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| **Business BTEC L3**  **Unit 3E:Break-even and cash flow forecasts** | **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** | | |  |  |  |
| **E1**  **Cash flow forecasts**  Prepare, complete, analyse, revise and evaluate cash flow. | **LG1**: Know the definition of cash inflows, outflows and net cash flow, opening and closing balances  **LG2:** Give examples of inflows and outflows and outflows  **LG2:** Calculate total inflows, outflows and net cash flow  **LG2:** Calculate closing and opening balances  **LG2**: Prepare cash flow forecasts  **LG3:** Identify cash flow concerns and amend cash flow forecasts to correct  **LG3:** Analyse the cash flow problems a business might experience  **LG3:** Justify actions a business might take when experiencing cash flow problems | | |  |  |  |
| **Cash flow forecasts**  Use, benefits and Limitations | **LG1:** Know that cash flow forecasts are used in the planning, monitoring, control and target setting of business  **LG1:** State the benefits and limitations of cash flow forecasts  **LG3:** Analyse the use of cash flow forecasts in the success of a business  **LG3:** Evaluate the benefits and limitations of cash flow forecasts | | |  |  |  |
| **E2:** **Break-even analysis**  Calculation | **LG1**: Know that costs can be fixed or variable  **LG1**: Define break even and margin of safety  **LG2:** Calculate variable costs, fixed costs and total costs  **LG2:** Calculate revenue  **LG2:** Calculate BE using formula  **LG2:** Produce a BE table and chart – fully label showing margin of safety, area of profit and **loss**  **LG2:** Calculate contribution, margin of safety and profit/loss | | |  |  |  |
| E2: **Break-even analysis**  Interpretation and analysis | **LG1:** Know the uses of break even for planning, monitoring and control  **LG2**: Calculate total contribution, contribution per unit  **LG3:** Analyse and evaluate breakeven | | |  |  |  |

**Links:**

This unit builds on your understanding of capital and revenue income and expenditure and the work you have done in D1 on Sources of finance. You will about how a business needs to plan its cash flow to be able to meet its capital and revenue expenditure requirements and how the timings of revenue income can impact on the success of a business. You will learn how revenue expenditure can be further broken done into different types of costs and how a business can plan the number of units required to break even. This topic also builds on the Unit 13 – Cost and Management unit – where you will develop your understanding of costs and use techniques from budgeting to produce cash flow.