



Business Department Saint Ambrose College

A Level Business (AQA) Knowledge Organiser

Unit 5 How to improve financial performance

Sub-topics

1. Financial objectives
2. Financial performance
3. Sources of finance
4. Cash-flow and profits

Key concepts:

- Capital structure objectives
- Break-even analysis
- Cash-flow forecasting
- Budgeting
- Venture capital
- Debt factoring

Key facts / information;

The formula to calculate the Break-Even Point is: $\text{Fixed costs} / \text{Contribution per unit}$.

A positive result compared to the forecasted budget is FAVOURABLE, a negative result is ADVERSE.

Extension activities;

1. Research and explain what the term Break-even means and why it is important.
2. Explain the following key terms; Fixed Cost, Variable Cost, Contribution per Unit and Sales Revenue
3. Explain how the Break-even point is calculated and why this is significant

Further reading and sources of information;

Tutor2U have produced a series of tutorial videos and reference materials for this unit, go to: <https://www.tutor2u.net/business/collections/aqa-a-level-business-study-notes-3-5-decision-making-to-improve-financial-performance>