

Summary

Finance and Accounts

Subject Start date Duration Year Year 12, Year 13 **Business Management** Week 2, November 13 weeks

Course Part

Description

In this unit students will learn how to classify costs, how to read and analyze the P&L, BL and Cashflow statement; how to make an investment appraisal and the basic principles of budgeting

Inquiry & Purpose

Essential Understandings

Short-, medium- and long-term finance (AO1)

Role of finance of businesses: capital expenditure, revenue expenditure

Internal sources of finance (AO2)

External sources of finance (AO2)

The appropriateness of sources of finance for a given situation (AO3)

Different type of costs (AO2)

Total revenue and revenue streams (AO2)

Total contribution and contribution per unit (AO2)

Break-even charts and break-even analysis (AO2)

The effects of changes in prices and costs on break-even (AO2)

The benefits and limitations of break-even analysis (AO3)

Break-even charts, break-even point, profit, margin of safety, target: profit, output, price (AO4)

The effects of changes in price and costs on break-even (AO4)

Final accounts: profit and loss account and balance sheet (AO2)

Depreciation methods: straight line and reducing balance (AO2)

Strengths and weaknesses of each depreciation method (AO2)

The purpose of accounts to different stakeholders (AO3)

The principles and ethics of accounting practice (AO3)

Final accounts: profit and loss account and balance sheet (AO4)

Depreciation methods (AO4)

Gross profit margin

Net profit margin

Return of capital employed (ROCE)





Current ratio

Acid test ratio (AO2)

Strategies to improve these ratios (AO3)

Gross profit margin

Net profit margin

Return of capital employed (ROCE)

Current ratio

Acid test ratio (AO4)

Efficiency ratios:

inventory/stock turnover

Debtor days

Creditor days

Gearing ratio (AO2)

Possible strategies to improve these ratios (AO3)

Efficiency ratios:

Inventory/stock turnover

Debtor days

Creditor days

Gearing ratio (AO4)

The difference between profit and cash flow (AO2)

The working capital cycle (AO2)

Cash flow forecasts (AO2) and make calculations to amend them (AO4)

The relationship between investment, profit and cash flow (AO2)

Strategies for dealing with cash flow problems

Reducing cash outflows

Improving cash inflows

Additional finance (AO3)

Investment opportunities using payback period and average rate of return (ARR) (AO3 and AO4)

Investment opportunities using net present value (NPV) (AO3 and AO4)

The difference between cost centers and profit centers (AO1)

The importance of budgets for organizations (AO2)

The roles of cost centers and profit enters (AO2)

Variances (AO2)

The role of budgets and variances in strategic planning (AO2)

Variances from budget (AO4)

(?) Inquiry Questions

Туре	Inquiry Questions
Content-based	How costs are classified
Content-based	What is the structure of a P&L?
Content-based	What is the structure of a Balance Sheet
Content-based	What is the structure of a Cash Flow Statement
Content-based	What is the structure of a Budget



Туре	Inquiry Questions
Skills-based	How to make a Break Even Analysis
Skills-based	How to analyze and compare the performance of one or two companies
Debatable	How to make a quantitative and qualitative analysis during an investiment appraisal
Concept-based	What are the ethical implications of window dressing

Transfer goals

How to read and analyze P&L Statement, Balance Sheet, Cash Flow Statement, Budget.

Missed concepts/misunderstandings

Students often have problems in memorizing all the sources of finances and their right use; they also have no sensibility about the figures that they read in a final accounting report; one of the greatest challenge for them is to put these data in relation with the size of the business, the type of the business and the age of the business (startup or established business)

Curriculum

Aims

Develop in the student the capacity to identify, to analyse critically and to evaluate theories, concepts and arguments about the nature and activities of the individual and society

Encourage a holistic view of the world of business

Promote awareness of the importance of environmental, social and ethical factors in the actions of individuals and organizations

Develop an understanding of the importance of innovation in a business environment

