



# Specification

**BTEC Nationals**

## **Pearson BTEC Level 3 Certificate and BTEC Level 3 Subsidiary Diploma in Personal and Business Finance**

For first teaching September 2010

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Issue 2



## **Edexcel, BTEC and LCCI qualifications**

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This specification is Issue 2. Key changes are sidelined. We will inform centres of any changes to this issue. The latest issue can be found on the Pearson website: [www.pearson.com](http://www.pearson.com)

These qualifications were previously entitled:

Edexcel BTEC Level 3 Certificate in Personal and Business Finance (QCF)

Edexcel BTEC Level 3 Subsidiary Diploma in Personal and Business Finance (QCF)

The QNs remain the same.

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# BTEC National qualification titles covered by this specification

## **Pearson BTEC Level 3 Certificate in Personal and Business Finance**

## **Pearson BTEC Level 3 Subsidiary Diploma in Personal and Business Finance**

These qualifications have been accredited to the national framework and are eligible for public funding as determined by the Department for Education (DfE) under Sections 96 and 97 of the Learning and Skills Act 2000.

The qualification titles listed above feature in the funding lists published annually by the DfE and the regularly updated website. The Qualifications Number (QN) should be used by centres when they wish to seek public funding for their learners. Each unit within a qualification will also have a unit code.

The QCF qualification and unit codes will appear on learners' final certification documentation.

The QNs for the qualifications in this publication are:

Pearson BTEC Level 3 Certificate in Personal and Business Finance	500/7714/4
Pearson BTEC Level 3 Subsidiary Diploma in Personal and Business Finance	500/7712/0

These qualification titles will appear on learners' certificates. Learners need to be made aware of this when they are recruited by the centre and registered with Pearson.

# What are BTEC Nationals?

BTEC National qualifications are undertaken in further education and sixth-form colleges, schools and other training providers, and have been since they were introduced in 1984. Their purpose, approaches to teaching, learning and assessment are established and understood by teaching professionals, employers and learners alike.

The BTEC National qualifications within this specification are:

- Pearson BTEC Level 3 Certificate in Personal and Business Finance
- Pearson BTEC Level 3 Subsidiary Diploma in Personal and Business Finance.

But for clarity and continuity they are referred to within this specification and generically as BTEC National qualifications, where appropriate. They maintain the same equivalences, benchmarks and other articulations (for example SCAAT points, UCAS Tariff points) as their predecessor qualifications. The following identifies the titling conventions and variations between the predecessor and new specifications:

Predecessor BTEC Nationals (accredited 2007)	BTEC Nationals (for delivery from September 2010)
Not applicable	Pearson BTEC Level 3 Certificate
Edexcel Level 3 BTEC National Award	Pearson BTEC Level 3 Subsidiary Diploma

BTEC Nationals are designed to provide highly specialist work-related qualifications in a range of vocational sectors. They give learners the knowledge, understanding and skills that they need to prepare for employment. The qualifications also provide career development opportunities for those already in work, and through articulation to higher education, degree and professional development programmes provide progression opportunities within the same cognate or related areas of study within universities and other institutions. BTEC Nationals accredit the achievement for courses and programmes of study for full-time or part-time learners in schools, colleges and other training provider organisations.

BTEC Nationals provide much of the underpinning knowledge and understanding for the National Occupational Standards for the sector, where these are appropriate. They are supported by the relevant Sector Skills Councils (SSCs) and/or Standards Setting Bodies (SSBs). Certain BTEC Nationals are recognised as Technical Certificates and form part of the Apprenticeship Framework. They attract UCAS points that equate to similar-sized general qualifications within education institutions within the UK.

On successful completion of a BTEC National qualification, a learner can progress to or within employment and/or continue their study in the same or related vocational area.

## Total Qualification Time

For all regulated qualifications, Pearson specifies a total number of hours that it is expected the average learner will be required to undertake in order to complete and show achievement for the qualification: This is the Total Qualification Time (TQT).

Within this, Pearson will also identify the number of Guided Learning Hours (GLH) that we expect a centre delivering the qualification will need to provide. Guided learning means activities that directly or immediately involve tutors and assessors in teaching, supervising, and invigilating learners, such as lessons, tutorials, online instruction, supervised study giving feedback on performance.

In addition to guided learning, other required learning directed by tutors or assessors will include private study, preparation for assessment and undertaking assessment when not under supervision, such as

preparatory reading, revision and independent research.

These qualifications also have a credit value, which is equal to one tenth of TQT. Pearson consults with users of these qualifications in assigning TQT and credit values.

This suite of BTEC Level 3 qualifications is available in the following sizes:

- Certificate – 300 TQT (30 credits, 180 GLH)
- Subsidiary Diploma – 600 TQT (60 credits, 360 GLF)

## ● **Pearson BTEC Level 3 Certificate – 30 credits**

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The 30-credit BTEC Level 3 Certificate offers a specialist qualification that focuses on particular aspects of employment within the appropriate vocational sector. The BTEC Level 3 Certificate is a qualification which can extend a learner's programme of study and give vocational emphasis. The BTEC Level 3 Certificate is broadly equivalent to one GCE AS Level.

The BTEC Level 3 Certificate is also suitable for more mature learners, who wish to follow a vocational programme of study as part of their continued professional development or who want to move to a different area of employment.

## ● **Pearson BTEC Level 3 Subsidiary Diploma – 60 credits**

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The 60-credit BTEC Level 3 Subsidiary Diploma extends the specialist work-related focus from the Level 3 BTEC Certificate and covers the key knowledge and practical skills required in the appropriate vocational sector. The BTEC Level 3 Subsidiary Diploma offers greater flexibility and a choice of emphasis through the optional units. It is broadly equivalent to one GCE A Level.

The BTEC Level 3 Subsidiary Diploma offers an engaging programme for those who are clear about the area of employment that they wish to enter. These learners may wish to extend their programme through the study of a general qualifications such as GCE AS Levels, additional specialist learning (for example through another BTEC qualification) or a complementary NVQ. These learning programmes can be developed to allow learners to study related and complementary qualifications without duplication of content.

For adult learners the BTEC Level 3 Subsidiary Diploma can extend their experience of work in a particular sector. It may also be a suitable qualification for those wishing to change career or move into a particular area of employment following a career break.

## Key features of the BTEC Nationals in Personal and Business Finance

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The BTEC Nationals in Personal and Business Finance have been developed in the Business and Finance sector to:

- give education and training for business and finance employees
- give opportunities for business and finance employees to achieve a nationally recognised Level 3 vocationally-specific qualification
- give full-time learners the opportunity to enter employment in the business and finance sector, or to progress to vocational qualifications such as the Pearson BTEC Higher Nationals in Business
- give learners the opportunity to develop a range of skills and techniques, personal skills and attributes essential for successful performance in working life.

## Rationale the BTEC Nationals in Personal and Business Finance

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This specification will serve the needs of a wide range of learners who are either employed or seeking employment in private, public or voluntary organisations in the Business and Finance sector. It will be particularly relevant to those working or interested in working in the financial services industry.

The specification provides underpinning knowledge and business skills and is equally suitable for full time learners or for learners already in the workplace, who want a short programme of study directly related to their work, or an area they wish to progress into.

The certificate is equivalent to one AS level and the subsidiary diploma is equivalent to one A-level, both can provide a vocational element to full-time study when combined with GCE(s) or Applied GCE(s). They could also be combined with another BTEC National qualification such as in Business. There is opportunity for progression to a BTEC Higher National Certificate or Diploma, Foundation or honours degrees in business or related areas.

The specification has a core of two units for the certificate and four units for the subsidiary diploma, which focus on financial services for individuals and businesses. The unit focusing on individuals will provide an introduction and foundation for learners to understand and have the ability to organise their finances at all future stages of their lives.

The specification also contains six specialist units, from which a learner must select two for the subsidiary diploma to add to the four core units and complete the qualification. The specialist units include *Unit 7: The Business Environment* and *Unit 8: Computer Applications for Financial Management*, which are both units in the BTEC Nationals in Business. Unit 7 will be a particularly useful option unit for those learners not taking another business qualification as it will give a broad introduction to the business world.

*Unit 9: Preparing for Career Progression in Business* prepares learners for interviews, job applications and work placements and will be particularly useful along with *Unit 10: Learning from a Work Placement in Business*, for those learners undertaking extended work placements or internships with employers.

## **National Occupational Standards**

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BTEC Nationals are designed to provide much of the underpinning knowledge and understanding for the National Occupational Standards (NOS), as well as developing practical skills in preparation for work and possible achievement of NVQs in due course. NOS form the basis of National Vocational Qualifications (NVQs). BTEC Nationals do not purport to deliver occupational competence in the sector, which should be demonstrated in a work context.

Each unit in the specification identifies links to elements of the NOS.

The Pearson BTEC Level 3 Nationals in Personal and Business Finance relates to the following NOS.

- Accounting Level 3.

# Rules of combination for Pearson BTEC Level 3 National qualifications

The rules of combination specify the:

- total credit value of the qualification
- the minimum credit to be achieved at the level or above the level of the qualification
- the mandatory unit credit
- the optional unit credit
- the maximum credit that can come from other Level 3 BTEC units.

When combining units for a BTEC National qualification, it is the centre's responsibility to ensure that the following rules of combination are adhered to.

## **Pearson BTEC Level 3 Certificate**

- 1 Qualification credit value: a minimum of 30 credits.
- 2 Minimum credit to be achieved at, or above, the level of the qualification: 30 credits.
- 3 Mandatory unit credit: 20 credits.
- 4 Optional unit credit: 10.
- 5 This qualification is not designed to include credit from other Level 3 BTEC units.

## **Pearson BTEC Level 3 Subsidiary Diploma**

- 1 Qualification credit value: a minimum of 60 credits.
- 2 Minimum credit to be achieved at, or above, the level of the qualification: 60 credits.
- 3 Mandatory unit credit: 40 credits.
- 4 Optional unit credit: 20 credits.
- 5 This qualification is not designed to include credit from other Level 3 BTEC units.

## Pearson BTEC Level 3 Certificate in Personal and Business Finance

The Pearson BTEC Level 3 Certificate in Personal and Business Finance is 30 credits and has 180 guided learning hours (GLH) qualification. It consists of **two** mandatory units **plus** one optional unit that provides for a combined total of 30 credits.

Pearson BTEC Level 3 Certificate in Personal and Business Finance			
Unit	Mandatory units – both to be taken	Credit	Level
1	Financial Services for Individuals	10	3
2	Business Financial Performance	10	3
Unit	Optional units – choose <b>ONE</b> unit		
3	Financial Services to Support Business	10	3
4	Financial Services Regulation Ethics and Trends	10	3

## Pearson BTEC Level 3 Subsidiary Diploma in Personal and Business Finance

The Pearson BTEC Level 3 Subsidiary Diploma in Personal and Business Finance is 60 credits and has 360 guided learning hours (GLH) qualification. It consists of **four** mandatory units **plus** optional units that provide for a combined total of 60 credits.

Pearson BTEC Level 3 Subsidiary Diploma in Personal and Business Finance			
Unit	Mandatory units – all to be taken	Credit	Level
1	Financial Services for Individuals	10	3
2	Business Financial Performance	10	3
3	Financial Services to Support Business	10	3
4	Financial Services Regulation, Ethics and Trends	10	3
Unit	Optional units – choose ANY two		
5	Finance in the National Economy	10	3
6	Finance in the Global Economy	10	3
7	The Business Environment	10	3
8	Computer Applications for Financial Management	10	3
9	Preparing for Career Progression in Business	10	3
10	Learning from a Work Placement in Business	10	3

# Assessment and grading

In BTEC Nationals all units are internally assessed.

All assessment for BTEC Nationals is criterion referenced, based on the achievement of specified learning outcomes. Each unit within the qualification has specified assessment and grading criteria which are to be used for grading purposes. A summative unit grade can be awarded at pass, merit or distinction:

- to achieve a 'pass' a learner must have satisfied **all** the pass assessment criteria
- to achieve a 'merit' a learner must additionally have satisfied **all** the merit grading criteria
- to achieve a 'distinction' a learner must additionally have satisfied **all** the distinction grading criteria.

Learners who complete the unit but who do not meet all the pass criteria are graded 'unclassified'.

## Grading domains

The grading criteria are developed in relation to grading domains which are exemplified by a number of indicative characteristics at the level of the qualification.

There are four BTEC National grading domains:

- application of knowledge and understanding
- development of practical and technical skills
- personal development for occupational roles
- application of generic skills.

Please refer to *Annexe B* which shows the merit and distinction indicative characteristics.

## Guidance

The purpose of assessment is to ensure that effective learning has taken place to give learners the opportunity to:

- meet the assessment and grading criteria and
- achieve the learning outcomes within the units.

All the assignments created by centres should be reliable and fit for purpose, and should build on the assessment and grading criteria. Assessment tasks and activities should enable learners to produce valid, sufficient and reliable evidence that relates directly to the specified criteria. Centres should enable learners to produce evidence in a variety of different forms, and including written reports, graphs and posters, along with projects, performance observation and time-constrained assessments.

Centres are encouraged to emphasise the practical application of the assessment and grading criteria, providing a realistic scenario for learners to adopt, and making maximum use of practical activities and work experience. The creation of assignments that are fit for purpose is vital to achievement and their importance cannot be over-emphasised.

The assessment and grading criteria must be clearly indicated in the fit-for-purpose assignments. This gives learners focus and helps with internal verification and standardisation processes. It will also help to ensure that learner feedback is specific to the assessment and grading criteria.

When looking at the assessment and grading grids and designing assignments, centres are encouraged to identify common topics and themes.

The units include guidance on appropriate assessment methodology. A central feature of vocational assessment is that it allows for assessment to be:

- current, ie to reflect the most recent developments and issues
- local, ie to reflect the employment context of the delivering centre
- flexible to reflect learner needs, ie at a time and in a way that matches the learner's requirements so that they can demonstrate achievement.

## Calculation of the qualification grade

### Pass qualification grade

Learners who achieve the minimum eligible credit value specified by the rule of combination will achieve the qualification at pass grade (see *Rules of combination for Pearson BTEC Level 3 National qualifications*).

### Qualification grades above pass grade

Learners will be awarded a merit or distinction or distinction\* qualification grade (or combination of these grades appropriate to the qualification) by the aggregation of points gained through the successful achievement of individual units. The number of points available is dependent on the unit level and grade achieved, and the credit size of the unit (as shown in the 'points available for credits achieved at different Levels and unit grades' below).

### Points available for credits achieved at different Levels and unit grades

The table below shows the **number of points scored per credit** at the unit level and grade.

Unit level	Points per credit		
	Pass	Merit	Distinction
Level 2	5	6	7
<b>Level 3</b>	<b>7</b>	<b>8</b>	<b>9</b>
Level 4	9	10	11

Learners who achieve the correct number of points within the ranges shown in the 'qualification grade' table will achieve the qualification merit or distinction or distinction\* grade (or combinations of these grades appropriate to the qualification).

## Qualification grade

### BTEC Level 3 Certificate

Points range above pass grade	Grade	
230-249	Merit	M
250-259	Distinction	D
260 and above	Distinction*	D*

### BTEC Level 3 Subsidiary Diploma

Points range above pass grade	Grade	
460-499	Merit	M
500-519	Distinction	D
520 and above	Distinction*	D*

Please refer to *Annexe G* for examples of calculation of qualification grade above pass grade.

# Quality assurance of centres

Pearson's qualification specifications set out the standard to be achieved by each learner in order to be awarded the qualification. This is covered in the statement of learning outcomes, and assessment and grading criteria in each unit. Further guidance on delivery and assessment is given in the *Essential guidance for tutors* section in each unit. This section is designed to provide additional guidance and amplification related to the unit to support tutors, deliverers and assessors and to provide for a coherence of understanding and a consistency of delivery and assessment.

## Approval

Centres that have not previously offered BTEC qualifications will first need to apply for, and be granted, centre approval before they can apply for approval to offer the programme.

