

TOPIC: Business		PL
Term 2 jan-apr	Year 10 IG1	
<p>Objectives: To evaluate the performance of a business through the analysis of financial statements.</p> <p>Objectives: Section 5 of of Business Studies Fifth Edition</p>		
Focussing Questions	Key Words	
<p><u>Balance Sheets</u></p> <ul style="list-style-type: none"> >What is a balance sheet and how is it used? > Who is interested in a balance sheet? > What is the difference between an asset and a liability? >How does one year's financial performance compare to another's? >Why is retained profit important? >How can a company increase their retained profit? <p><u>Analysis of Accounts</u></p> <ul style="list-style-type: none"> · What is liquidity? · What is profitability? · How do I calculate profitability/liquidity? · How can ratios help users of accounts? · How can I decide whether the business needs to borrow or can expand? · What are the limitations to using ratio analysis? · Which stakeholder groups use which ratios? <p><u>Exam Answering:</u></p> <ul style="list-style-type: none"> · Should the company be satisfied with its profitability? Can I calculate the return on capital employed to justify my answer? · Should the company be worried about its financial position? - Can I provide a recommendation based on account analysis for comparable companies? - Bonus 	<p>Return on Capital Employed</p> <p>Acid Test</p> <p>Trade Receivables</p> <p>Shareholder's Funds</p> <p>Retained Profit</p> <p>Corporation Tax</p> <p>Gross Profit Margin</p> <p>Net Profit Margin</p> <p>Current Ratio</p> <p>Fixed Asset (Non-current asset)</p> <p>Current Asset</p> <p>Current Liabilities</p> <p>Debtors</p> <p>Creditors</p> <p>Liquidity</p> <p>Profitability</p>	<p>Identify</p> <p>Outline</p> <p>Explain</p> <p>Define</p> <p>Recommend</p> <p>Justify</p> <p>Analyse</p>