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| Topic Area | Can You ……… | Red(No) | Amber(Maybe) | Green (Yes) |
| 1.3 Estimating Revenues, costs and profits | * Define fixed costs, variable costs, running costs and start-up costs.
* Define revenue and profit
* State the formulas for total costs, revenue and profit and use them to complete simple calculations
* Explain how businesses forecast sales

volumes and selling prices to estimate revenue* Explain the difference between price and cost and the concept of profit
* Discuss the impact of profits and losses

on a business and its owners |  |  |  |
| 1.3 Forecasting Cash flows | * Explain the role and importance of cash to the operation of a business and to

its long-term success* Complete a cash flow forecast
* Calculate net cash flow and cumulative

cash flows* Explain how cash flows are affected by

stock levels and credit terms* Explain how cash flow problems can lead to business failure (insolvency)
* Define business plan
* Explain how a business plan can be used to minimise risk in a business
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| 1.3 Obtaining Finance3.3. Financing growth | * Define and explain the advantages and disadvantages of the main sources of finance for a small business start-up
* Define and explain the advantages and disadvantages of long-term sources, such as loans, personal savings, profit, venture capital and share capital in the context of a private limited company
* Define and explain the advantages and disadvantages of short-term sources such as overdrafts and trade credit.
* Discuss how a business would decide on which source of finance would be most appropriate.
* Define and explain the advantages and disadvantages of retained profit and sale of assets
* Understand which methods are suitable for small and large businesses
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| 3.3 How to improve cash flow | * Explain how a business could have more favourable credit terms with customers and suppliers
* Define destocking and discuss its pros and cons.
* Analyse the difference between increasing cash inflows and reducing cash outflows and suggest methods business could use to do this.
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| 3.3. How to improve profit | * Explain methods a business can use to cut costs and increasing revenues
* Explain the impact of price changes on profit
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| 3.3.Breakeven Charts and Breakeven analysis | * Draw and interpret break-even charts;
* Calculate the break-even point and

margin of safety* Explain how changes to price and costs affect the break-even point
* Discuss the pros and cons of using break-even analysis
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