When a centre applies for approval to offer a BTEC qualification they are required to enter into an approvals agreement.

The approvals agreement is a formal commitment by the head or principal of a centre to meet all the requirements of the specification and any linked codes or regulations. Sanctions and tariffs may be applied if centres do not comply with the agreement. Ultimately, this could result in the suspension of certification or withdrawal of approval.

Centres will be allowed 'accelerated approval' for a new programme where the centre already has approval for a programme that is being replaced by the new programme.

The key principles of quality assurance are that:

- a centre delivering BTEC programmes must be an approved centre and must have approval for programmes or groups of programmes that it is operating
- the centre agrees as part of gaining approval to abide by specific terms and conditions around the effective delivery and quality assurance of assessment; it must abide by these conditions throughout the period of delivery
- Pearson makes available to approved centres a range of materials and opportunities intended to exemplify the processes required for effective assessment and examples of effective standards. Approved centres must use the materials and services to ensure that all staff delivering BTEC qualifications keep up to date with the guidance on assessment
- an approved centre must follow agreed protocols for standardisation of assessors and verifiers; planning, monitoring and recording of assessment processes; and for dealing with special circumstances, appeals and malpractice.

The approach of quality assured assessment is made through a partnership between an approved centre and Pearson. Pearson is committed to ensuring that it follows best practice and employs appropriate technology to support quality assurance processes where practicable. Therefore, the specific arrangements for working with centres will vary. Pearson seeks to ensure that the quality assurance processes that it uses do not place undue bureaucratic processes on centres and works to support centres in providing robust quality assurance processes.

Pearson monitors and supports centres in the effective operation of assessment and quality assurance. The methods which it uses to do this for these BTEC First and National programmes include:

- ensuring that all centres have completed appropriate declarations at the time of approval undertaking approval visits to centres where necessary
- requiring all centres to appoint a Lead Internal Verifier for designated groups of programmes and to ensure that this person is trained and supported in carrying out that role
- requiring that the Lead Internal Verifier completes compulsory online standardisation related to assessment and verification decisions for the designated programme
- assessment sampling and verification, through requested samples of assessments, completed assessed learner work and associated documentation
- overarching review and assessment of a centre's strategy for assessing and quality assuring its BTEC programmes.

### **Pearson Quality Assurance Handbook**

Centres should refer to the *Handbook for Quality Assurance for BTEC Qualifications*, issued annually, for detailed guidance.

An approved centre must make certification claims only when authorised by Pearson and strictly in accordance with requirements for reporting.

Centres that do not fully address and maintain rigorous approaches to quality assurance will be prevented from seeking certification for individual programmes or for all BTEC First and National programmes. Centres that do not comply with remedial action plans may have their approval to deliver qualifications removed.

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## **Programme design and delivery**

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BTEC National qualifications consist of mandatory units and optional units. Optional units are designed to provide a focus to the qualification and give more specialist opportunities in the sector.

In BTEC Nationals each unit has a number of *guided learning hours* and centres are advised to take this into account when planning the programme of study associated with this specification.

### **Mode of delivery**

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Pearson does not define the mode of study for BTEC Nationals. Centres are free to offer the qualifications using any mode of delivery (such as full time, part time, evening only, distance learning) that meets their learners' needs. Whichever mode of delivery is used, centres must ensure that learners have appropriate access to the resources identified in the specification and to the subject specialists delivering the units. This is particularly important for learners studying for the qualification through open or distance learning.

Learners studying for the qualification on a part-time basis bring with them a wealth of experience that should be utilised to maximum effect by tutors and assessors. The use of assessment evidence drawn from learners' work environments should be encouraged. Those planning the programme should aim to enhance the vocational nature of the qualification by:

- liaising with employers to ensure a course relevant to learners' specific needs
- accessing and using non-confidential data and documents from learners' workplaces

- including sponsoring employers in the delivery of the programme and, where appropriate, in the assessment
- linking with company-based/workplace training programmes
- making full use of the variety of experience of work and life that learners bring to the programme.

## Resources

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BTEC Nationals are designed to prepare learners for employment in specific occupational sectors. Physical resources need to support the delivery of the programme and the proper assessment of the learning outcomes and should, therefore, normally be of industry standard. Staff delivering programmes and conducting the assessments should be familiar with current practice and standards in the sector concerned. Centres will need to meet any specific resource requirements to gain approval from Pearson.

Where specific resources are required these have been indicated in individual units in the *Essential resources* sections.

## Delivery approach

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It is important that centres develop an approach to teaching and learning that supports the specialist vocational nature of BTEC National qualifications and the mode of delivery. Specifications give a balance of practical skill development and knowledge requirements, some of which can be theoretical in nature. Tutors and assessors need to ensure that appropriate links are made between theory and practical application and that the knowledge base is applied to the sector. This requires the development of relevant and up-to-date teaching materials that allow learners to apply their learning to actual events and activity within the sector. Maximum use should be made of the learner's experience.

An outline learning plan is included in every unit as guidance which demonstrates one way in planning the delivery and assessment of the unit. The outline learning plan can be used in conjunction with the programme of suggested assignments.

Where the qualification has been designated and approved as a Technical Certificate and forms part of an Apprenticeship scheme, particular care needs to be taken to build strong links between the learning and assessment for the BTEC National qualification and the related NVQs and Functional Skills that also contribute to the scheme.

## Meeting local needs

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Centres should note that the qualifications set out in this specification have been developed in consultation with centres and employers and the Sector Skills Councils or the Standards Setting Bodies for the relevant sector. Centres should make maximum use of the choice available to them within the optional units to meet the needs of their learners, and local skills and training needs.

In certain circumstances, units in this specification might not allow centres to meet a local need. In this situation, Pearson will ensure that the rule of combination allows centres to make use of units from other BTEC specifications in this suite. Centres are required to ensure that the coherence and purpose of the qualification is retained and to ensure that the vocational focus is not diluted.

## **Limitations on variations from standard specifications**

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The flexibility to import standard units from other BTEC Nationals is limited to a total of 25 per cent of the qualification credit value (see *Rules of combination for Pearson BTEC Level 3 National qualifications*).

These units cannot be used at the expense of the mandatory units in any qualification.

## **Additional and specialist learning**

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Additional and specialist learning (ASL) consists of accredited qualifications at the same level as, or one level above, the Diploma course of study. The ASL may include BTEC qualifications which are also available to learners not following a Diploma course of study.

Qualifications for ASL must be selected from the ASL catalogue through the National Database of Accredited Qualifications (NDAQ). The catalogue includes qualifications which have the approval of the Diploma Development Partnership (DDP) and will expand over time as more qualifications are approved. To access the catalogue go to [www.ndaq.org.uk](http://www.ndaq.org.uk) and select 'Browse Diploma Qualifications'.

## **Functional Skills**

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BTEC Nationals give learners opportunities to develop and apply Functional Skills.

Functional Skills are offered as stand-alone qualifications at Level 2. See individual units for opportunities to cover ICT, Mathematics and English Functional Skills.

## **Personal, learning and thinking skills**

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Opportunities are available to develop personal, learning and thinking skills (PLTS) within sector-related context. PLTS are identified in brackets after the unit pass criteria to which they are associated and they are also mapped in *Annexe C*. Further opportunities for learners to demonstrate these skills may also be apparent as learners progress throughout their learning.

# Access and recruitment

Pearson's policy regarding access to its qualifications is that:

- they should be available to everyone who is capable of reaching the required standards
- they should be free from any barriers that restrict access and progression
- there should be equal opportunities for all wishing to access the qualifications.

Centres are required to recruit learners to BTEC qualifications with integrity. This will include ensuring that applicants have appropriate information and advice about the qualifications and that the qualification will meet their needs. Centres should take appropriate steps to assess each applicant's potential and make a professional judgement about their ability to successfully complete the programme of study and achieve the qualification. This assessment will need to take account of the support available to the learner within the centre during their programme of study and any specific support that might be necessary to allow the learner to access the assessment for the qualification. Centres should consult Pearson's policy on learners with particular requirements.

Centres will need to review the entry profile of qualifications and/or experience held by applicants, considering whether this profile shows an ability to progress to a Level 3 qualification. For learners who have recently been in education, the profile is likely to include one of the following:

- a BTEC Level 2 qualification in business and finance or a related vocational area
- a standard of literacy and numeracy supported by a general education equivalent to four GCSEs at grade A\* - C
- other related Level 2 qualifications
- related work experience.

More mature learners may present a more varied profile of achievement that is likely to include experience of paid and/or unpaid employment.

## Restrictions on learner entry

Most BTEC National qualifications are for learners aged 16 years and over.

In particular sectors the restrictions on learner entry might also relate to any physical or legal barriers, for example people working in health, care or education are likely to be subject to police checks.

Pearson BTEC Level 3 Nationals are listed on the DfE funding lists under Section 96 and Section 97 of the Learning and Skills Act 2000.

## Access arrangements and special considerations

Pearson's policy on access arrangements and special considerations for BTEC and Pearson NVQ qualifications aims to enhance access to the qualifications for learners with disabilities and other difficulties (as defined by the 1995 Disability Discrimination Act and the amendments to the Act) without compromising the assessment of skills, knowledge, understanding or competence.

Further details are given in the policy *Access Arrangements and Special Considerations for BTEC and Pearson NVQ Qualifications*, which can be found on the Pearson website ([www.pearson.com](http://www.pearson.com)). This policy replaces the previous Pearson policy (*Assessment of Vocationally Related Qualification: Regulations and Guidance Relating to Learners with Special Requirements, 2002*) concerning learners with particular requirements.

## Recognition of Prior Learning

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Recognition of Prior Learning (RPL) is a method of assessment (leading to the award of credit) that considers whether a learner can demonstrate that they can meet the assessment requirements for a unit through knowledge, understanding or skills they already possess and so do not need to develop through a course of learning.

Pearson encourages centres to recognise learners' previous achievements and experiences whether at work, home and at leisure, as well as in the classroom. RPL provides a route for the recognition of the achievements resulting from continuous learning.

RPL enables recognition of achievement from a range of activities using any valid assessment methodology. Provided that the assessment requirements of a given unit or qualification have been met, the use of RPL is acceptable for accrediting a unit, units or a whole qualification. Evidence of learning must be valid and reliable.

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## Unit format

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All units in Pearson BTEC Level 3 National qualifications have a standard format. The unit format is designed to give guidance on the requirements of the qualification for learners, tutors, assessors and those responsible for monitoring national standards.

Each unit has the following sections.

### Unit title

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The unit title will appear on the learner's Notification of Performance (NOP).

### Level

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All units and qualifications have a level assigned to them, which represents the level of achievement. There are nine levels of achievement, from Entry Level to Level 8. The level of the unit has been informed by the level descriptors and, where appropriate, the National Occupational Standards (NOS) and/or other sector/professional benchmarks.

### Credit value

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Each unit in BTEC National qualifications has a credit value; learners will be awarded credits for the successful completion of whole units.

A credit value specifies the number of credits that will be awarded to a learner who has achieved all the learning outcomes of the unit.

## Guided learning hours

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Guided learning hours for the unit as defined on page 3.

## Aim and purpose

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The aim provides a clear summary of the purpose of the unit and is a succinct statement that summarises the learning outcomes of the unit.

## Unit introduction

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The unit introduction gives the reader an appreciation of the unit in the vocational setting of the qualification, as well as highlighting the focus of the unit. It gives the reader a snapshot of the unit and the key knowledge, skills and understanding gained while studying the unit. The unit introduction also highlights any links to the appropriate vocational sector by describing how the unit relates to that sector.

## Learning outcomes

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Learning outcomes state exactly what a learner should 'know, understand or be able to do' as a result of completing the unit.

## Unit content

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The unit content identifies the breadth of knowledge, skills and understanding needed to design and deliver a programme of learning to achieve each of the learning outcomes. This is informed by the underpinning knowledge and understanding requirements of the related NOS. The content provides the range of subject material for the programme of learning and specifies the skills, knowledge and understanding required for achievement of the pass, merit and distinction grading criteria.

Each learning outcome is stated in full and then the key phrases or concepts related to that learning outcome are listed in italics followed by the subsequent range of related topics.

### **Relationship between content and assessment criteria**

The learner must have the opportunity within the delivery of the unit to cover all of the unit content.

It is not a requirement of the unit specification that all of the content is assessed. However, the indicative content will need to be covered in a programme of learning in order for learners to be able to meet the standard determined in the assessment and grading criteria. The merit and distinction grading criteria enable the learner to achieve higher levels of performance in acquisition of knowledge, understanding and skills.

## Content structure and terminology

The information below shows how unit content is structured and gives the terminology used to explain the different components within the content.

- Learning outcome: this is given and in bold at the beginning of each section of content.
- Italicised sub-heading: it contains a key phrase or concept. This is content which must be covered in the delivery of the unit. Colons mark the end of an italicised sub-heading.
- Elements of content: the elements are in plain text and amplify the sub-heading. The elements must also be covered in the delivery of the unit. Semi-colons mark the end of an element.
- Brackets contain amplification of elements of content which must be covered in the delivery of the unit.
- 'eg' is a list of examples used for indicative amplification of an element (that is, the content specified in this amplification that could be covered or that could be replaced by other, similar material).

## Assessment and grading grid

Each grading grid gives the assessment and grading criteria used to determine the evidence that each learner must produce in order to receive a pass, merit or distinction grade. It is important to note that the merit and distinction grading criteria require a qualitative improvement in a learner's evidence and not simply the production of more evidence at the same level.

## Essential guidance for tutors

This section gives tutors additional guidance and amplification to aid understanding and a consistent level of delivery and assessment. It is divided into the following sections.

- *Delivery* – explains the content's relationship with the learning outcomes and offers guidance about possible approaches to delivery. This section is based on the more usual delivery modes but is not intended to rule out alternative approaches.
- *Outline learning plan* – the outline learning plan has been included in every unit as guidance and demonstrates one way in planning the delivery and assessment of a unit. The outline learning plan can be used in conjunction with the programme of suggested assignments.
- *Assessment* – gives amplification about the nature and type of evidence that learners need to produce in order to pass the unit or achieve the higher grades. This section should be read in conjunction with the grading criteria.
- *Suggested programme of assignments* – the table shows how the suggested assignments match and cover the assessment grading criteria.
- *Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications* – sets out links with other units within the qualification. These links can be used to ensure that learners make connections between units, resulting in a coherent programme of learning. The links show opportunities for integration of learning, delivery and assessment.
- *Essential resources* – identifies any specialist resources needed to allow learners to generate the evidence required for each unit. The centre will be asked to ensure that any requirements are in place when it seeks approval from Pearson to offer the qualification.
- *Employer engagement and vocational contexts* – provides a short list of agencies, networks and other useful contacts for employer engagement and for sources of vocational contexts.
- *Indicative reading for learners* – gives a short list of learner resource material that benchmarks the level of study.



# Units

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# Unit 1: Financial Services for Individuals

**Unit code:** J/600/6167  
**Level 3:** BTEC National  
**Credit value:** 10  
**Guided learning hours:** 60

## ● Aim and purpose

The aim of this unit is to give learners knowledge and understanding of the financial services currently available. Individuals want to make the most of their money by investing and managing it efficiently using the services of a range of financial institutions and their products.

## ● Unit introduction

For most people, buying an MP3 player, a mobile phone or a computer games console requires some financial juggling. The money to fund the purchase has to be saved. The transaction might involve the use of a debit card or a cheque.

As people get older their lifestyles and their consumption patterns change. As circumstances alter then so too do their financial requirements. Jobs, families, hobbies and retirement influence attitudes to and use of money. Having a job means opening a bank account so that wages and salaries can be paid in automatically and safely. Paying for somewhere to live, means saving for the rental deposit. Buying a home will involve borrowing money using a mortgage and paying it back over a long period of time. Some of what is earned has to be paid to fund a pension later in life, whether it is through the deduction of National Insurance contributions or through occupational pension schemes.

