



Business Management

Guidance on modifications to Higher course assessments for session 2020–21

October 2020

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Overview

The following topic areas of content **will not** be directly assessed in the 2021 Higher Business Management question paper:

- ◆ Ethical and environment
- ◆ Workforce planning
- ◆ Employee relations

We have highlighted* these in the following extract from the course support notes, taken from the *Higher Business Management Course Specification*.

You should use this guidance to help you plan which parts of the course to emphasise for session 2020–21, as it highlights course content that will not be directly assessed in the 2021 question paper.

The original content of the course has not changed. Candidates will continue to be credited for relevant knowledge used to answer a question in the question paper, including knowledge from the highlighted, not directly assessed, course content.

Centres should continue to deliver the course as normal, to help ensure a seamless progression into the next level of study. However, teachers and lecturers can decide timing and depth of delivery, and if they want to internally assess the areas not directly assessed in session 2020–21.

There is no assignment for session 2020–21. Candidate grades will be awarded based on their performance in the question paper only.

*see column 2 for highlighted text

Approaches to learning and teaching

Learning in this course should be contextualised to large private-sector businesses, public-sector and third-sector organisations.

Understanding business		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Role of business in society	<p>Candidates should be aware of how business activity:</p> <ul style="list-style-type: none"> ◆ adds value ◆ helps satisfy the needs of customers in a changing competitive environment <p>Candidates should be able to classify and describe the following:</p> <ul style="list-style-type: none"> ◆ sectors of industry <ul style="list-style-type: none"> — business activity in the primary sector, secondary sector, tertiary sector and quaternary sector ◆ sectors of the economy <ul style="list-style-type: none"> — organisations in the public, private and third sectors 	<ul style="list-style-type: none"> ◆ carrying out independent or group research tasks and/or case studies to look at the different industrial and economic sectors ◆ presenting findings to the class
Types of organisations	<p>From the range below, candidates should:</p> <ul style="list-style-type: none"> ◆ be able to describe the similarities and differences between structures in terms of ownership, control and finance: <ul style="list-style-type: none"> — public sector organisations 	<ul style="list-style-type: none"> ◆ carrying out independent or group research tasks and/or case studies to look at the different types of organisations in terms of how they are organised, what they do and how they do it ◆ carrying out surveys of parents, carers, relatives about their employers

Understanding business		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
	<ul style="list-style-type: none"> — private limited companies — public limited companies — franchising — multinationals — third-sector organisations 	<ul style="list-style-type: none"> ◆ using online mapping to examine the distribution of local businesses
Objectives	<p>Candidates should:</p> <ul style="list-style-type: none"> ◆ be aware of the aims and objectives of the types of organisations listed above ◆ be able to explain any similarities or differences in these aims and objectives ◆ be aware of what organisations do to achieve objectives ◆ understand why objectives may change as circumstances change <p>Main objectives:</p> <ul style="list-style-type: none"> ◆ corporate social responsibility ◆ growth ◆ satisficing ◆ managerial objectives <ul style="list-style-type: none"> — working within a budget 	<ul style="list-style-type: none"> ◆ accessing case studies to understand how commercial business works ◆ using current businesses as case studies to demonstrate the reasons behind their objectives ◆ listening to guest speakers explain their business objectives and the reasons for choosing them

Understanding business		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Methods of growth	<p>Candidates should:</p> <ul style="list-style-type: none"> ◆ be aware of methods of growth available to organisations ◆ be able to describe the methods ◆ understand reasons for using each method ◆ be aware of the disadvantages of each method <p>Methods of growth include:</p> <ul style="list-style-type: none"> ◆ organic ◆ horizontal ◆ forwards vertical ◆ backwards vertical ◆ lateral ◆ conglomerate ◆ diversification <p>Ways to achieve growth include:</p> <ul style="list-style-type: none"> ◆ mergers, acquisitions, takeovers ◆ franchising ◆ becoming a multinational ◆ product development, advertising, increasing staffing 	<ul style="list-style-type: none"> ◆ accessing case studies to understand the different methods of growth used ◆ using current businesses as case studies to demonstrate the reasons for choosing the method of growth ◆ listening to guest speakers explain their methods of growth and the reasons for choosing them

