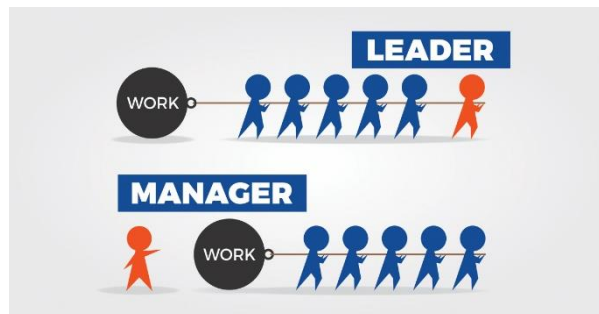




# BTEC Y12-Y13

## Summer Independent Learning 2024



## Business Finance

### Accounting



Accounting involves the recording of financial transactions, planned or actual, and the use of these figures to produce financial information.

#### **ACTIVITY**

Watch this video and then explain the following reasons for accounting:  
[Purpose of Accounting \(BTEC National Business\)](#)



**BeeBusinessBee.co.uk**

Measuring Performance

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Reason	Explanation
Record Transactions	
Management of the business	
Compliance	
Measuring Performance	
Control	

## Business Finance Key Terms



There are several key terms you will need to become familiar with to be able to carry out accounting for a business.



Research the key terms using the text book on teams and give examples of the following.

Key Term	Definition	Example
Capital		
Shares		
Revenue		
Trade receivables		
Trade Payables		
Asset		

Fixed Asset		
Current Asset		
Intangible Asset		
Gross Profit		
Net Profit		
Depreciation		

When you have completed the above, complete this key term quiz using this QR code / Link.



<https://quizlet.com/601453050/test>

## Statement of Comprehensive Income

A statement of comprehensive income (profit and loss account), if produced correctly, will give an accurate calculation showing how much profit **OR** loss the business has made. It records sales, costs and profit over a period of time (normally a year).



Use the following formulas to calculate the gross and net profit for this business.

**Gross profit = Sales revenue – cost of goods sold**

**Net profit = Gross profit – Expenses**

	£000s	£000s
<b>Sales</b>		411,529
Less cost of goods sold		
Purchases	128,129	
<b>Gross Profit</b>		£
Less Expenses		
Rent and rates		37,554
Wages and salaries		96,221
Telephone and Postage		1,359
Distribution		31,593
Advertising		15,579
Miscellaneous expenses		28,452
Depreciation		17,848
Total Expenses		<b>228,606</b>
<b>Net Profit before Tax</b>		£

## Making financial business decisions

### ACTIVITY

*Silva's* current premises are too small. Ruksana has found a new property that meets the business's needs. She has two options for acquiring the property.

**Option 1**

Renting the property on a five-year lease. The rent is fixed at a cost of £1 000 per month.

**Option 2**

Buying the property on a 20 year variable rate mortgage. At current interest rates this will cost £1 800 per month.

**14** Evaluate whether *Silva* should lease the property (Option 1) or buy the property (Option 2).

(12)

Ruksana runs a flower shop called *Silva*. Use the structure below to help you to answer the question above to achieve maximum points in this exam question.

**Option 1**

Positive of option 1

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Why would this be positive for Ruksana?

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Negative of option 1

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Why would this be negative for Ruksana

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Positive of option 2

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Why this would be positive for Ruksana?

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Negative of option 2

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Why this would be negative for Ruksana

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Differences between the two options

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Final decision

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Reason why this is the best choice for Ruksana

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## Personal Finance

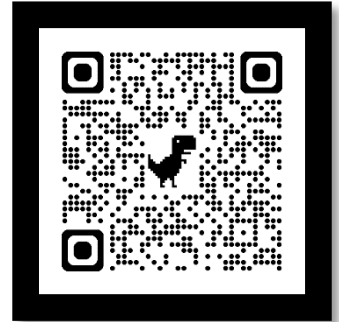
When working in finance you may be required to advise customers on appropriate financial products.

### Current Accounts

A current account is an account with a bank or building society that is designed for frequent use. Money can be paid in and withdrawn daily without the need to give notice.



Using <https://www.moneysupermarket.com/current-accounts/> research an appropriate current account for your Parent/carer and complete the table below to demonstrate your research.



Account Name	Interest paid on positive balances	Overdraft facility	Charges on unauthorised overdraft	Conditions to open this account	Rewards / Other

Explain which account you think is most appropriate for your parent/ carer and why.

## Financial Institutions



Financial Institutions are organisations that offer financial services to individuals and businesses. These services include the ability to deposit or withdraw money, obtain credit and make investments, as well as offering advice on matters of personal and business finance.

Watch this video on YouTube to get more information about financial institutions:

[Features of Financial Institutions \(BTEC National Business\)](#)



**Bank of England**

**UK Central Bank**

*"to promote the good of the people of the United Kingdom by maintaining monetary and financial stability"*

- Prints banknotes
- Controls inflation
- Supervises banks and insurers
- Ensures stability in the financial system



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# ACTIVITY

Research and answer the following questions about these financial institutions

Describe how a pawnbroker works.

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Describe how a payday loan works.

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Give two roles of the Bank of England

1. 

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2. 

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What are the similarities and differences between a bank and a building society?

Similarities	Differences