Spending money on a hobby or buying goods and services such as a car or a holiday involves using a range of financial services. Money can be saved in a range of savings accounts and the value of the savings grows as interest is added to the account. For those who cannot wait until the money has been saved, there is always the option of borrowing the money using a credit card or a bank loan. This money is paid off after the car or holiday has been acquired but there is the additional cost – the interest has to be paid as well as the capital. People strive for financial security and it can be achieved by using the financial services that are available to them.

## ● Learning outcomes

### **On completion of this unit a learner should:**

- 1 Understand the financial services provided by retail banks
- 2 Understand the financial services provided by non-bank financial service providers
- 3 Know the range of savings and investment products available to individuals
- 4 Know the range of financial products and services available to individuals.

# Unit content

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## 1 Understand the financial services provided by retail banks

*Banking services:* deposits; loans; payment systems (eg cheques, direct debits, standing orders); branch networks; online operations; cheque clearing; secured lending; unsecured lending; personal loans; overdrafts; international services (eg foreign exchange, off-shore banking); revolving credit; credit cards; interest (eg annual percentage rates of interest (APR), annual equivalent rate (AER)); interest rate calculations; credit ratings; grace periods; introductory rates; interest rate factors (eg risk, term, amount and profit margin to the lender); the Banking Code

*Providers:* clearing banks (eg Barclays, Hong Kong Shanghai Banking Corporation (HSBC), Lloyds TSB); building societies (eg Nationwide, Coventry, West Bromwich, National Counties); integration of clearing banks and building societies (eg Lloyds TSB, Cheltenham and Gloucester); financial service subsidiaries of retail institutions (eg J Sainsbury's plc, Tesco plc, Marks and Spencer plc); credit unions, moneylenders

*Customers:* characteristics; customer profiles; customer needs: life stages; financial goals; credit scoring; lifestyle and spending preferences; advice; inducements

## 2 Understand the financial services provided by non-bank financial service providers

*Financial services:* deposits; loans (eg secured lending; unsecured lending); insurance; life assurance; mortgages; pensions; shares; unit trusts; annuities; child trust fund (CTF); payment systems; branch networks; online operations; financial intermediaries; the Financial Services Authority (FSA)

*Providers:* insurance companies; pension providers; mortgage lenders; stock brokers; unit trusts; credit unions, peer-to-peer lending (eg Zopa); financial intermediaries; sources of information; sources of advice; independent financial advisers (IFA); National Savings and Investments (NS&I)

*Customers:* characteristics; customer profiles; customer needs: life stages; financial goals; credit scoring; lifestyle and spending preferences; advice; inducements

## 3 Know the range of savings and investment products available to individuals

*Life assurance:* non-profit endowments; with-profit endowments; unit-linked endowments; unitised with-profit endowments

*National savings:* products (eg savings certificates, children's bonus bonds, bonds, savings accounts, premium bonds); interest rates; investment terms; accessibility; tax liability; minimum and maximum investment terms

*Gilt-edged securities:* fixed interest loans to the government of the day, classification by redemption; calculation of initial and redemption yields; liability for tax on income and capital gains

*Tax-efficient investment schemes:* personal equity plans (PEP); individual savings accounts (ISA); comparative benefits

*Shares:* ordinary shares in private and public companies; tax liability from dividends and capital gains; conferred company voting rights; factors determining share prices; benefits; access via stockbrokers

*Collective investments:* unit trusts; investment trusts; investment bonds; benefits of collective fund management (eg spreading of risk, opportunities for purchase and sale); *other securities* (eg derivatives; options; futures); use of futures to hedge against market fluctuations

*Factors determining choice:* level of risk; accessibility; tax liability; market trends

#### 4 Know the range of financial products and services available to individuals

*Life assurance:* provision for others in the event of death; based on actuarial calculations; family protection; debt protection (eg mortgages, tax mitigation); business protection provided by assurance companies, friendly societies and pension funds; impact of taxation

*Pensions:* state contributory; non-contributory; state earnings related pension scheme (SERPS); state second pension scheme (S2P); occupational schemes (eg defined benefit schemes, defined contribution schemes); contributions by employer and employee; additional voluntary contributions (AVC); personal pension plans (PPP), self-invested personal pensions (SIPP); stakeholder pensions; deferral; claiming; lump sums; indexing; annuities; impact of taxation

*Mortgages:* legal charge on property ownership; secured long-term loans from banks and building societies; repayment; endowment; fixed rate; variable rate; capped rate; flexible; deferred interest; low start; equity share, buy/rent and shared ownership mortgages; causes and effects of negative equity; the Mortgage Code

*Insurance:* planned protection against risk of injury, loss or damage to property; levels; motor cover; buildings; household contents; travel; personal injury; health insurance, eg permanent health insurance (PHI), critical illness cover (CIC), private medical insurance (PMI); mortgage protection insurance; sickness, accident and redundancy insurance policies; payment protection insurance; insurance brokers; financial advisors; factors determining risk for all; providers (eg insurance companies, names registered at Lloyd's by underwriters)

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> explain the range of services provided by two banking providers to meet customer needs [IE, CT, RL]		
<b>P2</b> describe three retail banking services appropriate to the needs of two contrasting customers [IE, CT, RL]	<b>M1</b> explain the distinctive features of three selected retail banking services that render them suitable for two contrasting customers	<b>D1</b> justify a proposed comprehensive and integrated financial service package that is appropriate for the financial needs of two customers at different life stages.
<b>P3</b> explain three other financial services appropriate to meet the needs of two contrasting customers [IE, CT, RL]		
<b>P4</b> describe three savings products appropriate to meet the financial needs of two contrasting customers [IE, CT, RL]	<b>M2</b> explain the distinctive features of two selected savings, investment and other financial services that render them suitable for two contrasting customers.	
<b>P5</b> describe two investment products appropriate to meet the financial needs of two contrasting customers. [IE, CT, RL]		

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

Key	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

## Essential guidance for tutors

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### Delivery

For this unit learners should have access to current information about financial services in the UK economy and their importance to individuals as they go through life. Almost all the material to be considered is readily available in accessible formats from institutions such as banks, financial service providers, the regulatory agencies, independent sources and the personal finance sections of most daily and Sunday newspapers. Textbooks are few and far between but there are some surveys and explanatory publications that are designed to simplify information about personal finance and financial services. The material published by banks, pension companies and insurers is comprehensive, fairly accessible and up to date, taking account of the current regulatory and legislative requirements.

Other units deal with financial services regulation and ethics and it is expected that these aspects of the financial services industry will be considered when they relate to individuals' needs. Services to the individual could be complemented by parallel consideration of services to business organisations and issues of regulation and ethics in financial service provision. Matters such as misselling, changes to the legal and regulatory arrangements and the availability of new products and services shape the financial services industry in a dynamic way. Any teaching needs to be aware that these developments need to be incorporated into any programme of study to reflect current requirements and practice. The failed mutual insurer, Equitable Life, continues to occupy the headlines as arguments about the compensation scheme are hammered out. The annual budget makes changes to the rules that have a direct effect on the financial services sector. Higher rate taxpayers find pension contributions become more expensive. ISA investment allowances are increased. These changes have an impact on the consumption of financial services by individuals.

All the learning outcomes lend themselves to flexible delivery. Learners can work individually and in groups researching and gathering information about personal financial services. Most high street banks have a variety of literature and promotional material that is freely available to anyone requesting it. Similarly building societies, insurance companies and pensions businesses have material for public use. This is extended with information on their websites.

Web searches will yield not just the technical explanations that learners need but also the current legal and regulatory frameworks that govern personal financial services. Some of these sites are government sites, such as the NS&I site and the Direct Gov site, and so have the most up-to-date information. Other sites are operated by the businesses providing financial services and products so they identify what is currently available. News sites such as the BBC's site have finance sections. There are sites that provide relatively unbiased information about the characteristics and the 'best' financial services and products.

Many financial institutions will provide speakers and materials as they often see learners as a ready market that will provide long-term custom. These presentations can supplement the formal didactic sessions that tutors provide.

Television current affairs programmes often cover personal finance topics. *Working Lunch*, when it is on air, has a regular programme each week devoted to personal finance as well as incidental stories mixed in with its regular business coverage. *Teachers' TV* has a limited selection of materials as well. For those who prefer radio there is the BBC's *Moneybox* programme that has a lively set of supporting material with a website and an e-newsletter. BBC programmes are archived so earlier programmes can be retrieved for viewing and listening.

Lifestyle, social and personal data is available from government sources but some market research organisations also produce personal and family profiles to create a picture of the personal circumstances of typical citizens. This material can be allied to that on financial services to see how the demands of the population are catered for by the financial services sector.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and assessment
Introduction to unit and programme
Group activity investigating the range of banks operating in the UK
Investigation of the range of services offered by banks. Individual and group work
Presentation from tutor
Internet research
Collection of current company materials
Desk research using newspapers
Visiting speaker
Presentation of findings on banks and banking services. Presentations can be spoken accounts or visual depictions and displays
Interest rates and interest rate calculations
Presentation from tutor with examples
Investigating customer characteristics
Presentation from tutor
Production of typical customer profiles
<b>Assignment 1: Banking Services</b>
Tutorial and feedback
Investigation of the range of services offered by non-bank financial service providers. Individual and group work
Presentation from tutor
Internet research
Collection of current company materials
Desk research using newspapers
Visiting speaker
Investigating customer characteristics
Presentation from tutor
Life stages and lifestyle choices using video materials and internet research
Presentation of findings on banks and banking services. Presentations can be spoken accounts or visual depictions and displays

## Topic and suggested assignments/activities and assessment

Investigate National Savings products

Presentation from tutor

Paired and group work to carry out research

Internet investigation

Tax implications

Matching products to potential customers with reasons

Presentation of range and features of NS&I products using spoken and visual techniques

Investigate life assurance

Presentation from tutor

Paired and group work to carry out research

Internet investigation

Visiting speaker

Matching products to potential customers with reasons

Comparison of products and costs/benefits

Presentations using spoken and visual techniques

Investigate government securities – government bonds, equities

Presentation from tutor

Paired and group work to carry out research

Internet investigation

Calculation of yields

Tax implications

Matching products to potential customers with reasons

Comparison of products and costs/benefits

Presentations using spoken and visual techniques

Investigate other savings and investment products such as unit trusts, investment funds, bonds

Presentation from tutor

Paired and group work to carry out research

Internet investigation

Calculation of yields

Tax implications

Matching products to potential customers with reasons

Comparison of products and costs/benefits

Presentations using spoken and visual techniques

## Topic and suggested assignments/activities and assessment

Investigate the range of mortgages available to individuals

Presentation from tutor

Paired and group work to carry out research

Internet investigation

Comparison of products and costs/benefits

Calculation of costs and payments (interest capital)

Matching products to potential customers with reasons

Presentations using spoken and visual techniques

Investigate pension types

Presentation from tutor and/or visiting speaker

Paired and group work to carry out research

Internet investigation

Calculation of benefits

Annuities – types and yields

Tax implications

Matching products to potential customers with reasons

Comparison of products and costs/benefits

Presentations using spoken and visual techniques

Investigate insurance products and types

Presentation from tutor

Paired and group work to carry out research

Internet investigation

Comparison of products and costs/benefits

Matching products to potential customers with reasons

Presentations using spoken and visual techniques

### **Assignment 2: Financial Planning**

Tutorial support and feedback.

## Assessment

In order to pass this unit, learners must meet all the pass criteria.

For P1, learners will describe two banking providers explaining the range of services they provide to meet customer needs. Banks generally provide similar sorts of products and services but by investigating what a range of banks offer, a selection of two where there is product and service differentiation will allow comparisons and contrasts to be drawn. Learners can collect material from the banks, review what they offer by looking online or refer to a collection of material built up and held in a learning resource centre.

For P2, learners will describe three retail banking services that might be considered appropriate to the likely financial needs for two contrasting customers. This will involve looking at the financial situations of different customers and matching products and services to the customers' circumstances.

For example, being employed for the first time requires a current account to be opened in order for the income to be paid in by the employer. For the employee to have ready access to the money and to be able to make purchases a cheque book and a cheque guarantee card or a debit card are needed, although many organisations will now not take cheques. Some will not take cash. As people's circumstances change and they may need to borrow money to finance the purchase of large items of expenditure so a loan or an overdraft may be needed. Retirement overseas may mean that UK income will have to be transferred abroad and converted in to the local currency by the bank.

For P3, learners will explain three other financial services that might be appropriate to meet the financial needs of two contrasting customers. These might include mortgages and life assurance. A description is required identifying what they are, how they work and why they are needed. So, for example, a house buyer will need a substantial loan but will also need a long time over which to repay it from earned income.

For P4, learners will describe three savings products which might be considered appropriate to the meet financial needs of two contrasting customers. The savings products that will be considered are those that are available from the government, National Savings and Investments, insurers and pensions providers. They need to be matched to the personal circumstances of different customers to show how the customer's needs are met by different services.

For P5, learners will describe two investment products that might be considered appropriate to meet the financial needs of two contrasting customers. There is a range of investment products available and they are identified in the content section of the unit. Once again, it will be necessary to look at what the needs of customers are and selecting suitable investment products to match the requirements. Someone without a job can take advantage of the annual tax benefit offered by a personal pension. A day trader wanting high returns might wish to buy and sell equities but faces the volatility of stock markets.

For M1, learners will explain the distinctive features of three selected retail banking services that render them suitable for two contrasting customers. This builds on the requirements for P2 when the features of banking services had to be described. Matching the service to the individual and explaining why the choice has been made will show that the learner has understood both the features of the services and the demands of the customer. For example, online banking would suit those who are technologically competent, have an internet connection and those who might be house bound.

For M2, learners will explain the distinctive features of two selected savings, investment and other financial services that render them suitable for two contrasting customers. This builds on the requirements for P4 when the features of savings products had to be described. Matching the product or service to the individual and explaining why the choice has been made will show that the learner has understood the features of the products and services and the demands of the customer. For example, a young person might be happy to invest in Premium Bonds which carry no guaranteed return but afford the chance of winning £1 million every month. Someone coming up to retirement may want a guaranteed rate of interest on their savings to maximise how much they will have in retirement. Trading of risk and return is a common strategy used by savers.

For DI, learners will justify a proposed comprehensive and integrated financial service package that is appropriate for the financial needs of two customers at different life stages. This will require close consideration of what individuals want and making a selection of services and products that meet their needs and then justifying the choice. For example, a retiree might be advised to buy an annuity that has no escalator in times when there is deflation but has an escalator when there is inflation. Identifying that the latter begins with low initial payments that subsequently increase would also require an explanation of when the payments from the escalator annuity overtake the payments from the level annuity. This can be tied in with a consideration of life expectancy underscoring the justification for the option selected.

## Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1	Banking Services	You work as a junior journalist for a student newspaper which is planning to run a feature on bank services for students.	Produce an article on two contrasting services offered by banks.
P2, P3, P4, P5, M1, M2, D1	Financial Planning	You work providing financial advice and have been asked to make recommendations about how clients can have their financial needs met by suitable financial services and products.	Suggest a portfolio of products and services for different clients depending on their financial situations that will meet their financial requirements. Recommend reasons for the suitability of the proposals made to them.

## Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Personal and Business Finance sector suite. This unit has particular links with the following unit titles in the Personal and Business Finance suite.

Level 3
Financial Services to Support Business
Financial Services Regulation Ethics and Trends
Preparing for Career Progression in Business

## Essential resources

For this unit learners should have access to a suitable business teaching environment with access to the internet to do research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information across a range of business types and sectors.

A detailed list of resources appears at the end of the unit specification. The most up-to-date versions of information and resources should be used.

## Employer engagement and vocational contexts

Centres should develop links with local employers particularly in the financial services sector. Many such businesses look to employ students when they finish their programmes of study and may provide advice on financial services. Colleges and some schools may provide financial advice on site so staff can provide first-hand information. Many businesses want to promote their local activity so are often willing to provide work placements, visits, information about themselves and their services as well as visiting speakers.