Understanding business		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
	<p>Ways of funding growth include:</p> <ul style="list-style-type: none"> ◆ retained profits ◆ divestment ◆ deintegration ◆ asset stripping ◆ demerger ◆ buy-in ◆ buy-out ◆ outsourcing 	
External factors	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the impact that external factors might have on organisations <p>Factors include:</p> <ul style="list-style-type: none"> ◆ political (including economic policy and competition policy) ◆ economic ◆ social (including ethical) ◆ technological (new innovations that become available) 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to illustrate how external factors can positively and negatively affect business activities, for example how tobacco companies, bars, restaurants, garden furniture sellers have been affected by the smoking ban ◆ researching how external factors influence a business of their choice ◆ presenting findings to the class ◆ using business stories to illustrate the impact of external factors on business activity ◆ listening to guest speakers explain how factors have affected their businesses, for example competition, competition policy and economic policy

Understanding business		
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	<ul style="list-style-type: none"> ◆ environmental ◆ competitive 	
Internal factors	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the impact that internal factors might have on organisations' abilities to meet their objectives ◆ the ways organisations might be able to overcome any constraints <p>Factors include:</p> <ul style="list-style-type: none"> ◆ corporate culture (including methods of promoting and the costs and benefits) ◆ finance (budget constraints and availability) ◆ staffing (skill set, availability and motivation) ◆ technology (that is currently available in an organisation) 	<ul style="list-style-type: none"> ◆ using analytical techniques to illustrate how internal factors can positively and negatively affect business activities, for example how workers' striking affects a business ◆ researching how internal factors influence choices made by businesses ◆ presenting findings to the class ◆ using business stories to illustrate the impact of contemporary technology on business activity ◆ listening to guest speakers explain how internal factors affect their businesses, for example corporate culture
Stakeholders	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the differing objectives of groups of stakeholders in terms of: <ul style="list-style-type: none"> — conflicts of interest — interdependence 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to provide examples of stakeholder conflict and interdependence ◆ using business stories to illustrate contemporary examples of stakeholder conflict and interdependence ◆ listening to guest speakers explain how they manage stakeholder conflict and interdependence

Understanding business		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Structures	<p>Candidates should:</p> <ul style="list-style-type: none"> ◆ be aware of the different organisational structures and groupings available ◆ be able to describe these structures and groupings ◆ be aware of any advantage and/or disadvantage of the structures and groupings ◆ be aware of the effect of downsizing on an organisation's structure <p>Structures include:</p> <ul style="list-style-type: none"> ◆ tall and flat (including delayering) ◆ centralised and decentralised ◆ matrix ◆ entrepreneurial <p>Staff groupings include:</p> <ul style="list-style-type: none"> ◆ function ◆ place/territory ◆ product ◆ technological ◆ customer 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to provide examples of staff and management structures and groupings ◆ listening to guest speakers explain how they organise their managers and staff, and their reasons for doing so

Understanding business		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Decision making	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ types of decisions: <ul style="list-style-type: none"> — strategic, tactical and operational decisions — centralised and decentralised decision making ◆ factors that affect quality decisions: <ul style="list-style-type: none"> — ways of measuring the success of decisions ◆ SWOT analysis and its use as a decision-making tool ◆ the role of a manager in making decisions: <ul style="list-style-type: none"> — plan, organise, command, control, coordinate, delegate, and motivate 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to provide examples of strategic, tactical and operational decisions ◆ listening to guest speakers explain the skills needed by a manager in order to make effective decisions ◆ preparing a SWOT analysis on a business and using the analysis to suggest a suitable action the business could take

Management of marketing		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Customers	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ what is meant by market-led and product-led, and the differences between them ◆ consumer behaviours, for example: <ul style="list-style-type: none"> — routine/habitual — informed — impulsive 	<ul style="list-style-type: none"> ◆ using the internet to research organisations that have had successful or unsuccessful marketing campaigns ◆ using the internet to compare market-led organisations with product-led organisations ◆ conducting a class survey to find out what products, and in what circumstances, consumer behaviour differs when making buying decisions
Market research	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the different methods of field research, and their costs and benefits ◆ the different methods of desk research, and their costs and benefits ◆ how random and quota sampling can be used in market research ◆ how market research information can be used by a business 	<ul style="list-style-type: none"> ◆ preparing and conducting market research ◆ analysing market research data to aid decision making ◆ researching and justifying suitable sampling activities ◆ using technological resources appropriately to assist in preparing and analysing market research, for example word processing, online survey tools and spreadsheet software
Marketing mix	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the impact of one element of the marketing mix on another, for example: 	<ul style="list-style-type: none"> ◆ investigating the use of successful and unsuccessful marketing strategies involving the marketing mix ◆ using websites to gather information about a current successful marketing mix ◆ listening to guest speakers explain their marketing mix