Objectives

Demonstrate knowledge and understanding of

the business management tools, techniques and theories specified in the syllabus content

real-world business problems, issues and decisions

the HL extension topics (HL only)

Demonstrate application and analysis of

knowledge and skills to a variety of real-world and fictional business situations

business decisions by explaining the issue(s) at stake, selecting and interpreting data, and applying appropriate tools, techniques, theories and concepts

the HL extension topics (HL only)



Demonstrate synthesis and evaluation of

business strategies and practices, showing evidence of critical thinking

business decisions, formulating recommendations

the HL extension topics (HL only)

Demonstrate a variety of appropriate skills to

produce well-structured written material using business terminology

select and use quantitative and qualitative business tools, techniques and methods

Syllabus Content

Unit 3: Finance and accounts

3.1 Sources of finance

Role of finance for businesses: capital expenditure, revenue expenditure

The following internal sources of finance: personal funds (for sole traders), retained profit, sale of assets

The following external sources of finance: share capital, loan capital, overdrafts, trade credit, grants, subsidies, debt factoring, leasing, venture capital, business angels

Short, medium and long-term finance

The appropriateness, advantages and disadvantages of sources of finance for a given situation

3.2 Costs and revenues

The following types of cost, using examples: fixed, variable, semi-variable, direct, indirect/overhead

Total revenue and revenue streams, using examples

3.3 Break-even analysis

Total contribution versus contribution per unit

A break-even chart and the following aspects of break-even analysis: break-even quantity/point, profit or loss, margin of safety, target profit output, target profit, target price

The effects of changes in price or cost on the break-even quantity, profit and margin of safety, using graphical and quantitative methods

The benefits and limitations of breakeven analysis

3.4 Final accounts (some HL only)

The purpose of accounts to different stakeholders

The principles and ethics of accounting practice

Final accounts: profit and loss account, balance sheet

Different types of intangible assets

Depreciation using the following methods: straight line method, reducing/declining balance method (HL)

The strengths and weaknesses of each method (HL)



3.5 Profitability and liquidity ratio analysis

The following profitability and efficiency ratios: gross profit margin, net profit margin, ROCE

The following liquidity ratios: current, acid-test/quick

Possible strategies to improve these ratios: gross profit margin, net profit margin, ROCE

Possible strategies to improve these ratios: current, acid-test/quick

3.6 Efficiency ratio analysis (HL only)

The following further efficiency ratios: inventory/stock turnover, debtor days, creditor days, gearing ratio

Possible strategies to improve these ratios

3.7 Cash flow

The difference between profit and cash flow

The working capital cycle

Cash flow forecasts

The relationship between investment, profit and cash flow

The following strategies for dealing with cash flow problems: reducing cash outflow, improving cash inflows, looking for additional finance

3.8 Investment appraisal (some HL only)

Investment opportunities using payback period and average rate of return (ARR)

Investment opportunities using net present value (NPV) (HL)

3.9 Budgets (HL only)

The importance of budgets for organizations

The difference between cost and profit centres

The roles of cost and profit centres

Variances

The role of budgets and variances in strategic planning

Content

Students will know how to classify costs, how to read and analyze final account statement, how to make an investment appraisal, how to analyze a budget

Skills

Students will develop critical and analytical skills; the will learn how to read figures, to understand the situation that they represent, and to make recommendation.

① Concepts

Ethics, Strategy and Innovation will be explored in these unit



Connections

International Mindedness

This unit has very few connections with differences between cultures, but nevertheless stress the importance of a standard

way to construct and analyze financial reports (IFRS). These standards allow accountants and managers to make quantitative analysis of companies from different countries

Academic Integrity

Academic integrity will be reinforced here when we cover the topic of window dressing and the ethical requirements for accountants.

