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| **Business BTEC L3**  **Unit 3 F Complete statements of comprehensive income and financial position and evaluate a business's performance** | **Road Map** | | | | | |
| In this unit you will investigate business calculations and business performance  **LG1**: Knowledge  **LG2**: Application  **LG3**: Skills | Assessment Grades |  |  | | | |
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| **Themes** | **Learning Goals/Outcomes/Content** | | |  |  |  |
| **F1 Statement of comprehensive income**  **F2: Statement of financial position** | LG1: Know the purpose and use of a statement of comprehensive income (P/L account)  LG2: Complete profit and loss accounts for given businesses calculating profit and loss  LG1: know the purpose and use of a statement of financial position  LG2: complete balance sheets using vertical presentation to include:   * non-current assets * current assets * current liabilities * net current * non-current liabilities * net assets * Capital   LG1: know what depreciation, accruals and prepayments are  LG2: complete profit and loss and balance sheets to include   * Adjustments for straight line (cost *x* %), depreciation, reducing balance (cost – depreciation to date *x* %*).* * Adjustments for prepayments, accruals. * Interpretation, analysis, and evaluation of statements. | | |  |  |  |
| F3 **Measuring profitability** | LG1: know the measures of profitability  LG2: Calculate:   * gross profit margin: (gross profit/revenue) × 100 * mark-up: (gross profit/cost of sales) × 100 * profit margin: (profit/revenue) × 100 * Return on capital employed (ROCE): (profit/capital employed) × 100.   LG2: Perform ratio analysis to measure profitability  LG3: Analyse the performance of a business using profitability ratios to comment of the trends and performance of a business | | |  |  |  |

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| **Themes** | **Learning Goals/Outcomes/Content** |  |  |  |
| F4 **Measuring liquidity** | LG1: know the measures of liquidity  LG2: Calculate:   * Current ratio: current assets/current liabilities * Liquid capital ratio: (current assets – inventory)/current liabilities.   LG2: Perform ratio analysis to measure liquidity  LG3: Analyse the performance of a business using liquidity ratios to comment of the trends and performance of a business |  |  |  |
| F5 **Measuring efficiency** | LG1: know the measures of efficiency  LG2: Calculate:   * trade receivable days: (trade receivable/credit sales) × 365 * trade payable days: (trade payables/credit purchases) × 365 * Inventory turnover: (average inventory/cost of sales) × 365..   LG2: Perform ratio analysis to measure efficiency  LG3: Analyse the performance of a business using efficiency ratios to comment of the trends and performance of a business |  |  |  |
| F6 **Limitations of Ratios** | LG1: know the limitations of ratio analysis  LG2: calculate range of ratios to measure the performance of a business  LG3: analyse the performance of a business using rations  LG3: evaluate the performance of a business using ratios  LG3: evaluate the use of ratios to measure the performance of business |  |  |  |

**Links:**

In section C you learnt about the importance of recording transaction and about capital and revenue income and expenditure including depreciation. In section D you learnt about sources of finance. This section builds on this as your learn how income and expenditure are used to calculate business profits and the final value of a business in a balance sheet. If you have studied cost and management as part of your Diploma course you will also have produced a master budget using excel. In this unit you will learn to do it manually and make adjustments.