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	<ul style="list-style-type: none"> — starting to sell online may mean having to charge a lower price to compete — one way to do this is to use cheaper materials which may result in a lower quality product 	
Product	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the sales revenue and profit levels at each stage of a product's lifecycle ◆ using extension strategies to enhance product sales and profits ◆ product portfolios: <ul style="list-style-type: none"> — costs and benefits — the Boston Matrix and its use <p>Product lifecycle:</p> <ul style="list-style-type: none"> ◆ research and development (R&D) ◆ introduction ◆ growth ◆ maturity/saturation ◆ decline 	<ul style="list-style-type: none"> ◆ investigating the different lifecycle stages of various products ◆ suggesting and justifying appropriate extension strategies ◆ evaluating the costs/benefits product portfolios from case study material

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Price	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ pricing strategies <ul style="list-style-type: none"> — advantages and disadvantages of each strategy <p>Pricing strategies:</p> <ul style="list-style-type: none"> ◆ cost-based (cost plus) ◆ skimming ◆ penetration ◆ price discrimination ◆ destroyer/predatory (an illegal practice) ◆ loss leaders ◆ promotional ◆ psychological 	<ul style="list-style-type: none"> ◆ discussing real contexts and experiences to exemplify how product type, business size, business objectives, and market structure affect the pricing strategy of a product ◆ using price-comparison websites to assist in analysing pricing strategies used by different businesses ◆ listening to guest speakers explain the importance of their pricing strategies
Place	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the overall channels of distribution available to organisations: <ul style="list-style-type: none"> — reasons for choosing different channels — costs and benefits of different channels ◆ the costs and benefits of using: <ul style="list-style-type: none"> — wholesalers 	<ul style="list-style-type: none"> ◆ surveying local businesses about channels of distribution used ◆ researching and justifying suitable channels of distribution for different scenarios ◆ attending field trips to local business areas to investigate reasons for their channel of distribution choices ◆ listening to guest speakers talk about the importance of their channel of distribution

Management of marketing		
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	<ul style="list-style-type: none"> — different types of retailers — direct sales (including different methods) 	
Promotion	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ into the pipeline promotions (offered by manufacturers to retailers), for example: <ul style="list-style-type: none"> — point of sale materials — sale or return — dealer loaders — promotional gifts — staff training ◆ out of the pipeline promotions (offered by retailers to consumers), for example: <ul style="list-style-type: none"> — BOGOF — free trial/sample packs — vouchers/money-off coupons — competitions ◆ public relations 	<ul style="list-style-type: none"> ◆ investigating the key features that make promotions effective ◆ surveying local businesses for promotions being used ◆ listening to guest speakers explain the importance of their promotional activities
People	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the way people can be used as part of an extended marketing mix when providing a service, for example: 	<ul style="list-style-type: none"> ◆ investigating the use of successful and unsuccessful marketing strategies involving people and/or processes and/or physical evidence

Management of marketing		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
	<ul style="list-style-type: none"> — delivering customer satisfaction — providing after-sales service — training staff in customer service — having helpful staff 	<ul style="list-style-type: none"> ◆ listening to guest speakers explain their marketing strategy involving people and/or processes and/or physical evidence
Process	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the processes that can be used as part of an extended marketing mix when providing a service, for example: <ul style="list-style-type: none"> — the process of delivering the product or service — the impression left on the customer — short waiting times — user-friendly websites — helpful information given to customers 	
Physical evidence	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the physical evidence that can be used as part of an extended marketing mix when providing a service, for example: <ul style="list-style-type: none"> — the physical environment experienced by the customer — the layout and design of premises — the layout and design of websites — ambience 	

Management of marketing		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Technology	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ how technology can be used in marketing, and the costs and benefits of using it, for example: <ul style="list-style-type: none"> — electronic point of sale (EPOS) for market research — online survey — internet advertising — e-commerce — e-mail — databases — social media — desktop publishing (DTP) — text alerts — apps — quick response (QR) codes 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to illustrate how technology is used when managing marketing ◆ using business stories to keep up to date with contemporary examples of technology being used by business and its impact on business activity ◆ listening to guest speakers explain how the marketing of their business is affected by technological factors

