

IB Business Management

Unit 3: Accounts and Finance – Scheme of Work



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UNIT 3: ACCOUNTS AND FINANCE

UNIT 3: ACCOUNTS AND FINANCE – THEORY OF KNOWLEDGE QUESTIONS

1	Do financial statements reflect the 'truth' about a business?
2	What is the role of interpretation in accounting? For example, could we compare businesses just by looking at their financial statements?
3	Many businesses are introducing metrics about their environmental, social or ethical performance on the side of financial information. Can well-being, or other social variables be measured?
4	Accounting practices vary from country to country. Is this necessary, or is it possible to have the same accounting practices everywhere?
5	Does the accounting process allow for imagination?

Student selection of **ONE question**: 500-word response

Conceptual understandings:

- **Change** in the business structure can impact a business' financial resources
- **Creativity** in financial reporting can have diverse impacts in a business
- **Ethical** financial and accounting practices can be a form of **sustainable** business behaviour

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UNIT 3: FINANCE AND ACCOUNTS

Time	Content	Learning activities	Assessment
3.1 Sources of finance			
1 week	Distinguish between internal and external sources of finance	Simpson and Smith: Textbook; pp 226-242	IB Business Management: Activities A – D Exam practice question Quizzes Topic Test
	Explain the following internal sources of finance: <ul style="list-style-type: none"> ▪ Personal funds (for sole traders) ▪ Retained profit ▪ Sale of assets 	PPT presentation and summary notes Textbook questions: Exam style questions, pp 242, Questions 1-10.	
	Explain the following external sources of finance: <ul style="list-style-type: none"> ▪ Share capital ▪ Loan capital ▪ Overdrafts ▪ Trade credit ▪ Crowdfunding ▪ Leasing ▪ Microfinance providers ▪ Business angels 	Videos Flash cards Classroom games – Kahoot!	
	Discuss the appropriateness of short- or long-term sources of finance for a given situation		
3.2 Costs and revenue			
1 week	Explain and give examples of the different types of production costs	Simpson and Smith: Textbook; pp 244-252	IB Business Management: Activities A – E Exam practice question Quizzes Topic Test
	Explain the meaning of revenue and comment on sources of revenue for different firms	PPT presentation and summary notes	
	Explain total revenue and provide examples of different revenue streams.	Textbook questions: Exam style questions, pp 252, Questions 1-10. Videos Flash cards	

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		Classroom games – Kahoot!	
3.3 Final accounts			
3 weeks	Explain the purpose of accounts	Simpson and Smith: Textbook: pp 253-272 PPT presentation and summary notes Textbook questions: Exam style questions, pp 272, Questions 1-10. Videos Flash cards Classroom games – Kahoot!	IB Business Management: Activities A - D Exam practice question Quizzes Topic Test
	Construct and amend accounts from information given		
	Explain the importance of final accounts to stakeholder groups		
	Identify and understand the main components of a profit and loss account		
	Identify and understand the main components of a balance sheet		
	Calculate depreciation using both the straight line and units of production methods HL		
	Evaluate the appropriateness of each method of depreciation HL		
	Understand what intangible assets are and understand the difficulties of valuing them		
3 weeks	Use unit contribution to analyse make or buy decisions – BMT HL	PPT presentation and summary notes Videos Flash cards Classroom games – Kahoot!	IB Business Management: Activities A - C Exam practice question Quizzes
	Calculate absorption costing and apply results to inform business decision making – BMT HL		
	Calculate contribution costing and apply results to inform business decision making – BMT HL		
	Calculate contribution costing and apply results to inform business decision making – BMT HL		
3.4 Profitability and liquidity ratio analysis			
3 weeks	Calculate the following financial ratios: gross profit margin, profit margin, return on capital employed (ROCE), and liquidity ratios (current ratio and acid test)	Simpson and Smith: Textbook: pp 273-299 PPT presentation and summary notes Textbook questions: Exam style questions, pp 286, Questions 1-	IB Business Management: Activities A - E Exam practice question Quizzes Topic Test
	Use gross profit margin, profit margin, return on capital employed (ROCE), and liquidity ratios (current ratio and acid test) to interpret and analyse financial statements from the perspective of different stakeholders		

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	Evaluate possible financial and other strategies to improve the value of gross profit margin, profit margin, return on capital employed (ROCE), and liquidity ratios (current ratio and acid test) ratios	10, pp 299, Questions 1-5	
	Calculate the debt/equity gearing ratio and the following efficiency ratios: stock turnover, debtor days, and creditor days HL	Videos Flash cards	
	Evaluate possible financial and other strategies to improve the debt/equity gearing ratio and the following efficiency ratios: stock turnover, debtor days, and creditor days HL	Classroom games – Kahoot!	
	Prepare a decision tree to evaluate the expected outcomes of options – BMT	PPT presentation and summary notes	IB Business Management: Activities A - C
	Analyse a company's investment options using a decision tree – BMT	Videos Flash cards	Exam practice question Quizzes
	Use the decision tree to develop future strategic direction – BMT	Classroom games – Kahoot!	
3.5 Cash flow			
2 weeks	Explain the difference between profit and cash flow	Simpson and Smith: Textbook: pp 301-314	IB Business Management: Activities A - D
	Prepare a cash flow forecast from given information	PPT presentation and summary notes	Exam practice question Quizzes
	Evaluate strategies for dealing with liquidity problems	Textbook questions: Exam style questions, pp 314, Questions 1-5.	Topic Test
	Explain the relationship between investment, profit and cash flow	Videos Flash cards Classroom games – Kahoot!	
3.6 Investment appraisal			
3 weeks	Understand what investment means, why appraising investment projects is essential and the information needed for investment appraisal	Simpson and Smith: Textbook: pp 315-327	IB Business Management: Activities A – D
	Assess why forecasting future cash flows adds uncertainty to investment appraisal	PPT presentation and summary notes	Exam practice question Quizzes

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	Apply and analyse the payback method of investment appraisal	Textbook questions: Exam style questions, pp 327, Questions 1-10. Videos Flash cards Classroom games – Kahoot!	Topic Test
	Apply and analyse the average rate of return method of investment appraisal		
	Analyse the importance of qualitative or non-numerical factors in many investment decisions		
	Understand discounted cash flows and apply and analyse the net present value method of investment appraisal HL		

3.7 Budgets HL

1 week	Distinguish between cost and profit centres HL	Simpson and Smith: Textbook: pp 328-340 PPT presentation and summary notes Textbook questions: Exam style questions, pp 340, Questions 1-8. Videos Flash cards Classroom games – Kahoot! Davis and Craft case studies	IB Business Management: Activity A Exam practice question Quizzes Topic Test
	Explain the roles of cost and profit centres HL		
	Construct a budget HL		
	Calculate and interpret variances HL		
	Explain the importance of budgets and variances in decision-making HL		

Formative Assessment:

Unit 3: Accounts and finance – Formal assessment **test**