Information Communication Technology

We will make extensive use of Excel to show how to make a Break Even analysis, how to draw charts, how to calculate the final accounting statements. We will also use an internet site to simulate accounting transactions to see the impact on both P&L and **Balance Sheet**

Canguage and learning

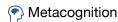
Activating background knowledge Scaffolding for new learning Acquisition of new learning through practice **Demonstrating proficiency**

Though many concepts are entirely new for students in this unit; the concept of cash is something that is familiar for them and one that is can be used to explain them the importance of cash flow in a business

TOK Connections

Key concepts

How reason, emotion and intuition come into play when making a business decision

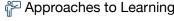


Reflection on content Reflection on skills Reflection on concepts

Students are required to reflect about the ethical implications of window dressing, about the qualitative aspects of investment appraisal, about the skill required to make a thorough analysis of accounting data



ATL Skills



Description

Students are required to analyze data from accounting statements of the company they choose for their Internal assessment and, optionally, for their EE. They need to make this analysis autonomously and then write in their Internal assessments,



their finding



Thinking

- In this unit, we will

ask students to formulate a reasoned argument to support their opinion or conclusion give students time to think through their answers before asking them for a response set students a task which required higher-order thinking skills (such as analysis or evaluation) build on a specific prior task

help students to make their thinking more visible (for example, by using a strategy such as a thinking routine)



Communication

- In this unit, we will

ask students to explain their understanding of a text or idea to each other ask students to monitor and check the quality of their writing assess or give feedback on speaking or writing concisely encourage or require students to plan a response before they begin ask students to formulate arguments clearly and coherently encourage all students to contribute to discussions



Self-management

- In this unit, we will

require students to revise and improve on work previously submitted ask students to set their own learning goals ask students to break down a larger task into specific steps practise or discuss strategies to increase concentration give students feedback on their approach to a task model positive skills and behaviours such as being well organized and punctual help students to learn from failures or mistakes discuss planning and approaches to revision





Research

- In this unit, we will

provide opportunities for students to reflect on how they determine the quality of a source, or analyse contradictory sources

give students advice on (or provide an opportunity for students to practise) narrowing the scope of a task to make it more manageable

discuss or model the importance of academic honesty and clear acknowledgment of sources



Developing IB Learners



☆ Learner Profile



Inquirers



Knowledgeable



Thinkers



Communicators



Principled



Caring



Risk-takers (Courageous)



