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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 lossLG1: know the purpose and use of a statement of financial positionLG2: 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 areLG2: 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.
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| F3 **Measuring profitability**  | LG1: know the measures of profitabilityLG2: 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 liquidityLG2: Calculate: * Current ratio: current assets/current liabilities
* Liquid capital ratio: (current assets – inventory)/current liabilities.

LG2: Perform ratio analysis to measure liquidityLG3: 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 efficiencyLG2: 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 efficiencyLG3: 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 analysisLG2: calculate range of ratios to measure the performance of a businessLG3: analyse the performance of a business using rationsLG3: evaluate the performance of a business using ratiosLG3: 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.