## Indicative reading for learners

### Textbooks

Gardner D – *The Motley Fool: You Have More Than You Think: the Foolish Guide to Personal Finance* (Simon and Schuster, 2001) ISBN 13 978-0743201742

Tyson E – *Personal Finance for Dummies* (John Wiley and Son, 2006) ISBN 10 0470038322

### Journals

*The Economist* – this provides both general economic and financial news as well as special features including an analysis of the budget.

*Money Which?* – the consumer magazine has a section that specialises in personal financial advice.

### Newspapers

Almost every daily and weekend newspaper has features on financial services and products. The broadsheet publications have weekly sections devoted to personal finance with focused editions at budget time and at the end of the fiscal year.

### Websites

[www.astute-investor.co.uk](http://www.astute-investor.co.uk)

A site discussing and comparing financial products

[www.bbc.co.uk/business](http://www.bbc.co.uk/business)

BBC business website

[www.bized.co.uk](http://www.bized.co.uk)

Business education website including learning materials and quizzes

[www.direct.gov.uk/en/index.htm](http://www.direct.gov.uk/en/index.htm)

This is the Government portal with access to current information on financial matters

[www.fool.co.uk](http://www.fool.co.uk)

The Motley Fool provides discussion of personal finance matters

[www.fsa.gov.uk](http://www.fsa.gov.uk)

The Financial Services Authority site

[www.hbeu1.hsbc.com/ukpersonal/premier/fin.htm](http://www.hbeu1.hsbc.com/ukpersonal/premier/fin.htm)

The HSBC Personal Financial Advice pages

[www.hm-treasury.gov.uk/bud\\_bud09\\_index.htm](http://www.hm-treasury.gov.uk/bud_bud09_index.htm)

The budget report

[www.hm-treasury.gov.uk/prebud\\_pbr08\\_index.htm](http://www.hm-treasury.gov.uk/prebud_pbr08_index.htm)

The pre-budget report

[www.home.co.uk/financialadvice.htm](http://www.home.co.uk/financialadvice.htm)

A site providing a range of personal financial information

[www.thisismoney.co.uk](http://www.thisismoney.co.uk)

This site provides guidance on a wide range of personal finance matters

[www.timesonline.co.uk/tol/money](http://www.timesonline.co.uk/tol/money)

The online version of *The Times* personal finance pages

[www.uk250.co.uk/bank](http://www.uk250.co.uk/bank)

A list of UK bank websites

[www.unbiased.co.uk](http://www.unbiased.co.uk)

An independent financial adviser site

### Broadcasts

*Moneybox* – BBC radio usually at midday once or twice a week

*Working Lunch*, BBC2 (daily) – often includes personal finance items

[www.teachers.tv/finance](http://www.teachers.tv/finance) – identifies broadcasts that cover personal finance matters

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	<ul style="list-style-type: none"> <li>investigating the range of personal finance services and products that are available</li> <li>identifying problems to answer in respect of financial services</li> <li>analysing and evaluating the relevance and value of personal financial services</li> <li>supporting recommendations about financial services using reasoned arguments and evidence</li> </ul>
<b>Creative thinkers</b>	<ul style="list-style-type: none"> <li>analysing and evaluating the relevance and value of personal financial services</li> <li>supporting recommendations about financial services using reasoned arguments and evidence</li> <li>matching services and products to the needs of individual</li> <li>asking questions about the financial services needs of individuals</li> </ul>
<b>Reflective learners</b>	<ul style="list-style-type: none"> <li>analysing and evaluating the relevance and value of personal financial services</li> <li>supporting recommendations about financial services using reasoned arguments and evidence</li> <li>communicating ideas about personal finance to different audiences</li> <li>adapting recommendations about financial services for individuals as their circumstances change.</li> </ul>

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	planning and carrying out research into the different types of financial services planning and carrying out research into the financial services needs of different individuals
<b>Creative thinkers</b>	generating ideas and exploring what financial services and products are available connecting own financial experience with the needs of others trying out alternative ideas and possible solutions about the financial service needs of others
<b>Reflective learners</b>	setting goals with success criteria for researching financial services and products inviting feedback on their own work and dealing positively with praise, setbacks and criticism evaluating their experiences and learning to inform future progress
<b>Team workers</b>	working in a group to research and discuss ideas about financial services and products taking responsibility for their own role in a group managing activities to reach agreements and achieve results
<b>Self-managers</b>	seeking out challenges or new responsibilities and showing flexibility when priorities change dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed
<b>Effective participators</b>	participating in role play and group discussions.

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching financial services and products and their features
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information about financial services and products
Manage information storage to enable efficient retrieval	saving files of data about financial services and products, retrieving the files and updating them
Follow and understand the need for safety and security practices	
Troubleshoot	
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	finding information and data for recommendations about the financial services needs of individuals creating diagrams, presentations and tabulations about the financial services needs of individuals
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites about financial services and products
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	bringing together a variety of materials gathered through research preparing information to present to others about financial services and products and the financial services needs of individuals
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other members of a group when doing research and sharing information

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in relation to financial services and products and the financial services needs of individuals
Identify the situation or problem and the mathematical methods needed to tackle it	solving financial problems in relation to financial services and products and the financial services needs of individuals
Select and apply a range of skills to find solutions	making recommendations about suitable financial services and products that meet the financial services needs of individuals
Use appropriate checking procedures and evaluate their effectiveness at each stage	
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	<p>doing group work investigating financial services and products</p> <p>working with others (employees, colleagues, tutors, class mates) in investigating financial services and products</p> <p>attending team meetings</p> <p>making presentations about financial services and products and the financial services needs of individuals</p>
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	<p>reading about financial services and products and the financial services needs of individuals</p> <p>reading about organisations to obtain data to facilitate the making of recommendations about the financial services needs of individuals</p>
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	<p>writing materials to provide information financial on services and products and the financial services needs of individuals</p> <p>producing labelled charts and diagrams showing the range of financial services and products and their contribution to meeting the financial services needs of individuals.</p>



# Unit 2: Business Financial Performance

**Unit code:** L/600/6168  
**Level 3:** BTEC National  
**Credit value:** 10  
**Guided learning hours:** 60

## ● Aim and purpose

The aim of this unit is to develop learners' knowledge and understanding of the critical factors that reflect business performance, namely accounting systems, cash flow, profitability and solvency.

## ● Unit introduction

This unit considers the main factors which are important for the planning of business survival. It includes cash flow forecasting, the relationship between current assets and liabilities, the use of budgets, and break-even analysis.

The unit then considers methods of reporting and analysing these critical factors.

The second and third learning outcomes ensure that the learner can report and review business performance by constructing trading, profit and loss, appropriation accounts and balance sheets and understand both accounting systems and final accounts.

Learners will also be introduced to areas where a business could have financial weakness and will consider ways in which these may be addressed, by use and analysis of ratios.

## ● Learning outcomes

### **On completion of this unit a learner should:**

- 1 Understand planning for business survival
- 2 Know how to report business performance
- 3 Be able to review accounting systems from trial balance to final accounts
- 4 Understand accounting performance analysis.

# Unit content

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## 1 Understand planning for business survival

*Cash flow forecasting:* management of inflow, outflows, timing; money cycle; credit control and debtor management; forecast components, eg receipts, sales, credit periods, cash; capital; long-term loans; payments to suppliers; overheads; expenses; loan repayments; VAT; purchase of fixed assets; opening balance; closing balance

*Insolvency/bankruptcy and working capital:* relationship between current assets and current liabilities; management of stock and stock turnover period; management of debtors' creditworthiness, eg payment terms, debtor collection periods, aged debtor analysis; management of creditors' payment terms, eg negotiation of prices, creditor payment periods, aged creditor analysis; particular issues facing small and medium-sized enterprises (SMEs)

*Cash flow management:* problems highlighted; corrective measures, eg overdraft, negotiating terms; leasing instead of purchasing fixed assets

*Costs:* direct/variable costs, eg materials, unfinished goods, output-related labour costs; indirect/fixed costs/overheads, eg depreciation, maintenance, utilities, administration; potential semi-variable costs; contribution to total costs via absorption costing; total costs per unit, eg job, batch

*Budgets:* use in planning, monitoring and controlling expenditure and revenue, eg sales, materials, labour, overheads; reasons for favourable and unfavourable budget variances

*Revenue:* revenue/income calculation; cost-plus pricing; contribution pricing

*Break-even analysis:* contribution; break-even formula; break-even point; profit; loss; margin of safety; volume of production/sales illustrated numerically and graphically

## 2 Know how to report business performance

*Trading account:* sales/turnover, eg sales returns; cost of sales, ie opening stock plus purchases of materials minus closing stock; purchase returns; gross profit

*Profit and loss account:* expenses, eg revenue expenditure; depreciation; net profit; limited company operating profits; non-operating income and expenses; acceptable formats for limited companies; measure of business performance

*Appropriation account:* distribution of profit, eg corporation tax, dividend, reserves account, ie retained profit; calculation of depreciation using straight line method

*Assets and liabilities:* fixed assets, eg equipment; depreciation; intangible assets; current assets, eg stock, debtors, bank, cash; long-term liabilities, eg mortgages, long-term loans; current liabilities, eg creditors, overdrafts, VAT, short-term loans

*Balance sheet structure:* fixed assets; current assets; current liabilities; working capital; long-term liabilities; net assets financed by capital including transfers from profit and loss account

*International equivalents:* changes to reporting requirements under the International Accounting Standards (IAS), eg statement of comprehensive income, statement of financial position

*Purpose and use:* establishing net worth, measure of business valuation, measure of business performance

### 3 Be able to review accounting systems from trial balance to final accounts

*Accounting systems:* day books; general ledgers, eg purchase accounts, purchase returns accounts, sales accounts, sales returns accounts; purchase ledgers, eg supplier accounts; sales ledgers, eg customer accounts, cash books; balancing accounts, eg trial balance, extended trial balance, profit and loss accounts, balance sheet

*Final accounts:* trading accounts, eg sales, cost of sales, opening stock, closing stock, purchases, gross profit; profit and loss account; balance sheet including fixed assets, current assets, ie stock, debtors, bank and cash; current liabilities, ie creditors, bank overdrafts and other debts to be paid within one year; working capital; long-term liabilities; net assets; capital; profit; drawings; preparing final accounts from trial balance; international equivalents under IAS; compare computerised systems with manual processes

*Legal and regulatory requirements:* to keep financial records; to meet information requirements of companies' acts; preparation and presentation of financial reports; purpose and scope of status of statements of accounting practice (SSAPs) and financial reporting statements (FRSs), applicability to different business organisations, requirements under IAS

*Accounting principles:* going concern; matching principle; consistency; prudence; materiality; use of double entry book keeping

### 4 Understand accounting performance analysis

*Profitability ratios:* return on capital employed; return on net assets; gross and net profit ratios; gearing ratios; price/earnings ratio; dividend ratios

*Productivity ratios:* stock turnover; asset turnover; debtor collection period; creditor payment period

*Solvency ratios:* current ratio; acid test ratio

*Analysis of ratios:* comparing year on year and with similar businesses, for the attention of stakeholders, eg owners, investors, suppliers, employees, customers, tax authorities

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> explain the importance to a selected business of cash flow, working capital, costs and budgets and break-even [IE]	<b>M1</b> analyse the importance of cash flow, working capital, costs and budgets and break-even to a selected business	<b>D1</b> justify recommendations on ways in which problems with cash flow, working capital, costs and budgets and break-even may be addressed for a profitable business
<b>P2</b> describe the performance of a selected business as illustrated by its trading, profit and loss, appropriation accounts and balance sheet [RL]	<b>M2</b> analyse the performance of a selected business, using information provided from its accounting systems, highlighting potential causes for concern	<b>D2</b> evaluate the relative significance of selected financial ratios in identifying serious problems of business performance.
<b>P3</b> prepare a simple set of final accounts using information from the accounting systems of a given business [SM, CT]		
<b>P4</b> explain the performance of a selected business using key financial ratios. [TW, EP]	<b>M3</b> analyse reasons for the performance of a selected business as illustrated by the use of key financial ratios.	

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

Key	IE – independent enquirers CT – creative thinkers	RL – reflective learners TW – team workers	SM – self-managers EP – effective participators

# Essential guidance for tutors

## Delivery

The purpose of this unit is to bring together the key financial issues facing a standard limited company at some stage of its life. The crucial consideration for any business is survival, as highlighted by the failure of many UK businesses every day.

The need for profitability may be obvious to learners, but they may not appreciate the central importance of cash flow management and its implications for working capital. This essentially numerate unit may therefore be introduced with simple case study figures for a profitable business with cash flow problems, inviting learners to assess the relative importance of each. This discovery may lead to the notion of cash flow forecasting, and the basis on which future costs and revenues may be planned for and balanced.

Once cash flow is mastered and business solvency can be assured, issues of profitability may be revisited via break-even analysis, again through case study material where learners have to manipulate the formula in order to find the break-even sales level.

Learners should understand clearly the distinction between *flows* of income and expenditure and *stocks* of assets and liabilities, concepts that learners easily confuse. This will allow learners to review simple accounts in order to comment on the financial health of selected businesses, identifying the need for corrective action in the process. Learners should understand the new requirements under IAS and be aware that although at the time of accreditation of this specification only Public Companies have to comply with IAS, this may be a requirement in the future for all companies and firms.

These skills may be developed as learners prepare a simple set of final accounts from a given trial balance and then comment on the performance of a selected business using key financial ratios. Ratio analysis may be introduced via a simple comparison of income and expenditure yielding profit or loss, possibly using figures or charts from FTSE annual reports.

Once the relative importance of the two variables is understood, more subtle ratios such as gross/net profit, the current ratio or gearing may be introduced and consolidated by repeated rehearsals and wall chart examples in order to embed understanding. This will further help prioritise which ratios are most meaningful to key stakeholder audiences, for example price/earning ratios in the case of possible mergers or acquisitions, as reported in the financial press.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and assessment
Introduction to unit and programme
Formal input on cash flow, working capital, costs and budgets and break even
Group activities to enforce formal input
Individual work on scenarios/case studies to enforce formal input
Research – whole-group
Tutorial/seminar group work
<b>Assignment 1: Planning for Survival</b>

## Topic and suggested assignments/activities and assessment

Formal input on trading, profit and loss, appropriation accounts and balance sheet

Case studies – small-group exercises

Individual work/activity to reinforce input

Group activity – visits/speakers

### **Assignment 2: Reporting Business Performance**

Formal input on final accounts

Group work on case studies

Individual work/activity to reinforce input

### **Assignment 3: Reviewing Accounting Systems**

Formal input on key financial ratios

Work/activity to reinforce input

Group work to include research, gathering information

### **Assignment 4: Performance Analysis, Regulation and Practice**

Tutorial support and feedback.

## Assessment

Key problems in the effective teaching of finance units are the use of case studies and assignments using given numerical data. A single case study allows one correct answer. A solution to both problems is to rehearse such calculations to the point where learners are sufficiently confident to create their own simple sets of data to demonstrate their understanding of the concept.

While this may be beyond the weakest learners, who may continue to require case study support, more confident ones should be able to construct simple datasets to match their calculations. The same principle underlies much of the essentially arithmetical nature of learning outcome 1. It is less necessary that learners create data from first principles in the case of profit and loss accounts or balance sheets. Another approach may be to assess parts of the unit in a timed situation under exam conditions where all learners can be seen to work individually.

To achieve P1, learners will be expected to explain the importance of cash flow, working capital, costs and budgets and break-even to a selected business. The explanation could include learners constructing a 12-month cash flow forecast from the information given in a scenario, accurately calculating each month's receipts, payments, opening and closing balances, and break-even graphs depicting changing costs.

For P2, learners will describe the purpose and use of the trading, profit and loss account and balance sheet. They will also explain how gross profit and net profit are calculated by indicating the kinds of income and expenditure that are included. Learners will be presented with a trading and profit and loss account and a balance sheet for a business organisation, which should be set out using the vertical style. Learners will label the 'cost of goods sold' section and the 'overheads' section of the profit and loss account.