Management of operations		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Inventory management	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the purpose of an inventory management control system: <ul style="list-style-type: none"> — maximum/economic inventory level — minimum inventory level — re-order level — re-order quantity — buffer inventory — lead time ◆ features, costs and benefits of just-in-time inventory control ◆ inventory storage and warehousing (including centralised and decentralised) ◆ logistical management of inventory — the process of dealing with the whole order from start to finish 	<ul style="list-style-type: none"> ◆ choosing suitable inventory storage for businesses from a case study or scenario ◆ listening to guest speakers talk about their inventory management choices
Methods of production	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the costs and benefits of capital-intensive, mechanised and automated production ◆ the costs and benefits of labour-intensive production ◆ the reasons for production choices 	<ul style="list-style-type: none"> ◆ investigating production methods used by different businesses ◆ recommending suitable production methods for products ◆ using business stories to demonstrate different methods of production ◆ attending field trips to businesses to examine production methods

Management of operations		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
		<ul style="list-style-type: none"> ◆ listening to guest speakers explain their production methods
Quality	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the importance of quality to organisations and customers ◆ the distinction between quality control methods (inspection) and quality assurance methods (prevention) ◆ quality standards and symbols as a way of documenting and displaying quality, for example: <ul style="list-style-type: none"> — CE Marking — BSI Kitemark — trade logos ◆ the costs and benefits of a range of methods of ensuring quality, for example: <ul style="list-style-type: none"> — quality control — quality assurance — benchmarking — quality circles — mystery shoppers — continual improvement of process and system 	<ul style="list-style-type: none"> ◆ investigating methods used by different businesses to provide quality products ◆ recommending suitable methods to enhance the quality of products ◆ watching consumer affairs programmes to consider consumer viewpoints on quality ◆ reading consumer affairs magazines to consider consumer viewpoints on quality ◆ attending field trips to businesses to examine quality activities employed ◆ listening to guest speakers explain how they ensure quality in their products
Ethical and environmental	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the costs and benefits of environmental responsibility 	<ul style="list-style-type: none"> ◆ investigating environmental activities of large businesses ◆ investigating fair trade activities carried out by businesses

Management of operations		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
	<ul style="list-style-type: none"> ◆ the costs and benefits of fair trade activities (including The Fairtrade Foundation) ◆ the costs and benefits of ethical operations 	<ul style="list-style-type: none"> ◆ investigating the work of The Fairtrade Foundation ◆ investigating unethical activities of large businesses ◆ listening to guest speakers explain what they do to be ethical and environmentally responsible
Technology	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ how technology can be used in operations and the costs and benefits of using it, for example: <ul style="list-style-type: none"> — computer-aided design (CAD) — computer-aided manufacture (CAM) — electronic point of sale (EPOS) — robotics — barcodes and QR codes — e-mail — internet — databases 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to illustrate how technology is used to manage operations ◆ using business stories to keep up to date with contemporary examples of technology being used by business and its impact on business activity ◆ listening to guest speakers explain how the operations of their business are affected by technological factors

Management of people		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Workforce planning	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ elements of workforce planning, for example: <ul style="list-style-type: none"> — skills analysis of current staff — staffing forecasts to meet demand — planning internal and external supply of staff — costs and benefits of internal and external recruitment — costs and benefits of selection methods 	<ul style="list-style-type: none"> ◆ exploring different careers, researching job specifications and the desirable and/or essential attributes for different job roles ◆ using business case studies that illustrate workforce planning ◆ listening to guest speakers explain how their business implements workforce planning
Training and development	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the relevance of staff development and training to organisations and employees ◆ different ways of training staff, for example: <ul style="list-style-type: none"> — apprenticeships — graduate training schemes — corporate training schemes — work-based qualifications — continuing professional development (CPD) ◆ the costs and benefits of different ways of training staff ◆ different types of appraisal, for example: <ul style="list-style-type: none"> — one-to-one — 360-degree 	<ul style="list-style-type: none"> ◆ investigating training methods and recommending suitable methods for different scenarios ◆ listening to guest speakers explain the costs and benefits of staff training, and the different training types and methods they use in their business ◆ using business stories to illustrate how organisations have used appraisal methods and the effect these have had on the organisation and its employees

