

Summary

3.6 Efficiency Ratio Analysis (HL)

Subject	Year	Start date	Duration
Business Management	IB1	Week 4, January	1 week 4 hours

Course Part

Unit 3 Finance and Accounts

Description

By the end of this Subtopic 3.6 - Efficiency ratio analysis, you should be able to:

- Examine the relevance of efficiency ratios in evaluating a company's financial performance.
- Calculate the stock turnover ratio.
- Calculate the debtor days ratio.
- Calculate the creditor days ratio.
- Calculate the gearing ratio.
- Evaluate strategies to improve all the above efficiency ratios.

Inquiry & Purpose

? Inquiry / Higher Order Questions

Type

Inquiry Questions

Debatable

Many businesses are introducing metrics about their environmental, social or ethical performance on the side of financial information. Can well-being, or other social variables, be measured?

Curriculum

⊕ Aims

Enable the student to appreciate the nature and significance of change in a local, regional and global context

◇ Objectives

Demonstrate knowledge and understanding of

the HL extension topics (HL only)

Demonstrate a variety of appropriate skills to

select and use quantitative and qualitative business tools, techniques and methods

Syllabus Content

Unit 3: Finance and accounts

3.7 Cash flow

The difference between profit and cash flow

The working capital cycle

Cash flow forecasts

The relationship between investment, profit and cash flow

The following strategies for dealing with cash flow problems: reducing cash outflow, improving cash inflows, looking for additional finance

Concepts

Globalization

A wide range of international forces (such as the increasing social, cultural, technological and economic integration) influence business organizations. In turn, business organizations shape these forces. Many business organizations operate across national boundaries. Even local businesses and consumers are influenced by global forces.

ATL Skills

Approaches to Learning



Social

- In this unit, we will support students in resolving a conflict in a team



Self-management

- In this unit, we will ask students to set their own learning goals

Developing IB Learners

Learner Profile



Principled



Reflective