For P3, learners will be able to prepare a simple set of final accounts using information from the accounting systems of a given business (real or case study).

For P4, learners will explain clearly what is meant by the meaning, relevance and application of each ratio.

The transition from merit level may be seen as learners progress from descriptions and explanations to analysis, for example, for M1 they should probe possible reasons why a cash flow crisis might have occurred and explain how the crisis could be addressed, for example by operating a 'cash payments only' policy, or by dramatically tightening credit control. The same depth of investigation, highlighting possible corrective measures, will characterise M2 work.

For M3, learners analyse performance using ratios to measure profitability, liquidity and efficiency and will calculate these accurately, based on the trading and profit and loss account and the balance sheet. The relevant accounting ratios from the previous year, or from another similar type of business organisation, could be given to learners.

Work for D1 will reflect a greater maturity of recommendations on how to manage structural solutions to cash flow crises.

For D2, an evaluation of the relative significance of selected financial ratios in identifying serious problems of performance will reflect a capacity to prioritise ratios, identifying the most indicative.

### Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, M1, D1	Planning for Survival	Working in an accounts department, you are asked to prepare an induction document explaining key terminology, and given information and figures to produce a cash flow and break even graph.	Produce explanatory leaflet and cash flow and break even.
P2, M2, D2	Reporting Business Performance	Tasks related to working in an accounts department.	Report.
P3	Reviewing Accounting Systems	Tasks related to reviewing accounting systems.	Report.
P4, M3	Performance Analysis, Regulation and Practice	Tasks related to performance analysis, regulation and practice.	Report.

### Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Personal and Business Finance suite. This unit has particular links with the following unit titles in the Business suite:

Level 2	Level 3
Financial Forecasting in Business	Investigating Business Resources
Bookkeeping in Business	Understanding Financial Accounting
	Introducing Management Accounting
	Investigating Accounting Systems
	Exploring Computer Applications for Financial Management

## Essential resources

For this unit learners should have access to a suitable teaching environment with access to the internet to do research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information.

Learners can find information using company annual reports, journals, magazines, company websites and newspapers.

Access to a range of information resources to complete investigative assignments and case studies will be essential, including relevant CD ROMs and the internet. Access to computers for research and preparing cash flows (using a spreadsheet package), also will enhance the delivery of this unit. Learners will also need access to relevant paper-based research material including published financial reports and books.

Students can generate evidence from a work placement or from work experience.

## Employer engagement and vocational contexts

Centres should develop links with local businesses. Many businesses and chambers of commerce want to promote local business and are often willing to provide work placements, information about businesses and the local business context, visiting speakers and allow learners to visit.

Visits to companies and from local employers will be useful in delivering this unit. The use of vocational contexts is essential in the delivery and assessment of this unit.

Support to enable centres to initiate and establish links to industry, and to networks arranging visits to industry and are given below.

Work experience/workplace learning frameworks – Centre for Education and Industry (CEI – University of Warwick) – [www.warwick.ac.uk/wie/cei](http://www.warwick.ac.uk/wie/cei)

Learning and Skills Network – [www.vocationallearning.org.uk](http://www.vocationallearning.org.uk)

## Indicative reading for learners

### Textbooks

Brammer J, Cox D, Fardon M and Penning A – *Active Accounting* (Osborne, 2002) ISBN 1 872962378

Brighouse R and Montoir J – *The Financial Services Environment, 4th Edition* (Financial World Publishing, 2004) ISBN 0852976941

Cox D – *Business Accounts (Accounting and Finance), 2nd Edition* (Osborne, 2004) ISBN 1 872962637

Cox D and Fardon M – *Foundation Accounting, 2nd Edition* (Osborne, 2003) ISBN 1 872962815

Dyson J R – *Accounting for Non-Accounting Students, 7th Edition* (FT Prentice Hall, 2007) ISBN 0273709224

Hall D, Jones R and Raffo C – *Business Studies* (Causeway Press Limited, 1993) ISBN 1 873929099

### Journals and newspapers

*Business Review Magazine* (Phillip Allan Publishers – see [www.philipallan.co.uk](http://www.philipallan.co.uk))

*The Economist* and quality newspapers, especially the business sections.

## Websites

The following are e-business sites which, in different ways, illustrate a variety of ideas in the unit content.

<a href="http://news.bbc.co.uk/1/hi/business/default.stm">news.bbc.co.uk/1/hi/business/default.stm</a>	The business pages of the BBC website
<a href="http://www.accountingtechnician.co.uk">www.accountingtechnician.co.uk</a>	Association of Accounting Technicians Online
<a href="http://www.accountingweb.co.uk">www.accountingweb.co.uk</a>	AccountingWeb – for news and analysis
<a href="http://www.bized.co.uk/learn/accounting/index.htm">www.bized.co.uk/learn/accounting/index.htm</a>	Business education website including learning materials and quizzes
<a href="http://www.canterbury.gov.uk/buildpage.php?id=3225">www.canterbury.gov.uk/buildpage.php?id=3225</a>	An example of a specific local business support website
<a href="http://www.companieshouse.gov.uk">www.companieshouse.gov.uk</a>	Companies House
<a href="http://www.creditman.co.uk/insolven">www.creditman.co.uk/insolven</a>	Business Credit Management UK
<a href="http://www.insolvency.gov.uk">www.insolvency.gov.uk</a>	The Insolvency Service
<a href="http://www.linklaters.com">www.linklaters.com</a>	Linklaters law firm
<a href="http://www.r3.org.uk">www.r3.org.uk</a>	R3 – The Association of Business Recovery Professionals
<a href="http://www.thetimes100.co.uk">www.thetimes100.co.uk</a>	<i>The Times</i> 100 case studies
<a href="http://www.tutor2u.net">www.tutor2u.net</a>	Support for tutors and learners

## Delivery of personal, learning and thinking skills (PLTS)

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	investigating business finances
<b>Creative thinkers</b>	generating ideas about cash flow, accounts and ratios
<b>Reflective learners</b>	reflecting on situations which result in changes in finances
<b>Team workers</b>	working with others in investigating business finances and their classification
<b>Self-managers</b>	organising time and resources and prioritising actions when carrying out investigations in to business finances
<b>Effective participators</b>	working with others in investigating business finances and their classification.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	planning and carrying out research into the different types of business finances
<b>Creative thinkers</b>	looking at how different business costs/expenses are classified examining reasons and solutions to business change adapting their skills as circumstances change
<b>Reflective learners</b>	setting goals with success criteria for researching business finances inviting feedback on their own work and dealing positively with praise, setbacks and criticism evaluating their experiences and learning to inform future progress
<b>Team workers</b>	working in a group to discuss ideas about finance taking responsibility for their own role managing activities to reach agreements and achieve results
<b>Self-managers</b>	seeking out challenges or new responsibilities and showing flexibility when priorities change dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed
<b>Effective participators</b>	taking part in group activities, working with colleagues, supervisors and managers.

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching business organisations preparing accounts
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	finding illustrative materials for presentations and tabulations about business creating diagrams, presentations and tabulations
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites about business
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	bringing together a variety of materials gathered through research preparing information to present to others
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other members of a group

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in relation to business finances
Identify the situation or problem and the mathematical methods needed to tackle it	
Select and apply a range of skills to find solutions	
Use appropriate checking procedures and evaluate their effectiveness at each stage	
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	doing group work investigating business attending team meetings making presentations about business
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	reading about business change to obtain data to facilitate the making of comparisons between businesses and to examine business trends
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	writing materials to provide information about business change producing accounts and diagrams showing business financial performance.

# Unit 3: Financial Services to Support Business

<b>Unit code:</b>	<b>R/600/6169</b>
<b>Level 3:</b>	<b>BTEC National</b>
<b>Credit value:</b>	<b>10</b>
<b>Guided learning hours:</b>	<b>60</b>

## ● Aim and purpose

The aim of this unit is to give learners the knowledge and understanding of which financial services are available to support businesses, both when starting up, and for growth and expansion. Businesses need finance for both capital and revenue purposes and have to manage finance efficiently using both the services and products of a range of financial institutions.

## ● Unit introduction

There is a range of sources of advice and finance for businesses to help them start and then to help them grow. New businesses may lack the finance and an understanding of the requirements associated with running a business, but they do get established and flourish. The first Apple computers were built in a garage but now Apple has global recognition and produces on a large scale.

Once established the next hurdle for businesses to clear is obtaining finance to grow as factories are built, employees are taken on, production is established and sales and marketing begin. But sometimes trouble looms as businesses become too ambitious and need to restructure or downsize, for example if consumers have less disposable income and are buying only necessities not luxuries.

## ● Learning outcomes

### **On completion of this unit a learner should:**

- 1 Understand pre-business start-up guidance and advice
- 2 Understand financial support for establishing new business operations
- 3 Know the financial support for growth and expansion
- 4 Know the financial support for business restructuring.

# Unit content

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## 1 Understand pre-business start-up guidance and advice

*Advice and guidance:* choice of legal structure; advantages and disadvantages of each structure (eg flexibility, liability, protection, required investment); business planning; financial planning (eg costing, pricing, mark up, margins); cash flow forecasting; cash monitoring; financial record-keeping systems; double entry accounts; financial reserves; contingency plans; cash reserves (emergency, growth); online operations; project management; local, regional, national, EU, global and industry-specific issues and trends (eg social, political, technological, environmental and legal factors); seasonal factors

*Sources of advice:* Small Business Service (SBS); Confederation of British Industry (CBI); Institute of Directors (IoD); Department of Business, Innovation and Skills (DBIS); clearing banks; Business Link; Her Majesty's Revenue and Customs (HMRC); Companies House; Regional Development Agencies (RDAs); Sector Skills Councils (SSCs); standard setting bodies; Small Firms Enterprise Development Initiative (SFEDI); trade associations; local authority business support units; non-governmental sources of support (eg Prince's Trust, Shell Livewire); market research (eg Datastream, Federation of Small Businesses; Chambers of Commerce); market research techniques; banks; accountants; solicitors; independent financial advisers; business press (eg newspapers, books); existing entrepreneurs

## 2 Understand financial support for establishing new business operations

*Sources of initial finance:* savings; retained profits; legacies; lottery winnings; gifts; angels (or dragons); bank loans; overdraft facilities; credit cards; mortgages; leasing; venture capital (eg 3i); Regional Development Agencies; community development funding (eg Nestle Trust, Awards for All, Local Network Fund); Neighbourhood Renewal; EU aid

*Cash flow support:* factoring invoices; overdraft facilities; leasing arrangements (eg property, equipment, computers, network management, vehicles); trade finance; export finance (eg DBIS's Export Credit Guarantee Department (ECGD))

*Criteria for investment:* business plan; project viability; entrepreneur's personal capital; entrepreneur's expertise; review procedures; financial backing

## 3 Know the financial support for growth and expansion

*Advice on expansion:* investment of retained profit; asset restructuring (eg sale and leaseback); company formation; capitalisation (eg types of share); advice (eg investment banks, finance houses, mentors); progression from private to public company; floatation; opportunities for global trading; information via FTSE 100, 250, 350 and all share indices; public equity exposure, vulnerability to takeover

*Finance for growth:* equities, bonds; commercial mortgages; loans; overdrafts; private equity finance; mergers; acquisitions; international bank accounts; finance of international trade; overseas banks; factoring

*Financial support:* spot and forward foreign exchange dealings; currency options; financial futures (eg stocks, commodities, interest rates, currencies, bonds, gilt-edged stock); other securities (eg derivatives)

#### **4 Know the financial support for business restructuring**

*Restructuring*; release working capital (eg via sale and leaseback); market retrenchment; consolidation; refocusing business goals (eg redirection from export markets to domestic markets); overhead reduction; outsourcing; public to private buybacks; asset stripping; retention of majority equity; management buyouts; downsizing; investigation of new market opportunities; administration and pre-pack buyouts

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> explain the advice and guidance available for pre-business start up for a potential business [IE]	<b>M1</b> analyse the guidance, advice and support available to a potential business to ensure a successful start up and financial support	<b>D1</b> make recommendations to a business wanting to achieve expansion and growth and improve financial performance over the next three years.
<b>P2</b> explain the sources of initial finance, that need to be taken into account when seeking to establish a new business [IE, CT, RL]		
<b>P3</b> describe the advice and finance available for a business considering expansion and growth [IE, CT, RL]	<b>M2</b> analyse the guidance, advice and support available to a business to consolidate its operations and achieve sustained growth.	
<b>P4</b> describe the financial advice and support available for business restructuring. [IE, CT, RL]		

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

Key	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

# Essential guidance for tutors

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## Delivery

For this unit learners should have access to current information about financial and business advice services in the UK, both for business start up and business expansion.

Almost all the material to be considered is readily available in accessible formats from institutions such as banks, business advice providers, government departments and agencies, independent sources and the business finance articles in some broadsheet newspapers. The benefit of this material is that it is up to date and takes account of the current regulatory and legislative requirements. Textbooks are few and far between but there are publications that are designed to present comprehensive information about business advisory and financial services.

Other units deal with financial services regulation and ethics and it is expected that these aspects of the business finance and advice industry will be considered when they relate to businesses' needs.

Matters such as government initiatives, changes to the legal and regulatory arrangements and the generation of new products and services will have an impact on the business financial services industry in a dynamic way. Any teaching needs to be aware that these developments need to be incorporated into any programme of study to reflect current requirements and practice.

The introduction of Grants for Business Investment and the Annual Investment Allowances are initiatives which may only have a short life. The annual budget makes changes to the rules that have a direct effect on business finance. Tax on dividends is lower than tax on incomes so an entrepreneur might decide to incorporate a business rather than remain as a sole trader or partnership and draw a salary.

All the learning outcomes lend themselves to flexible delivery. Learners can work individually and in groups researching and gathering information about business advice and finance. Most high street banks have a variety of literature and promotional material about business financial advice that is freely available to anyone requesting it. Some is available on DVD. Tutors could build class sets of material from the advisory services and make them available in the learning resource centre.

Web searches will yield similar advice. HSBC, for example, helpfully organises its advice under the headings, 'plan, launch, run, grow, exit' which tallies well with the structure of the content of the unit.

Many financial institutions such as the banks, Business Link and Chambers of Commerce will provide speakers and materials. Local entrepreneurs may be willing to talk about their experience and there may be contacts that learners can persuade to come and talk about business start up and growth. These presentations can supplement the formal didactic sessions that teachers provide.

There is a range of sources of advice and finance for businesses to help them start and then to help them grow. New businesses may lack both the finance and an understanding of the requirements associated with running a business. But new businesses do get established and flourish. The first Apple computers were built in a garage, Jimmy Choo made shoes by hand after graduating from the Cordwainers' College but both Apple and Jimmy Choo have global recognition and now produce on a large scale. Once established the next hurdle for businesses to clear is obtaining finance to grow as factories are built, employees are taken on, production is established and sales and marketing begin. Apple now has a turnover in excess of £3 billion per year and Jimmy Choo turns over £30 million per year.

*Dragons' Den* has a parade of entrepreneurs who want one thing – financial support for their businesses. But sometimes trouble looms as businesses become too ambitious and need to restructure or downsize. Marks and Spencer closed many of its newly opened Simply Food outlets in 2009 as it pulls back from food retailing as consumers opt for value brands and chains like Lidl and Aldi because they have less disposable income. The financial help that is available means that rejections from the dragons in the den are not knock

out blows. One order from the president of the US meant that the Road Refresher non-spill dog bowl will not have a shortage of backers seeking to invest in the product.

Occasionally, television current affairs programmes cover business start-up and growth topics. *Working Lunch*, when it is on air, has regular items on small businesses and how they develop and grow, together with the issues they have to face and overcome. BBC programmes are archived so earlier programmes can be retrieved for viewing and listening. *Teachers' TV* has a selection of materials on enterprise.