Management of people		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
	<ul style="list-style-type: none"> — peer-to-peer ◆ the costs and benefits of appraisal to organisations and employees 	
Motivation and leadership	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ motivation theories: <ul style="list-style-type: none"> — Maslow — Herzberg ◆ the benefits of motivation ◆ the role of management in motivating employees ◆ styles of leadership and their costs and benefits: <ul style="list-style-type: none"> — autocratic — democratic — laissez-faire ◆ how leadership styles are used and justified in a given business scenario 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to provide examples of motivation in the workplace ◆ justifying leadership styles for different scenarios ◆ taking part in team-building activities ◆ listening to guest speakers talk about what their business does to motivate and lead staff
Employee relations	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the meaning of employee relations ◆ the impact of positive employee relations ◆ legal and company policies and processes, and their impact on employee relations, for example: 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to provide examples of the impact of employee relation activities ◆ participating in mock wage negotiation activities ◆ listening to guest speakers talk about how they manage employee relations

Management of people		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
	<ul style="list-style-type: none"> — grievance — discipline — dismissal — absenteeism — redundancy ◆ the role of external institutions and their impact on organisations and employees, for example: <ul style="list-style-type: none"> — Trades Unions — ACAS ◆ how organisations use employee participation and their costs and benefits, for example: <ul style="list-style-type: none"> — works councils — worker directors — consultative committees 	
Legislation	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ impact of current employment legislation on organisations and employee relations, for example: <ul style="list-style-type: none"> — Health and Safety at Work Act — Equality Act — National Minimum Wage Regulations — National Living Wage Regulations 	<ul style="list-style-type: none"> ◆ use examples to illustrate how organisations have changed their behaviour to comply with current employee legislation

Management of people		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Technology	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ how technology can be used in human resource management, for example: <ul style="list-style-type: none"> — database — video conferencing — online application form — job advertising — e-diary — presentation software — virtual learning environment (VLE) training — electronic testing ◆ the costs and benefits of using technology 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to illustrate how technology is used when managing people ◆ using business stories to keep up to date with contemporary examples of technology being used by business and its impact on business activity

Management of finance		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Sources of finance	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ how different sources of finance can be suitable for large organisations ◆ sources of finance, for example: <ul style="list-style-type: none"> — retained profit — sale of assets — share issue — bank loan — commercial mortgage — debt factoring — debentures — grants — venture capital — crowd funding ◆ determining factors for selecting sources of finance, for example: <ul style="list-style-type: none"> — finance costs (interest rates) — payback term 	<ul style="list-style-type: none"> ◆ investigating the role and operation of the stock market in providing finance for public limited companies ◆ researching and justifying suitable finance for different scenarios ◆ participating in stock market investment simulations ◆ visiting banks and stock exchanges ◆ listening to guest speakers talk about sources of business finance
Cash budgeting	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the purpose of budgeting as an aid to decision making ◆ the interpretation and analysis of cash budgets ◆ the solutions to cash flow problems 	<ul style="list-style-type: none"> ◆ interpreting cash budgets and identifying any cash flow or profitability problems ◆ justifying suitable solutions to problems identified ◆ using spreadsheets to interpret cash budgets

Management of finance		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Financial Statements	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the purpose, main elements and interpretation of an Income Statement ◆ the purpose, main elements and interpretation of the Statement of Financial Position ◆ who uses financial information and what they use it for 	<ul style="list-style-type: none"> ◆ using Income Statements and Statements of Financial position to illustrate profits, losses and net worth ◆ using spreadsheets to interpret Income Statements and Statements of Financial Position
Ratios	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ the purpose of ratio analysis ◆ the limitations of ratio analysis ◆ the interpretation of profitability, liquidity and efficiency ratios to make evaluative comments on business performance <p>Ratios include:</p> <ul style="list-style-type: none"> ◆ Gross Profit Percentage ◆ Profit for the Year Percentage ◆ Current Ratio ◆ Acid-test Ratio ◆ Return on Equity Employed Percentage ◆ Rate of Inventory Turnover 	<ul style="list-style-type: none"> ◆ using Income and Statements of Financial Position to illustrate how to calculate and interpret profitability, liquidity and efficiency ratios ◆ using spreadsheets to help prepare and interpret ratios

Management of finance		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities for candidates
Technology	<p>Candidates should be aware of:</p> <ul style="list-style-type: none"> ◆ how technology can be used in financial management, for example: <ul style="list-style-type: none"> — spreadsheets — internet banking — BACS payments — Sage software — EFTPOS (for example, debit card, credit card, contactless payment, and Apple Pay) ◆ the costs and benefits of using technology when managing finance 	<ul style="list-style-type: none"> ◆ using current businesses as case studies to illustrate how technology is used to manage finance ◆ using appropriate technological and media resources (for example technology business stories) to keep up to date with contemporary examples of technology being used by business and its impact on business activity