

Unit – Component 3

Student Checklist

Section A: Promotion	R	A	G
<p><b>A1 Elements of the promotional mix and their purposes</b></p> <p>The two basic aspects of advertising are:</p> <ul style="list-style-type: none"> <li>the message: what the communication needs to say &amp; the medium: how to get the message across</li> </ul> <p>Elements of the promotional mix and their purposes</p> <ul style="list-style-type: none"> <li>Advertising methods: moving image, print, ambient, digital, audio.</li> <li>Sales promotion: providing incentives to customers.</li> <li>Methods: coupons, competitions, money off, loyalty incentives, ‘buy one get one free’, discounts.</li> <li>Personal selling: face-to-face, by telephone, via email, through video or web conferencing.</li> <li>Public relations activities: promoting a product/service, brand, or enterprise by placing information about it in the media without paying for the time or media space directly: methods: exhibitions, sponsorship, press releases.</li> <li>Direct marketing to establish an individual relationship between the enterprise and the customer: methods: direct mail (junk mail), mail order catalogues, magazines, telemarketing.</li> </ul>	<p><a href="#">Knowledge Organiser</a></p> <p><a href="#">Promotional Mix Explained</a></p>		
<p><b>A2. Targeting and segmenting the market</b></p> <p>Types of market: Business to Business (B2B), Business to Consumer (B2C).</p> <p>Segmenting the market to identify which customers its promotions will target through:</p> <ul style="list-style-type: none"> <li>demographics: age, race, religion, gender, family size, ethnicity, income, education level,</li> <li>socio-economic group</li> <li>geographic: location</li> <li>psychographic: social class, attitudes, lifestyle and personality characteristics</li> <li>behavioural: spending, consumption, usage, loyalty status and desired benefits.</li> </ul>	<p><a href="#">Different Types of Market - Business to Business and Business to Consumer</a></p>		

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<p><b>A3 Factors influencing the choice of promotional methods</b></p> <p>Consider the factors affecting the choice of promotional method for an enterprise</p> <ul style="list-style-type: none"> <li>• Size of enterprise, Budgetary constraints, Appropriateness for product/service, Target market.</li> </ul>	<p><a href="#">Promotional Methods</a></p>			
<p><b>Section B: Financial Records</b></p>		R	A	G
<p><b>A3 Factors influencing the choice of promotional methods</b></p> <p>Types: invoices, delivery notes, purchase orders, credit notes, receipts, statement of account. Importance to a business of accuracy when these documents are being used.</p>	<p><a href="#">Financial Documents Explained</a></p>			
<p><b>B2 Payment Methods</b></p> <p>Payment methods: cash, credit cards, debit cards, direct debit, payment technologies. Impact on customers and enterprises of using different methods.</p>	<p><a href="#">Different Ways to Pay</a></p>			
<p><b>B3 Sources of Revenue and Costs</b></p> <p>Income from sales and from assets. Start-up costs and running costs.</p>	<p><a href="#">Understanding Revenue and Costs</a></p>			
<p><b>B4 Terminology in Financial Statements</b></p> <ul style="list-style-type: none"> <li>• Turnover (net sales) and cost of sales (cost of goods sold).</li> <li>• Gross profit, expenses, net profit, retained profit.</li> <li>• Fixed assets and current assets.</li> <li>• Current liabilities and long-term liabilities.</li> <li>• Debtors and creditors.</li> <li>• Net current assets.</li> <li>• Capital.</li> </ul>	<p><a href="#">Key Financial Terms from Statement of Comprehensive Income</a></p>			