Case studies will highlight the contrasting experiences of different businesses and successes such as Innocent Drinks, Richer Sounds can be studied alongside others such as Zoom Airlines and Southampton FC.

Activities such as operating a business through the Young Enterprise Scheme will add a practical dimension to the unit and give learners the chance to experience what starting and running a business involves.

Work placements and work experience will also provide examples for analysis but care should be taken in obtaining and using information that might be confidential.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and assessment
<b>Introduction to unit and programme</b>
Time can be factored in to run a Young Enterprise Scheme (YES) or any other similar enterprise venture. A notional 30 hours has been allocated to this although in reality it may well draw on other curriculum time
Group activity investigating the availability of business start-up advice in the UK
Investigation of the range of agencies an advice offered by the different agencies that support new business activity. Individual and group work
Presentation from tutor
Internet research
Collection of current advice materials
Desk research using newspapers
Visiting speakers from advice agencies
Presentation of findings about business start-up advice. Presentations can be spoken accounts or visual depictions and displays
Alternatively this might be part of the YES activity in looking at what advice is offered through the scheme
Market research techniques and sources of information
Presentation from tutor with examples
Investigating potential markets for a proposed product
Presentation from tutor
This might be part of the YES activity in looking at what advice is offered through the scheme
Production of a business idea
<b>Assignment 1: Establishing a Business</b>
Tutorial and feedback

## Topic and suggested assignments/activities and assessment

Investigation of the range of finance providers and the financial advice they offer

Individual and group work

Presentation from tutor

Internet research

Collection of published materials

Desk research

Visiting speaker

Investigating cash flow and the problems associated with cash flow and how to manage cash

Presentation from tutor

Analysis of problems

Calculations examining 'what if' scenarios

Evaluating criteria for investment

Presentation from tutor

Individual and group work

Examination of case studies

Visiting speaker

Presentation of findings on issues associated with business finance. Presentations can be spoken accounts or visual depictions and displays

Investigate financial support for business expansion

Presentation from tutor

Group work to carry out research

Examination of case studies

Visiting speaker

Presentation of problems facing businesses that need finance to expand using spoken and visual techniques

Investigate business restructuring

Presentation from tutor

Group work to carry out research

Examination of case studies involving reorganisation and restructuring

Presentation of problems facing businesses that need restructuring using spoken and visual techniques

### **Assignment 2: Growing a Business**

Tutorial support and feedback

## Assessment

In order to pass this unit, learners must meet all the pass criteria.

For P1, learners will explain the advice and guidance available for pre-business start up for a potential business. A range of information is available from national and local government sources and the commercial banks also have plentiful information. Learners could put together an information pack that is targeted at prospective local businesses.

For P2, learners will explain the sources of initial finance, together with cash flow and investment factors that need to be taken into account when seeking to establish a new business. This can be linked with P1 with a particular focus on the financial dimensions of starting a new business. Traditional sources of finance can be considered alongside less traditional sources such as family, friends, 'angels', venture capitalists and 'maxing out' the credit card.

For P3, learners will describe the aspects of advice on expansion and finance for growth that a selected business might take into account. It might help to consider some real examples as well as looking at how a potential business might develop as it grows. Both Innocent and Pret a Manger have sought additional capital by selling stakes in the business to much bigger partners but the additional investment has had both a positive impact and some negative repercussions.

For P4, learners will describe possible circumstances under which a business might need to consider restructuring. Businesses need to develop in line with the market to ensure their continued survival. In periods of growth, there might need to be a change in focus to exploit new trends. An internet presence is almost obligatory in many sectors.

Supermarkets offer home delivery, which once was a service offered by old-style high street independent grocery stores but abandoned with the arrival of self-service stores. Amazon reorganised its music and video sales so they are sourced through Indigo Starfish, a Channel Islands based retailer that allows sales to be VAT free thus maintaining a competitive position in the market. Our Price and Virgin Megastores have disappeared from the high street because they could not compete on price.

For M1, learners will analyse the advice and guidance available, and what actions a potential business should take to ensure a successful start up and financial support. This can be linked to work done for P1 and P2. This involves analysing why the actions are necessary, what they facilitate and what problems might arise if the stages were ignored.

For M2, learners will analyse the advice and guidance available to a potential business and what actions it should take to consolidate its operations and achieve sustained growth. This can be linked to P3 and P4. It involves analysis of how a business establishes itself in the market and looks to grow its activities to ensure its survival. Virgin Atlantic sold a minority stake to Singapore Airlines to cease being an airline with limited routes and to become an airline that links in to a global network. At the same time as seeking investment from Singapore Airlines it sold its Virgin Express venture to SN Brussels Airlines as it did not wish to compete in markets where Ryanair and easyjet operate.

For D1, learners will make recommendations on the steps to be taken by a business over the next three years to achieve growth and expansion and improve financial performance. This could be linked to M2, P3 and P4. Raising revenues and reducing costs are the main ways of improving financial performance. The airlines already identified provide some interesting examples. Online ticketing, the elimination of check in desks at airports, employing aircrew from low-wage nations, linking with partners such as car hire firms and charging more for exit row seats are all examples of squeezing more from the customer to improve financial performance.

The assessment can draw on the experience gained from running enterprise schemes.

## Programme of suggested assignments

The following table shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, P2, M1	Establishing a Business	You work for a business advisory service and have been asked to help put a business start-up pack together.	Produce an advice pack for new businesses.
P3, P4, M2, D1	Growing a Business	You work for a business advisory service and have been asked to help advise businesses on how to become established and to grow.	Produce a case study for a business advice magazine.

## Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Personal and Business Finance sector suite. This unit has particular links with the following unit titles in the Personal and Business Finance suite:

Level 3
Financial Services for Individuals
Financial Service Regulation Ethics and Trends
Finance in the National Economy
Preparing for Employment

## Essential resources

For this unit learners should have access to a suitable business teaching environment with access to the internet to do research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information about financial services to business. Many advice agencies and institutions are happy to provide two or three copies of materials that can be used for desk reference purposes. If an enterprise activity is to be run then it may be necessary to have some specialist facilities to enable the enterprise to operate.

## Employer engagement and vocational contexts

Centres should develop links with local employers, particularly if they are small businesses that might use the experience of learners to do work on projects to do with expanding a business. Some businesses do not have or cannot afford the time to carry out projects to establish and expand the business. Businesses look to employ learners when they finish their programmes of study and may be able to use the enterprise skills learned. Businesses want to promote what they do and might be able to provide work placements, information about how they became established and grew, visiting speakers as well as allowing learners to visit.

## Indicative reading for learners

### Textbooks

Dyson J R – *Accounting for Non-Accounting Students, 7th Edition* (FT Prentice Hall, 2007) ISBN 02073709224

Williams S – *Lloyds TSB Small Business Start up Guide, 18th Edition* (Vitesse Media Group 2003)  
ISBN 978-0954562120

### Other publications

The banks, Business link, Small Firms Advisory service and all the other enterprise agencies have a range of useful, practical up-to-date information available. A bank of these materials can be built up to allow learners to consider a wide range of enterprise related information in respect of the financial issues in particular.

### Newspapers

Occasionally newspapers have enterprise sections that provide suitable information illustrated with case studies.

### Websites

These sites are indicative of what is available.

<a href="http://www.barclays.co.uk/business/starting-a-business">www.barclays.co.uk/business/starting-a-business</a>	One of a number of bank sites with advice for business. Other banks provide similar services
<a href="http://www.direct.gov.uk/en/index.htm">www.direct.gov.uk/en/index.htm</a>	This is the government portal with access to current information on financial matters
<a href="http://www.e4a.org.uk">www.e4a.org.uk</a>	Teaching ideas, advice and resources
<a href="http://www.enterprise-education.org.uk/home.php">www.enterprise-education.org.uk/home.php</a>	
<a href="http://www.excite.co.uk/directory/Business/Financial_Services">www.excite.co.uk/directory/Business/Financial_Services</a>	Excite Financial Services which provides links for technical information relating to business finance
<a href="http://www.hm-treasury.gov.uk/bud_bud09_index.htm">www.hm-treasury.gov.uk/bud_bud09_index.htm</a>	The budget report
<a href="http://www.hm-treasury.gov.uk/prebud_pbr08_index.htm">www.hm-treasury.gov.uk/prebud_pbr08_index.htm</a>	The pre-budget report
<a href="http://www.startinbusiness.co.uk/financebroker">www.startinbusiness.co.uk/financebroker</a>	Start in Business provides commercial business finance information
<a href="http://www.teachernet.gov.uk/teachingandlearning/14to19/enterpriseeducation">www.teachernet.gov.uk/teachingandlearning/14to19/enterpriseeducation</a>	Teaching ideas, advice and resources
<a href="http://www.teachers.tv/video/24468">www.teachers.tv/video/24468</a>	Identifies broadcasts that cover personal finance items
<a href="http://www.uk250.co.uk/bank">www.uk250.co.uk/bank</a>	A list of UK bank websites
<a href="http://www.young-enterprise.org.uk/pub">www.young-enterprise.org.uk/pub</a>	The Young Enterprise website

### Broadcast

*Working Lunch*, BBC2 (daily) often includes personal finance items

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	<ul style="list-style-type: none"> <li>investigating the range of business advice and guidance financial services that are available</li> <li>identifying problems that affect the financing of business activities</li> <li>analysing and evaluating the relevance and value of business financial advice and guidance services</li> <li>supporting recommendations about financial services and products for business using reasoned arguments and evidence</li> </ul>
<b>Creative thinkers</b>	<ul style="list-style-type: none"> <li>identifying problems that affect the financing of business activities</li> <li>analysing and evaluating the relevance and value of business financial advice and guidance services</li> <li>supporting recommendations about financial services and products for business using reasoned arguments and evidence</li> <li>matching services and products to the needs of businesses</li> <li>asking questions about the financial services needs of businesses</li> </ul>
<b>Reflective learners</b>	<ul style="list-style-type: none"> <li>identifying problems that affect the financing of business activities</li> <li>analysing and evaluating the relevance and value of business financial advice and guidance services</li> <li>supporting recommendations about financial services and products for business using reasoned arguments and evidence</li> <li>communicating ideas about business finance to different audiences</li> <li>making recommendations about financial services for businesses as their circumstances change.</li> </ul>

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	<p>planning and carrying out research into the different types of financial advice and guidance services for business</p> <p>planning and carrying out research into the financial needs of different businesses</p>
<b>Creative thinkers</b>	<p>generating ideas and exploring what financial services and products are available to business</p> <p>relating own financial experience to the needs of businesses</p> <p>trying out alternative ideas and possible solutions about the financial service needs of businesses</p> <p>identifying ideas for an enterprise activity and the associated financial resources required</p>
<b>Reflective learners</b>	<p>setting goals with success criteria for researching financial services and products for businesses</p> <p>inviting feedback on their own work and dealing positively with praise, setbacks and criticism</p> <p>evaluating their experiences and learning to inform future progress</p>
<b>Team workers</b>	<p>working in a group to research and discuss ideas about financial services and products for businesses</p> <p>running an enterprise activity</p> <p>taking responsibility for their own role in a group</p> <p>managing activities to reach agreements and achieve results</p>
<b>Self-managers</b>	<p>seeking out challenges or new responsibilities and showing flexibility when priorities change</p> <p>dealing with competing pressures, including personal and work-related demands</p> <p>responding positively to change, seeking advice and support when needed</p>
<b>Effective participators</b>	<p>participating in role play and group discussions.</p>

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	identifying the range of advice and guidance on financial matters that is available to businesses researching financial services and products and their features
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information about financial services and products that are available to businesses
Manage information storage to enable efficient retrieval	saving files of data about finance for business, retrieving the files and updating them
Follow and understand the need for safety and security practices	
Troubleshoot	
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	finding information and data for recommendations about the financial requirements of businesses creating diagrams, presentations and tabulations about the financial requirements of businesses
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites about financial services and products that are of use to businesses
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	bringing together a variety of materials gathered through research preparing information to present to others about financial services and products and the financial services needs of businesses
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other members of a group when doing research and sharing information

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in relation to financial services and products and the financial services needs of businesses
Identify the situation or problem and the mathematical methods needed to tackle it	solving financial problems in relation to financial services and products and the financial services needs of businesses
Select and apply a range of skills to find solutions	making recommendations about suitable financial services and products that meet the financial services needs of businesses
Use appropriate checking procedures and evaluate their effectiveness at each stage	producing financial information for an enterprise activity
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	making recommendations about enterprise activities based on an understanding and interpretation of financial data
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	<p>doing group work investigating financial services, advice, guidance and products for businesses</p> <p>working with others (employees, colleagues, tutors, classmates) in investigating financial services and products for businesses</p> <p>discussing business matters when engaged in an enterprise activity</p> <p>attending team meetings</p> <p>making presentations about financial services and products and the financial services needs of businesses</p>
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	<p>reading about financial services and products and the financial services needs of businesses</p> <p>reading about organisations to obtain data to facilitate the making of recommendations about the financial services needs of businesses</p>
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	<p>writing materials to provide information about financial services and products and the financial services needs of businesses</p> <p>producing labelled charts and diagrams showing the range of financial services and products and their contribution to meeting the financial services needs of businesses</p> <p>producing and revising business plans and other documentation associated with an enterprise activity.</p>

# Unit 4: Financial Services Regulation, Ethics and Trends

**Unit code:** R/600/6172  
**Level 3:** BTEC National  
**Credit value:** 10  
**Guided learning hours:** 60

## ● Aim and purpose

This unit gives learners knowledge of the regulation of financial services and key legislation and understanding of the importance of ethics and current trends in financial services.

## ● Unit introduction

It is generally considered that the financial services market is one of the most dynamic of all markets. It is also one where the vulnerable and the greedy can exploit and be exploited.

This unit considers reasons why the financial services market needs to be regulated, especially in the light of key business failures. Key regulatory mechanisms and pieces of legislation will be reviewed in recognition of the rapidly changing nature of financial service provision.

Ethical issues beyond regulation will be considered, along with current trends in financial service provision likely to shape future operations and provision. Learners will consider the effectiveness of such regulation in inspiring investor confidence in the UK financial services industry.

In this unit, the learners' knowledge of the factors affecting the financial services market will be developed. They will learn about trends such as inflation rates and how these can alter the decisions made by both providers and users. This will take into account how organisational objectives need to embrace the constraints that operate in this marketplace.

## ● Learning outcomes

**On completion of this unit a learner should:**

- 1 Know the need for regulation within the financial services market
- 2 Know key pieces of legislation and regulatory decisions
- 3 Understand the importance of ethics in financial service provision
- 4 Understand current factors and trends in financial service provision.