Balanced



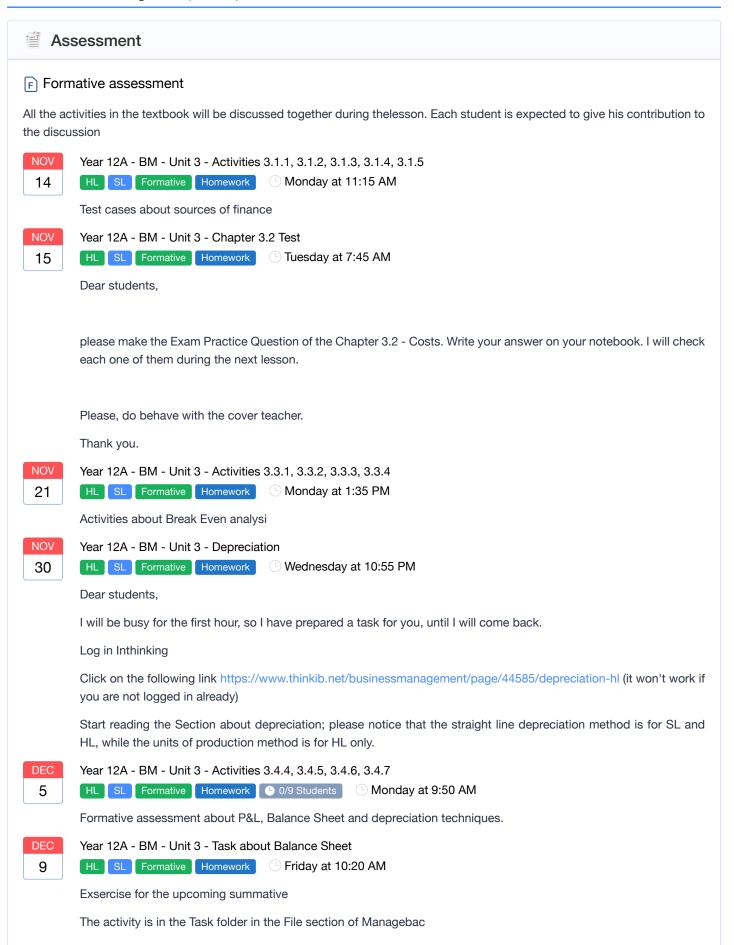
Reflective

Description

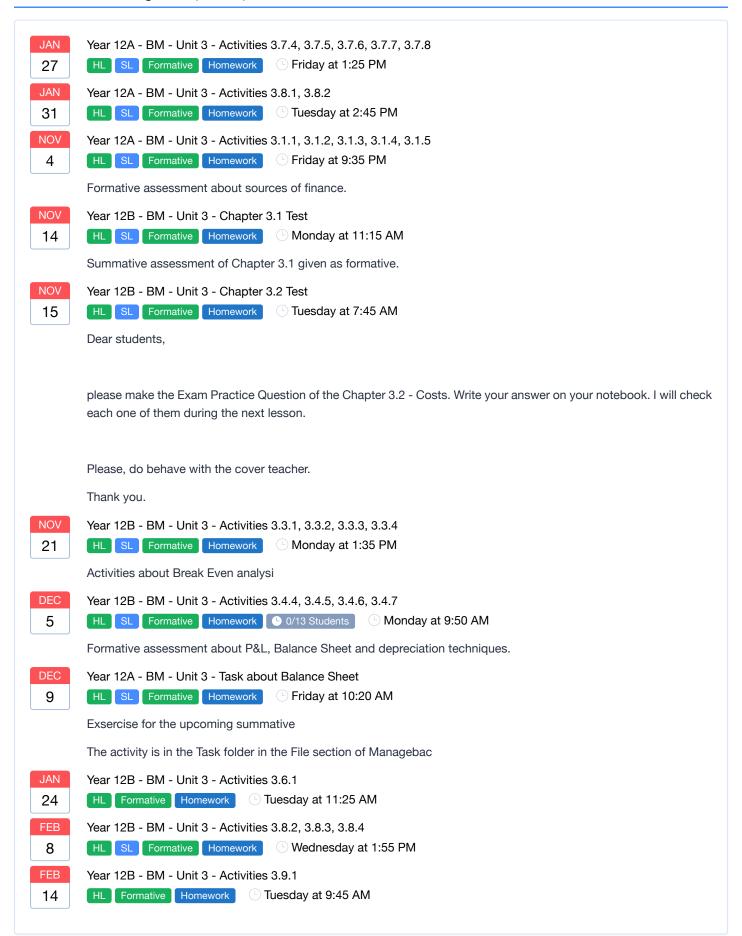
Accounting requires almost the full spectre of an IB learner profile.

Students must be willing to acquire new notions and to make questions when the analyze accounting data. They must reflect about the ethical implications of window dressing; they explore the "human" dimension that comes into play when a startup asks for a credit when its has not credit record. Students learn how to explore and how to communicate these concepts.





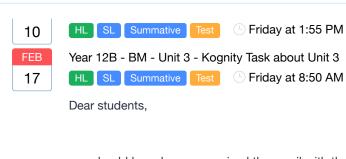






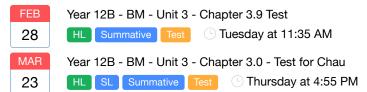






you should have by now received the email with the link to the Kognity task. This is a summary about the whole unit about Finance and Accounting. I have set a final hour for completion to 17:00. You are required to answer to all the questions. Bear in mind that this is a summative task.

HL students and SL students received a different link, but the amount of questions to answer is the same.