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<p><b>B5/ B6 Statements of comprehensive income</b></p> <ul style="list-style-type: none"> <li>● Complete and interpret a statement of comprehensive income using given figures and suggest appropriate actions.</li> <li>● Statement of comprehensive income shows the profit or loss of an enterprise over time.</li> <li>● Calculate profit/loss using a simple statement of comprehensive income.</li> <li>● Complete and interpret a statement of financial position using given figures and suggest appropriate actions.</li> <li>● Statement of financial position shows the financial performance of an enterprise at a point in time.</li> <li>● Categorise total assets and liabilities using a statement of financial position</li> </ul>	<p><a href="#">Statement of Comprehensive Income</a></p>			
<p><b>B7 Profitability and Liquidity</b></p> <p><b>Interpret statements of comprehensive income and of financial position to calculate ratios.</b></p> <p>The difference between cash and profit &amp; the difference between liquidity and profitability.</p> <ul style="list-style-type: none"> <li>- gross profit margin percentage (GPM): <math>(\text{gross profit}/\text{revenue}) \times 100</math></li> <li>- net profit margin percentage (NPM): <math>(\text{net profit}/\text{revenue}) \times 100</math>.</li> <li>- current ratio: current assets/current liabilities</li> <li>- liquid capital ratio: <math>(\text{current assets} - \text{inventory})/\text{current liabilities}</math>.</li> </ul>	<p><a href="#">Liquidity Ratios Explained</a></p> <p><a href="#">Profitability Ratios Explained</a></p> <p><a href="#">Liquidity - What is it? Can a profitable business have a liquidity problem?</a></p>			
<p><b>Section C: Financial Planning and Forecasting</b></p>		R	A	G
<p><b>C1 Using cash flow data / C2 Financial Forecasting</b></p> <ul style="list-style-type: none"> <li>● Cash – liquid assets of the business; bank balance plus cash in the business.</li> <li>● Cash flow – difference between the cash flowing into the business (inflows) and the cash flowing out of the business (outflows), positive and negative liquidity.</li> <li>● Difference between sales and purchases.</li> <li>● Cash flow statement: the cash inflows and the cash outflows over the past 12 months.</li> <li>● Cash flow forecast: outlines the forecasted future cash inflows (from sales) and the outflows (such as raw materials, wages) per month over a period of time</li> </ul>	<p><a href="#">Cash Flow Forecasts and Statements Explained</a></p>			



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<p>Purpose of a cash flow forecast:</p> <ul style="list-style-type: none"> <li>- to identify money coming in (inflows) and going out (outflows) of the enterprise over time</li> <li>- to determine net current asset requirements and make business decisions.</li> </ul>				
<p><b>C3 Suggesting improvements to cash flow problems</b></p> <p>Analysis of cash flow information – considering changes in inflows and outflows over a period and how this affects the enterprise, considering differences between predicted and actual cash flow. Cash flow problems – not having enough cash to pay employees and suppliers.</p> <p>Impact of timings of inflows and outflows, and suggested solutions to problems: Increasing revenue, selling off unused assets, selling off inventory, chasing debtors for monies owed, cutting costs, delaying payment to suppliers, reducing credit period offered to customers, cutting back or delaying expansion plans.</p>	<p><a href="#">Impact of Timings on Cashflow With Potential Solutions</a></p>			
<p><b>C4 Break-even analysis and break-even point</b></p> <p>Construct and interpret a break-even chart and recognise its limitations. Costs: variable costs, fixed costs, total costs. Sales: total revenue. Margin of safety. Break-even = fixed costs/(selling price per unit – variable cost per unit). Break-even point. The value and importance of break-even analysis to enterprises when planning. Limitations of break-even analysis.</p>	<p><a href="#">Break Even Exam Question</a></p> <p><a href="#">Break Even Past Exam Questions - Question and Answer</a></p>			
<p><b>C5 Sources of business finance</b></p> <p>Consider why enterprises may plan different sources of finance for different purposes or at different stages and the relevance of each source.</p> <p>Sources of finance: Owner funds, retained profits, loans, credit cards, government grants, hire purchase and leasing, trade, credit, venture capital, peer-to-peer lending. Advantages and disadvantages of each source</p>	<p><a href="#">Credit Cards Overdrafts and Loans Explained</a></p>			