# Unit content

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## 1 Know the need for regulation within the financial services market

*Main reasons:* to preserve confidence in the UK financial system; to protect consumers against incompetence and fraud; to take account of the asymmetry of market information illustrated by widespread pensions misselling, eg employees wrongly advised to contract out of employer schemes in favour of private schemes 1990; to ensure appropriate changes to FS operating arrangements, eg following collapse of Johnson Matthey Bank 1984, Bank of Credit and Commerce International (BCCI) 1991 and Barings Bank 1992, fraud at Allied Irish Bank in 2002, Bernard Madoff 'Ponzi' scheme in 2008

## 2 Know key pieces of legislation and regulatory decisions

*Legislation affecting financial organisations:* Building Societies Act 1986 amended in 1997, creation of level playing field with clearing banks as financial service providers, establishment of Securities and Investments Board (SIB) and Self-Regulatory Organisations (SROs), Banking Act 1987, removal of barriers to competition in provision of financial services, progressing towards 'one-stop financial services shop', measures to restructure capital base to minimise possibility of banking failures

*Regulatory bodies:* establishment of Financial Services Authority (FSA) 1997 (formerly SIB) to tighten regulation, regulator with responsibility for the financial services industry including banking and building societies, Mortgage Code Compliance Board (MCCB), General Insurance Standards Council (GISC), Occupational Pension Regulatory Authority (OPRA), Financial Services and Markets Act 2000, FSA given statutory powers to strengthen and maintain confidence in UK financial system, role of HM Treasury in appointing board, scope of regulation 10,000+ organisations including 1000+ insurance companies, 600+ banks, 180,000 individuals, 2000+ staff and budget of £170 million, 11 SIB 'Principles for Business' written into FSA Conduct of Business Sourcebook, intention that financial markets be 'fair, efficient and transparent, reducing scope for financial crime', eg money laundering, online credit card fraud, insider dealing; provision of mechanisms for complaints, compensation and compliance, recognition of need for regulation of increasingly online commerce, need to monitor and maintain control of rapidly changing financial products, eg mortgages and derivatives; revised role of the Bank of England especially independence in determining interest rates from 1998, key functions post FSA

*Consumer protection:* Consumer Credit Act 1974, regulate, supervise and control lending and protect borrowers from unscrupulous lenders, regulated by Office of Fair Trading, Data Protection Acts 1984 and 1998, Supply of Goods and Services Act 1982, Consumer Protection Act 1987, Advertising Standards Authority

*EU directives:* those affecting all EU businesses including UK firms operating domestically, eg Social Charter; distinguished from those governing intra-EU trade, fiscal harmonisation relating to direct and indirect taxation, competition policy, industrial relations, employment legislation including anti-discrimination legislation and Working Time Regulations, environmental issues, energy and transport issues, consumer protection legislation

*EU legislation:* Second Bank Directive 1989, Third Life Directive 1992, Investment services Directive 1993, Capital Adequacy Directive 1995, New Basle Accord 2001

### 3 Understand the importance of ethics in financial service provision

*Duty of care:* towards the consumer in commending financial service products accurately and honestly, ethical issues concerning financial services, eg dealing with arms exporters, tobacco manufacturers operating in repressive regimes, businesses conducting animal testing, companies with a poor record on environmental protection; emergence of ethical investment trusts as an alternative to mainstream providers, emergence of the Co-operative Bank as market leader in ethical investment, independence and validity of advice given where appropriate

*Social responsibility:* with respect to local and national tax avoidance/evasion, eg via offshore location, especially resulting from 'Location Optimal Commerce on the internet' (LOCI); campaign for increased banking openness with respect to questionable financial activity, eg money laundering via Channel Islands

*Industrial democracy:* equality of employee opportunity, recognition of trade unions, incidence of low and discriminatory pay, investment in training, incidence of insecure employment, eg call centres

### 4 Understand current factors and trends in financial service provision

*Demographics:* implications of an ageing population for pension provision

*Nature of work:* increasing insecurity of employment, implications for savings and mortgages

*Financial inclusion:* three million adults without access to banking facilities; development of socially inclusive banking regime via Post Office following ICT upgrades

*Low inflation:* implications for endowment policy returns and annuity rates; impact on Equitable Life

*Technological developments:* online business capability; database creation and system security

*Distribution channels:* evolution of high street retailers as financial service providers, eg Sainsbury; growth in direct operations, eg online insurance comparison sites, financial advice and savings

*Innovation and new products:* integrated current, deposit and mortgage accounts, eg Virgin One; 'buy-to-let' mortgages; deferred credit agreements; 0% APR finance

*'Credit crunch':* effect; lack of mortgages; lack of jobs; effect on financial services

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> describe why an industry such as financial services should require regulation [RL]	<b>M1</b> explain reasons why recent UK and EU legislation and regulatory decisions may be likely to inspire investor confidence in the UK financial services industry	<b>D1</b> analyse the extent to which issues of financial service ethics are effectively addressed by the current regulatory framework
<b>P2</b> describe the key features of UK and EU financial service legislation and regulation likely to inspire investor confidence [IE, TW]		<b>D2</b> evaluate the implications for financial service providers to adapt to evolving current factors and trends.
<b>P3</b> explain the importance of ethical practice in the financial services industry [CT]	<b>M2</b> analyse specific areas of ethical practice within the current activities of financial service providers, and the consequences of non-compliance	
<b>P4</b> explain current factors and trends likely to impact upon financial service provision over the next five years. [SM, IE]	<b>M3</b> analyse the consequences of current factors and trends and their likely impact on financial service provision in the next five years.	

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

Key	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

# Essential guidance for tutors

## Delivery

This unit may be embarked on from the standpoint of key business failures such as BCCI, Barings Bank and Equitable Life. The pensions misselling of the early 1990s reveals the extent to which asymmetric information needs to be addressed by regulation.

An awareness of the lessons to be learned from key case studies will pave the way for discussion of the role of the Financial Services Authority (FSA) and key elements of the Financial Services and Markets Act 2000. Regulatory structures can appear meaningless when disembodied from the potential crises they are designed to regulate so they should be related to case study material where possible. A key series of points related to each major regulatory instrument will help bring the issues to life.

Issues of ethics may be viewed from the perspective of society as a whole rather than the centrality of the financial services industry. An example would be tax avoidance, where the industry provides services in minimisation of tax contributions, to the detriment of public sector finances.

Case study material may serve to bring alive some of these issues, and could include the ethical policy statement of the Co-operative Bank, which stands out from the public policy stance of its commercial competitors. Indeed, ethical investments offered by non-mainstream providers are a new niche market as advertised in social justice publications such as *New Internationalist* magazine. Ethical concerns behind the global movement of capital in the form of call centre operations equally raises questions of corporate loyalty and responsibility.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and assessment
Introduction to unit programme and assessment
Tutor-led work on what financial services is about
Tutor-led work on the financial services market
Group discussion on 'Why are financial services viewed with suspicion?'
Research history of fraud within financial services for first assignment
Group presentations to clarify ideas, share knowledge and focus on first assignment
Legal issues – whole group – outline of financial services law
Case studies of legal cases – small-group exercises
Social issues – whole-group – outline of social issues
<b>Assignment 1: 'Cashing In'</b> – an investigation into the history behind the bad reputation financial services has
External research into experiences of financial services – primary and secondary research from all types of stakeholder
Feedback – present case studies that emerged

## Topic and suggested assignments/activities and assessment

Political and ethical issues – study of topical political and ethical issues and their potential impact on financial services

Group discussion/debate on the need for ethics

Legal issues – what is ethical trading?

Case studies of legal cases – small-group exercises

**Assignment 2: 'The Honest Broker'** – producing a folder about the need for ethical trading and how all parties gain from it

The need for financial services – small-group exercise. Each group to research one social issue such as demographics, inflation, technological change etc

Presentation/report back to the whole class of findings

Group research for final assignment – what affects the purchase of financial services? What expectations do people have?

Feedback via group presentations to clarify ideas, share knowledge and focus on last assignment

Research how the industry has reacted to changing needs, eg TV advertising such as The Compare the Market 'meerkat' to sell the idea of financial services

Group discussion with external speakers on future provision

**Assignment 3: 'Money Matters'** – a look at how the stakeholders interact and what may happen in the next five years

Tutorial support and feedback

Supervised assignment work

Non-supervised study time and completion of assignments.

## Assessment

For P1, learners need to use historical examples of financial mismanagement to describe why an industry that can have such an important affect on people needs to have tight and clear regulation.

For P2, learners should identify key points from legislation that will be easily understood by the general public and will inspire confidence in taking advantage of financial services. This could take the form of bullet-pointed wall displays for customers to read whilst they wait, travel or read.

For P3, learners will describe how firms operating in the financial services market need to be overtly proactive in ensuring their business is 'clean'. Learners could collect hard and anecdotal evidence from businesses to show how they address this and how they might seek to gain a competitive advantage from it.

For P4, learners need to provide evidence of how the market is constantly changing. They could research trends for government and industry statistics to show the changes. Learners could use graphical or other appropriate software to illustrate these factors and how they affect stakeholders.

M1, builds on P1 and P2. Learners could explain how much easier it is for customers to seek satisfactory redress than before, for example cooling off periods, and how the system has learned from its mistakes.

M2, builds on P3. Learners could collect primary and secondary evidence of experiences of ethical practices, positive and negative, from both buyers and sellers. The evidence could be testimonials or articles in 'justice' columns in newspapers.

M3, builds on P4. Learners could carry out 'what-if' scenarios and/or extrapolation of trends to make suggestions as to how buyers and sellers are likely to interact in the next five years. Learners could suggest a range of new products and make a 'pitch' to an audience.

D1, should emerge P3 and M2. Learners could provide a written report giving a balanced view on the effectiveness of legislation and reach a judgement on this. They may go on to make recommendations.

D2, should emerge from P4 and M3. Learners need to evaluate how changes might affect things such as employment, products and marketing. Learners should look at positive and negative elements of change. A verbal presentation supported by in-depth notes to an informed audience, that could question the learner, could act as evidence for this.

### Programme of suggested assignments

The following table shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, P2, M1	'Cashing In'	You work as a TV journalist. Your company is planning to run a feature article on financial services.	Produce an investigative timeline of the history of financial services, how it got its bad reputation and how it has now cleaned up its act to benefit all stakeholders.
P3, M2, D1	'The Honest Broker'	Your production has been seen by an employment agency called Caesura Workmen which has been most impressed with the quality. It wants you to produce some materials for them.	Produce a careers folder for them to use outlining to prospective employees the need for ethical trading by anyone thinking of getting a job in financial services.
P4, M3, D2	'Money Matters'	Word is getting around about your knowledge and understanding and the FSA has invited you to address its members.	A report into the changing profile of the buyers of financial services, how the market has reacted to it and what the future may hold for all stakeholders.

## Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Personal and Business Finance suite. This unit has links with all the other units in this specification.

### Essential resources

For this unit learners should have access to a suitable business teaching environment with access to the internet to carry out research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information across a range of business types and sectors.

Learners can generate evidence from a work placement or work experience. Other learners may have access to information from family owned and run businesses.

### Employer engagement and vocational contexts

Centres should develop links with local businesses. Many businesses and chambers of commerce want to promote local business and are often willing to provide work placements, visit opportunities, information about businesses and the local business context and visiting speakers.

[www.businessbritainuk.co.uk](http://www.businessbritainuk.co.uk) – provides information about business in Britain and has extensive links to other business and business news sites.

[www.fsb.org.uk](http://www.fsb.org.uk) – The Federation of Small Businesses provides information, support and guidance about small businesses in the UK.

Many businesses provide information about themselves. For example, Unilever; found at: [www.unilever.co.uk](http://www.unilever.co.uk).

### Indicative reading for learners

#### Textbooks

Bradbury R – *Understanding Business Ethics* (Continuum, 2001) ISBN 0826453325

Brighthouse R and Hontoir J – *The Financial Services Environment, 4th Edition* (Financial World Publishing, 2004) ISBN 0852976941

Mellahi K and Wood G – *The Ethical Business: Possibilities, Challenges and Controversies* (Palgrave, 2002) ISBN 0333949935

#### Journals

*Business Review Magazine* (Phillip Allan Publishers – see [www.philipallan.co.uk](http://www.philipallan.co.uk))

*The Economist* and quality newspapers, especially the business sections

#### Websites

The following are e-business sites which, in different ways, illustrate a variety of ideas in the unit content.

[www.cec.org.uk](http://www.cec.org.uk) The European Commissioner in the UK

[www.europa.eu.int](http://www.europa.eu.int) The Court of Justice for European Communities

[www.fsa.gov.uk](http://www.fsa.gov.uk) Financial Services Authority

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	investigating financial services regulatory bodies
<b>Creative thinkers</b>	generating ideas about the importance of regulation
<b>Reflective learners</b>	reflecting on situations which result in changes in finances
<b>Team workers</b>	working in a group to discuss ideas about how legislation can inspire confidence in buyers taking responsibility for their own role managing activities to reach agreements and achieve results
<b>Self-managers</b>	seeking out challenges or new responsibilities and showing flexibility when priorities change dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed
<b>Effective participators</b>	planning and carrying out research into legislation and trends.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	planning and carrying out research into the different types of financial regulation and the role of the FSA
<b>Creative thinkers</b>	considering how ethics need to be at the heart of financial services examining reasons/solutions to need for regulation adapting their skills as circumstances change
<b>Reflective learners</b>	setting goals, with success criteria, for more openness in the banking sector inviting feedback on their own work and dealing positively with praise, setbacks and criticism evaluating their experiences and learning to inform future progress
<b>Team workers</b>	working in a group to discuss ideas about new technological developments taking responsibility for their own role managing activities to reach agreements and achieve results
<b>Self-managers</b>	seeking out challenges or new responsibilities and showing flexibility when priorities change dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed.
<b>Effective participators</b>	planning and carrying out research into legislation and trends.

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching websites for secondary information for a task related to trends affecting financial services
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	interpreting the data collected using software systems using appropriate software to present findings
Manage information storage to enable efficient retrieval	creating suitable file and folder structures
Follow and understand the need for safety and security practices	ensuring data is kept safe by using passwords and/or encryption ensuring data is kept in a physically secure environment
Troubleshoot	creating back-up copies of data in case data is lost from one source
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	collecting primary data via questionnaires about personal experiences of financial services collecting complementary secondary data for the same task
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	extracting relevant information from websites evaluating the findings of research for suitability
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	presenting the results of inflation trends interpreting the results of inflation trends
Bring together information to suit content and purpose	analysing the results of investigations
Present information in ways that are fit for purpose and audience	presenting the results of inflation trends and likely 'what-if' scenarios
Evaluate the selection and use of ICT tools and facilities used to present information	processing the data collected using software packages
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other group members on research into ethical issues

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	collecting quantitative data from trend data using techniques such as addition, division and average to arrange the data
Identify the situation or problem and the mathematical methods needed to tackle it	using these techniques to create useful information by processing the data
Select and apply a range of skills to find solutions	using software such as spreadsheets to automate actions to improve efficiency and accuracy
Use appropriate checking procedures and evaluate their effectiveness at each stage	creating graphical representations of data to aid understanding
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	arranging and using data numerically to support recommendations
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	carrying out group work to create questionnaires making presentations about the interpretation of data working in a team where appropriate
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	reading data about the task set collected from secondary sources selecting which data to use and which to reject
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	writing report on the findings of the research writing analyses of the findings using standard layouts to make recommendations, eg interpolation justifying research methods.



# Unit 5: Finance in the National Economy

<b>Unit code:</b>	<b>D/600/6174</b>
<b>Level 3:</b>	<b>BTEC National</b>
<b>Credit value:</b>	<b>10</b>
<b>Guided learning hours:</b>	<b>60</b>

## ● Aim and purpose

The aim of this unit is to give learners knowledge and understanding of the role of finance in the national economy together with factors that affect macro-economic policy goals and control.

## ● Unit introduction

Private and public finance both have important roles in the UK national economy. Private financial services refer to the services provided by the finance industry in the UK. The finance industry covers a range of organisations that deal with finance for corporations and individuals. Among these organisations are investment banks, retail banks, merchant banks, hedge funds, private equity firms, venture capitalists, credit card companies, insurance companies, consumer finance companies, stock brokers, investment funds, pension funds and government owned enterprises.

Since 2008 the UK government has taken a larger stake in the financial services sector. Its private finance initiative is used to pay for capital projects without recourse to the public purse. Financial markets are important not just because of the role they play in supporting personal, business and government activities but also because they employ large numbers and generate wealth. Consideration will be given to the products that are available in the financial markets, how the markets have developed and grown and the factors that shape financial market operations.

Public finance deals with government spending and paying for that spending. National, social and economic policy goals shape expenditure patterns. Revenue raising is similarly governed by policy. For example, when a party proposes raising healthcare spending it is assuming that this is a desirable policy objective. Similarly, by hypothecating an increase in income tax to pay for the spending, a policy decision is also taken since income tax is a progressive tax and would only be one of a number of ways for paying for more healthcare.

Influences such as the business cycle, inflation, employment, balance of payments, economic growth and government policies shape and are shaped by government finances.

## ● Learning outcomes

### **On completion of this unit a learner should:**

- 1 Understand the nature of financial markets in the national economy
- 2 Understand the factors which shape financial market operations
- 3 Know factors that affect national macro-economic policy goals
- 4 Know national macro-economic policy control measures.

