uses-users-revision- quiz](http://www.tutor2u.net/business/reference/financial-ratios-uses-users-revision-quiz) | • Completion of ratio calculation questions  • Completion of specimen paper questions 4 and  11. | • Written communication skills and data analysis when completing ratio calculation and specimen paper questions |

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| 2 | AO4 - Interpreting financial ratios | • Be able to interpret financial ratios using the headings of profitability, solvency and activity. | The tutor can select the published accounts of a company and either highlight or calculate a range of ratios.  Learners can provide a basic commentary of the financial performance of the company selected from the published accounts. | • Completion commentary on published accounts. | • Data analysis skills when considering published accounts. |
| 4 | AO4 - market information (all) | • Understand that there is a range of information available to support financial information to enable stakeholders to make decisions about the financial performance of an enterprise. | Tutors can outline the market information available to enterprises to aid decision making, although not all this information e.g. Key -note, will be available within the school or college.  Tutor can select companies or sectors that have a current profile. Learner can undertake research tasks on these organisations or sectors and produce a mini report and presentation on the financial performance of enterprise or sector. The reports would include information from Annual Reports, media reports and other sources. The report should consider different stakeholder perspectives. | • Completion of mini report and presentation. | • Written communication and presentation skills when completing mini reports of financial performance. |