



BUSINESS STUDIES

TRANSITION RESOURCES

EXAM BOARD: AQA

TEACHER: MISS NEWSOME

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For Business in Year 12 you will have two business teachers, and you will start with the following:

Teacher 1 - Unit 1 - Financial Planning & Analysis, this is an exam unit, the exam is in January. If you do not gain at least a merit grade we will require to resit the exam in June. Every student is entitled to a resit, but it is your most recent mark that goes towards your final grade.

Teacher 2 - Unit 2 - Business Dynamics, this is a coursework unit that requires you to investigate a large established business.

This is Unit 1 work. Click on the link & watch the videos, then attempt to complete the work in the attached document. If you find this work difficult, please do not worry, just try your best. When you have completed it, email me and I will send you back the answers.

Please let me know if you have any questions.

Introduction to Ratios

<https://www.tutor2u.net/business/reference/financial-ratios-explained>

Ratio	Explanation – What does it show the business?	Formula	What does the business like it to be at?	Is there any limitations to the ratio?
ROCE				
Gross Profit Margin				
Net Profit Margin				
Receivables				
Gearing				



BUSINESS

HOT STUFF ACCOUNTS AND RATIO BLAST

PRACTISING FINANCIAL ACCOUNTS AND RATIO ANALYSIS



Adam loves the challenge of setting up brand new businesses. He has been running Hot Stuff, a successful local pizza delivery business, for 2 years. It is going well; below is a set of financial data for his business, which he has prepared to give to his accountant so that she can prepare the Year 2 accounts. Now that his business is up and running, he is considering selling it as a going concern, in order to raise funds for a new virtual golf start up idea that he has.

Elena runs a cake delivery business, Let Them Eat Cake, in the same town, and is looking for new product development ideas for her existing market. She is interested in buying Hot Stuff from Adam, as she believes that it would be a good fit with her existing delivery network. She needs to work out how much to offer for Hot Stuff, and whether it looks like a good buy.

Use the list of figures below to work out how much net profit after tax Hot Stuff has made, and how much Elena should pay in a takeover.

Please rearrange the figures to complete the Income Statement and Balance Sheet. Each figure should be used once only.

You should then go on to calculate the ratios listed on sheet 2, and assess whether buying Hot Stuff looks like a good prospect for Elena.



HOT STUFF ACCOUNTS AND RATIO BLAST

Hot Stuff finance data, year 2 of trading

Retained profit from last year	10,000
Pizza ingredients	65,000
Tax	7,000
Receivables	17,900
Shop premises	10,200
Depreciation	2,700
Bank balance	4,300 credit
Marketing costs	6,000
Fixtures and equipment	20,700
Cash in the till	12,000
Bank loans	50,000
Light and heat	8,000
Share capital	40,000
Goodwill	3,900
Insurance	2,000
Sales	102,000
Inventory	31,000

Hot Stuff finance data, year 2 of trading

INCOME STATEMENT FOR THE YEAR

Sales		102,000
Cost of sales		65,000
= gross profit		37,000
Overheads:		
Light and heat	8,000	
Marketing	6,000	
Insurance	2,000	
Depreciation	2,700	
		18,700
Operating profit		18,300
Tax		7,000
Net profit after tax		11,300

BALANCE SHEET AT YEAR END

Non-current assets:		
Shop premises	10,200	
Fixtures and equipment	20,700	
Goodwill	3,900	
		34,800
Current assets:		
Inventory	31,000	
Receivables	17,900	
Bank	4,300	
Cash	12,000	
		65,200
		100,000
Less non-current assets		50,000
Total net assets		50,000
Share capital	40,000	
Retained profit from 2005	10,000	
Total equity		50,000

Using the information above calculate the ratios & complete the table



Ratio	Calculation	Answer	Does the business need to improve on this? If so, why or why not & how?
ROCE			
Gross Profit Margin			
Net Profit Margin			
Receivables			
Gearing			



Task 1

Departments

What kinds of departments do they have?
How are these departments organised?
<https://www.theofficialboard.com/org-chart/morrisons>
<https://www.morrisons.jobs/>



Research Board 1

Type of Ownership

(PLC LTD, sole trader, partnership etc)
<https://beta.companieshouse.gov.uk/company/00358949>

Brief History of Morrisons

Type of product /service?
(what do they offer?)

Stakeholders

Who are their stakeholders?

Visions/ Aims

(What do they hope to achieve? Its all on their website!)
<https://www.morrisons-corporate.com/about-us/strategy/>

What **could** they do?

(look at other supermarkets, what do they offer that Morrisons might not?)

Task 2:

Find a managerial job for Morrisons, screenshot or take a picture of the job advert. Screenshot the advert or upload the photo and paste it below, then answer the questions:

Where could somebody find this job posting? Online? Instore? In the paper?

Will Morrisons only hire a manager internally (from existing staff) or will they hire externally? (from people outside the business)

Task 3:

Find a job description and a person specification for the job. Save them in a separate document called “Task 2 Evidence”.

Task 4:

Conduct research and answer the questions below:

What stages do applicants have to go through to get a managerial position at Morrisons? (if you can't find anything, try looking at other retail companies)

How long does the recruitment process for a managerial position take?