Peer and self assessment

In each test case discussion, students are asked to assess the answers of their peer and to argument their assessment

Standardization and moderation

Students are informed, since the first lessons, of the criteria used in the assessments. They are provided with the IB Business Management Guide and they are requested to read it periodically. The content of this guide is also explored together in class since the very first lesson, to inform students about the syllabus, the Internal Assessment, the Extended Essay, the exams and the expectations.

Assessment criteria

SL Criteria

Internal Assessment

- B: Choice and application of business tools, techniques and theories
- C: Choice and analysis of data and integration of ideas
- D: Conclusions
- E: Evaluation
- F: Structure

External Assessment

Paper 1 (Units 1-5) Section A

Structured questions based on the pre-seen case study

Paper 1 (Units 1-5) Section B

Structured question based mainly on additional stimulus material



Paper 2 (Units 1-5) Section A

Structured questions based on stimulus material with a quantitative focus

Paper 2 (Units 1-5) Section B

Structured questions based on stimulus material

Paper 2 (Units 1-5) Section C Extended response questions

- A: Knowledge and conceptual understanding
- B: Application
- C: Reasoned arguments
- D: Structure
- E: Individuals and societies

HL Criteria

Internal Assessment

- C: Use of tools, techniques and theories
- D: Analysis and evaluation
- E: Conclusions
- F: Recommendations
- G: Structure
- I: Reflective thinking

External Assessment

Paper 1 (Units 1-5 including HL extension topics) Section A

Structured questions based on the pre-seen case study

Paper 1 (Units 1-5 including HL extension topics) Section B

Structured question based mainly on additional stimulus material

Paper 1 (Units 1-5 including HL extension topics) Section C Extended response questions

- A: Knowledge and understanding of tools, techniques and theories
- B: Application
- C: Reasoned arguments
- D: Structure
- E: Individuals and societies

Paper 2 (Units 1-5 including HL extension topics) Section A

Structured questions based on stimulus material with a quantitative focus

Paper 2 (Units 1-5 including HL extension topics) Section B

Domenico Galizia

IB DP Business Management (Year 13) A

Structured questions based on stimulus material

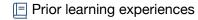
Paper 2 (Units 1-5 including HL extension topics) Section C Extended response questions

- A: Knowledge and conceptual understanding
- **B**: Application
- C: Reasoned arguments
- D: Structure
- E: Individuals and societies

Description

Each summative assessment is a mini-exam with a mix of Paper 1 and Paper 2

Learning Experiences



The subject is entirely new for students. What is required as a prerequisite is a good command on English language and a basic knowledge of mathematical concepts like ratios and equations.

Pedagogical approaches

I often give questions to my students and ask them to think about it and give an answer. This improve their thinking skills and their inquisitive skills. Often understanding comes from the ability to make the right question.

Feedback

All the activities are discussed during the lessons. Students will receive immediately my feedback.

Student expectations

Students are informed and reminded on a regular basis about what they are expected to do; the reminders will be verbal and written. Their level of understanding is constantly checked out during the formative assessments sessions (discussion in class of real test cases)

Support materials

Examples

Templates

Sample Exam Questions

Mark Schemes

Mark Schemes are shown and explained from the very beginning.

The syllabus is made of many real test cases; templates of business documents are provided and students are required to answer exam type questions during their assessment

P Learning Process

Lecture





PowerPoint lecture/notes Student lecture/leading Interdisciplinary Learning

There are no small groups. The whole class is one team and it is expected to work as a team

often give suggestions about how is it possible to use study in a smarter way, how to use schemes to organize ideas and concepts. The use of technology is encouraged to improve their learning process



Reflections & Evaluation

General Reflections & Evaluation

Prior to studying the unit



Domenico Galizia Sep 5, 2021 at 7:23 PM

The unit will start with the explanation of technical terms used in accounting; this is an entire new subject for students and they can not understand the content if first they do not understand the terms related to it



Domenico Galizia Oct 16, 2022 at 10:30 PM

Explain the terminology of accounting immediately.

During the unit



Domenico Galizia Oct 16, 2022 at 10:32 PM

Link elements of P&L statement to motivational theories