**Learning Checklist** - Unit 1: Investigate why business enterprises plan their finances

Use the faces to check and date your understanding of each section.

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| Section | Content |  |  |  |
| AO1 Understand business organisations | planning an enterprise:   * start-up * running costs * profit |  |  |  |
| planning to meet financial objectives:   * making a return for the owners of the enterprise * setting profit targets * ensuring sufficient cash resources * long term financing |  |  |  |
| Providing information to key stakeholders to enable them to make decisions about the viability of an enterprise or expansion:   * owners/shareholders * potential funders * suppliers |  |  |  |
| Sole trader |  |  |  |
| Partnership |  |  |  |
| Limited liability partnership |  |  |  |
| Private limited companies |  |  |  |
| Public limited liability companies |  |  |  |
| Community interest companies |  |  |  |
| Co-operatives |  |  |  |
| Financing business start up |  |  |  |
| Meeting running costs |  |  |  |
| Cashflow |  |  |  |
| Internal sources of finance |  |  |  |
| External sources of finance |  |  |  |
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| Section | Content |  |  |  |
| AO2 Investigate the key elements of financial planning that managers and entrepreneurs must understand | Fixed costs |  |  |  |
| Variable costs |  |  |  |
| Semi variable costs |  |  |  |
| Total revenue |  |  |  |
| Difference between revenue and capital expenditure |  |  |  |
| Profit/loss calculation |  |  |  |
| Surplus/deficit calculation |  |  |  |
| Break even analysis |  |  |  |
| Contribution method |  |  |  |
|  | Uses of break even |  |  |  |
|  | Differences between cash and profit |  |  |  |
|  | Why business need to monitor cashflow |  |  |  |

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| Section | Content |  |  |  |
| AO3 Consider how managers and entrepreneurs monitor the financial performance of an enterprise | Income and expenditure |  |  |  |
| cashflow |  |  |  |
| What if analysis |  |  |  |
| Variance analysis |  |  |  |
| Calculating adverse and favourable variances |  |  |  |
| Interpreting variances for decision making |  |  |  |
| Limitations of break even analysis |  |  |  |
|  | Contribution analysis |  |  |  |
|  | Income statements   * gross profit * net profit |  |  |  |
|  | Statements of financial position   * assets * liabilities * working capital * equity |  |  |  |

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| Section | Content |  |  |  |
| AO4 Assess information to enable stakeholders to make decisions about the financial performance of an enterprise | Profitability   * ROCE * Gross profit margin * Operating profit |  |  |  |
| Solvency   * Current ratio * Acid test ratio * Gearing |  |  |  |
| Activity   * Inventory * Trade receivables collection period * Trade payables payment period * Asset turnover |  |  |  |
| Strengths and limitations of financial information for decision making |  |  |  |
| Published accounts of competitors |  |  |  |
| Market trends |  |  |  |
| Market and industry research |  |  |  |
| Information need to make decisions |  |  |  |
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