# Unit content

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## 1 Understand the nature of financial markets in the national economy

*Market features:* national markets; international markets; financial service products; supply; demand (eg individual, business, government); price determination; competition; clearing systems; regulation (eg codes of practice, statutory); Financial Services Agency (FSA); Bank of England; Competition Commission; European regulation (banking, capital markets, insurance, European Systemic Risk Board, European System of Financial Supervisors); global regulation (eg Lecce framework)

*Organisations:* banks (eg investment, retail, merchant); private equity firms, venture capital firms, credit card companies, building societies; insurance companies, consumer finance companies, stock brokers, investment funds, pension funds; sovereign wealth funds; government (eg Enterprise Finance Guarantee scheme, private finance initiative (PFI), Capital for Enterprise); National Savings and Investments; government ownership

## 2 Understand the factors which shape financial market operations

*Demand:* cost of capital and finance; yield; individual/business need; preferences, product promotion; service and product cost; risk; opportunity cost (eg rental costs and mortgage costs in rising and declining property markets; security (eg futures, hedging); real-time information; real-time trading; business profitability; consumer income; asymmetric information (eg product misrepresentation and mis-selling); expectations; confidence; role of government (eg privatisation of public sector utilities); economic climate

*Supply:* availability of capital and finance; interest rates; range of products; profitability; innovation (eg junk bonds, leveraged buyouts; market flexibility; market transparency); deregulation; subsidies; tax efficiencies; risk; globalisation

*Market competition:* freedom of entry; substitute products; barriers to entry; market contestability; competitive business strategies (eg loss leading, price leadership, invasion and destruction pricing); impact of competition (prices, product availability); product quality; business responses to competitor behaviour (eg product differentiation, price competition, collusion); product development; diversification; abuse of market power; dominant firms; cartels

*Real-time operations in financial markets:* emergence of a unified interconnected global marketplace; real-time trading systems; automated trading; pricing; instant response; information gathering; data analysis; economic, cultural and governmental factors (eg e-commerce strategy, computer literacy, availability of hardware, broadband strategy, IT infrastructure, internet cafes); day trading; cost reductions to computer ownership, consumer influence upon businesses via c2b (customer to business) websites

### 3 Know factors that affect national macro-economic policy goals

*Business cycle:* growth; recessions (boom and bust); causes; remedies; economic indicators (eg gross domestic product, employment levels, capital investment); multiplier

*Inflation:* measures of inflation (eg retail price index (RPI), consumer price index (CPI), producer price index (PPI)); interest rates; impact on saving and borrowing; nominal and real rates of interest, causes (eg cost push and demand pull); remedies

*Employment:* measures of employment; human capital; employment by sector; skills; education and training; demand for labour; supply of labour; migration (eg internal, external); implications of full employment (eg growth, inflation, tax revenues, social security, government policy); implications of unemployment (eg recession, deflation, tax revenues, social security, government policy); social inclusion; regional variations (UK, European Union, global)

*Balance of payments:* in flows; out flows; balance of trade; factors affecting balance of payments; trends; implications of surpluses and deficits; exchange rates

*Economic growth:* indicators (eg gross domestic product (GDP), gross national product (GNP)); trends; reasons for growth and decline; international comparisons (other nations, trade blocs, common markets)

### 4 Know national macro-economic policy control measures

*Fiscal policy:* control of aggregate demand; direct and indirect taxation; capital allowances; impact of changes on costs, aggregate demand and tax-free allowances; public finances; public sector borrowing; comprehensive spending review; pre-budget report; budget; redistribution of income; euro convergence criteria; impact on financial sector

*Monetary policy:* aggregate demand and trading conditions; monetary policy (interest rate changes); inflation, employment levels; investment decisions; impacts of actual and anticipated changes; role of the central bank; Monetary Policy Committee; impact on financial sector

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> explain the features of financial markets [IE, RL, CT]	<b>M1</b> analyse the impact on business and consumers of financial market operations	<b>D1</b> evaluate the importance of macro-economic stability for the functioning of financial markets.
<b>P2</b> describe the factors which shape financial market operations [IE, RL]		
<b>P3</b> explain the impact of real time operations on business and financial markets [IE, RL, CT]		
<b>P4</b> identify the aims of government economic policy [IE, RL]		
<b>P5</b> describe how the financial markets respond to macro-economic policy goals and variations in the business cycle. [IE, RL, CT]	<b>M2</b> analyse reasons why the financial markets respond to changes in macro-economic variables.	

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

<b>Key</b>	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

# Essential guidance for tutors

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## Delivery

For this unit learners should have access to current information about business and financial markets in the economy as well as details about the theoretical issues that relate to government policies and the operation of financial markets.

Some of this information and the associated theory are available in business textbooks. For example, government objectives, macro-economic policy and matters of public finance are frequently discussed and illustrated with some of the considerations that need to be borne in mind with interlinked policy objectives.

Other material to be considered is available in accessible formats from institutions such as the government and financial institutions. The broadsheet newspapers and business magazines also provide information about government activities, markets and their operation. Most national daily and Sunday newspapers have sections on business and finance. Some have entire supplements devoted to an account of the week's business. In addition there are specialist business publications such as *The Economist* which contain accounts of the operation of finance and business markets as well as detail of government business policy.

Global and national financial markets have experienced significant upheaval since mid 2008. Lehman Brothers collapsed, Northern Rock was nationalised. The UK government acquired a stake in a number of financial institutions. Building Societies such as the Dunfermline Building Society and the West Bromwich Building Society were broken up or recapitalised. These developments can only be considered by referring to current affairs reporting. The benefit of news material is that it is up to date and takes account of the current issues in finance.

Changes in factors affecting the demand for finance and government policies happen continuously and may have immediate impacts so any teaching needs to be aware that these developments need to be incorporated into any programme of study to reflect current situations. The squeezing of credit availability in 2008 and 2009 had a significant impact on the economy with business borrowing becoming difficult and government borrowing expanding rapidly. The actions and consequences of these developments are both unusual and significant and no programme of study could ignore them. The annual budget makes changes to the rules that have a direct effect on the nation's financial affairs.

All the learning outcomes lend themselves to flexible delivery. Learners can work individually and in groups researching and gathering information about financial markets and government policies. Many financial institutions provide information about finance for business and individuals. Similarly, government departments will also provide information about the services they provide together with current and historical economic and business data. Much of the information can be obtained at no cost and teachers could build sets of material from these sources and make them available in a learning resource centre.

Web searches will yield not just the technical explanations that learners need but also current finance and business data. Banks and financial institutions identify what they currently offer. The government has a portal, Direct Gov, that leads to a wealth of relevant information. The EU Europa gateway leads directly to pages that relate to finance and competition. The FSA details its operations on its website. News sites such as the BBC's site have finance sections.

Some financial institutions such as the banks may provide speakers and materials. These presentations can supplement the formal didactic sessions that tutors provide.

Television and radio news and current affairs programmes cover financial, business and economic matters. Finance is regularly the lead item on national news bulletins. *The Money Programme*, *Working Lunch* and *In Business* are dedicated to business matters. BBC programmes are archived so earlier programmes can be retrieved for viewing and listening. Teachers' TV has a selection of materials on finance.

There are materials and case studies on sites such as BizEd.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and assessment
Introduction to unit and programme
Investigation of the range of organisations that operate in financial markets
Individual and group work
Presentations from tutor
Internet research
Collection of current financial, business and government materials
Desk research using published information
Visiting speaker (eg from Forum of Private Business or Federation of Small Businesses)
Group activity investigating the features of financial markets in the UK and internationally
Presentation of findings on financial organisations and markets. Presentations can be spoken accounts or visual depictions and displays
Investigation of the factors that shape financial market operations
Individual and group work
Presentations from tutor
Internet research
Collection of current financial, business and government materials
Desk research using published information
Presentation of findings about factors that shape financial market operations. Presentations can be spoken accounts or visual depictions and displays
<b>Assignment 1: Financial Markets</b>
Tutorial and feedback

## Topic and suggested assignments/activities and assessment

Investigation of macro-economic policy goals and the factors that affect them:

- Business cycle – growth and recession
- Inflation
- Employment
- International trade and payments

Individual and group work

Presentation from tutor

Internet research

Collection of current company materials

Desk research using newspapers

Visiting speaker

Presentation of findings about macro-economic policy goals and the factors that affect them. Presentations can be spoken accounts or visual depictions and displays

### Assignment 2: Macro-economics Policy Goals

Tutorial and feedback

Investigation of macro-economic policy control measures:

- Fiscal policy
- Monetary policy
- Exchange rates
- Financial impact of controls

Individual and group work

Presentation from tutor

Internet research

Collection of current company materials

Desk research using newspapers

Presentation of findings about macro-economic policy controls. Presentations can be spoken accounts or visual depictions and displays

### Assignment 3: Macro-economics Policy Controls

Tutorial support and feedback.

## Assessment

In order to pass this unit, learners must meet all the pass criteria.

For PI, learners need to explain the features of financial markets. Markets are both national and international in nature. Participants in the markets are individuals, businesses and government. Buyers of financial products and services are matched to the supply of products and services from financial institutions. Market arrangements are almost always constrained by legal and regulatory frameworks but it is one of the features of financial markets that there is very nearly perfect information in some areas. The government is heavily involved in the market both as a participant and as a regulator although it has, at times, tried to distance itself from some activity by allowing the Monetary Policy Committee of the central bank to operate independently of the Treasury.

For P2, learners need to describe the features of financial markets and to describe the factors that shape financial market operations. P1 and P2 are closely linked. Learners should consider factors that influence the demand for and the supply of various financial services and products. For example, quantitative easing has been designed to increase the supply of funds to those businesses that want to demand capital for current and capital purposes. The waters are muddied because the lenders want to recapitalise and both suppliers and demanders of finance have much more fluid expectations about the future so they change their behaviour from that predicted by traditional economic theory.

For P3, learners will explain the impact of real-time operations on business and financial markets. Trading is global. It is a 24 hour-a-day activity. It involves transnational organisations, both private and state. National, regional and local government, business and individuals can all make trades in financial markets. Information is available and accessible from around the globe instantaneously, and many transactions can be executed in real time by the parties involved.

For P4, learners will identify the aims of government economic policy. Government policy determines and is determined by operations in the financial markets. Despite the Chancellor of the Exchequer famously saying that there would be no more return to boom and bust, the UK economy went into recession in 2009. Policy changed in respect of many aspects of finance. Financial institutions were taken over, given injections of capital and financial guarantees. A policy of quantitative easing was pursued and the central bank cut interest rates.

For P5, learners will describe how the market for financial service products may be sensitive to economic policy goals and variations in the business cycle. This follows from P4. Examples are provided from the economic recession of 2008-9 which meant that lending was stimulated only when the central bank cut interest rates to zero. Financial markets changed in other ways. (This is relevant to P1 and P2.) There was a consolidation of suppliers in the market and as economic theory predicted with demand for products not falling as quickly, prices and margins rose.

For M1, learners will analyse the impact on business and consumers of financial market operations. There is competition in the market for financial products and services. Financial markets operate competitively and funds can be transferred between legal jurisdictions to take advantage of more favourable returns and tax regimes. Mortgage lending dried up in 2008 but with interest rates at an historic low, demand was still there but could not be satisfied. As demand was choked off there was an impact on the price of property. There were knock-on effects in the rental market. Case studies can examine examples such as these.

For M2, learners will analyse reasons why the financial markets respond to changes in macro-economic variables. Changes in government policy and to macro-economic variables may result in fluctuations in interest rates and changes in the supply of money. These will in turn directly affect financial markets and the demand and supply of finance. If inflationary pressure builds then typically interest rates will rise and this will have an impact on financial markets. Fiscal policy measures such as making a tax-free allowance for investment expenditure will stimulate the demand for investment funds in financial markets and lead to greater productivity and productive capacity.

For DI, learners will evaluate the importance of macro-economic stability for the functioning of financial markets. Events of 2008 and 2009 showed, for example, that uncertainty about government actions resulted in a tightening of credit and variations in the exchange rates which affected the national economy, businesses and individuals. Individuals and businesses prefer certainty as these conditions help when making rational financial decisions to which the outcomes are known or at least predictable. A sudden fall in interest rates results in capital outflows and a reduction in the value of the currency. Exporters may not be geared up to take advantage of the benefit and importers are faced with higher costs which are passed on in price increases.

## Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, P2, P3, M1, D1	Financial Markets	You have been asked by your line manager to research this issue.	Report.
P4	Macro-economics Policy Goals	You have been asked by your line manager to research this issue.	Report.
P5, M2	Macro-economics Policy Controls	You have been asked by your line manager to research this issue.	Presentation.

## Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Personal and Business Finance sector suite. This unit has links with the following unit titles in the Personal and Business Finance suite:

Level 3
Financial Services for Individuals
Financial Services to Support Business
Financial Service Regulation Ethics and Trends
Preparing for Employment

## Essential resources

For this unit learners should have access to a suitable business teaching environment with access to the internet for research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information about both the role of finance in the economy and government policy in respect of financial matters.

A detailed list of resources appears at the end of the unit specification. The most up-to-date versions of information and resources should be used.

## Employer engagement and vocational contexts

Centres should develop links with local employers particularly in the financial services sector. Many such businesses look to employ students when they finish their programmes of study and may provide advice on finance and financial markets. They are also often willing to provide work placements, information about themselves and their services as well as visiting speakers and allow learners to visit.

## Indicative reading for learners

### Textbooks

Anderton G A – *Economics, 4th Edition* (Causeway Press, 2006) ISBN 1 902796926

Brighthouse R and Montoir J – *The Financial Services Environment, 4th Edition* (Financial World Publishing, 2004) ISBN 0852976941

Gillespie A – *Business in Action* (Hodder Arnold, 2002) ISBN 0340848200

Mankiw N and Mark Taylor (editor) – *Macroeconomics* (W.H. Freeman & Co Ltd, 2006) ISBN 071 6773694

Marcouse I, et al – *Business Studies, 2nd Revised Edition* (Hodder Arnold, 2003) ISBN 0340811102

Sawyer M – *The UK Economy, 1 6th Revised Edition* (OUP Oxford, 2000) ISBN 0199266514

Slovan J and Sutcliffe M – *Economics for Business* (Prentice Hall, 2004) ISBN 0273683357

### Journals

*The Economist* provides both general economic and financial news as well as special features including an analysis of the budget.

### Newspapers

Almost every daily and weekend newspaper has features on financial services and products. The broadsheet publications have weekly sections devoted to personal finance with focused editions at budget time and at the end of the fiscal year.

*The Financial Times* is published daily (excluding Sunday)

### Websites

[europa.eu](http://europa.eu)

The website of the European Union

[www.bbc.co.uk/business](http://www.bbc.co.uk/business)

BBC Business website

[www.bized.co.uk](http://www.bized.co.uk)

Business education website including learning materials and quizzes

[www.direct.gov.uk/en/index.htm](http://www.direct.gov.uk/en/index.htm)

This is the Government portal with access to current information on financial matters

[www.fsa.gov.uk](http://www.fsa.gov.uk)

The Financial Services Authority site

[www.hm-treasury.gov.uk/bud\\_bud09\\_index.htm](http://www.hm-treasury.gov.uk/bud_bud09_index.htm)

The budget report

[www.hm-treasury.gov.uk/prebud\\_pbr08\\_index.htm](http://www.hm-treasury.gov.uk/prebud_pbr08_index.htm)

The pre-budget report

[www.uk250.co.uk/bank](http://www.uk250.co.uk/bank)

A list of UK bank websites

### Broadcasts

*Working Lunch*, BBC2 (daily) frequently has finance items

News and current affairs programmes routinely cover financial matters.

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	investigating the features of financial markets identifying the factors that shape the operation of financial markets describing the impact of real-time operations on business and financial markets identifying the aims of government economic policy describing how the financial markets respond to macro-economic policy goals and variations in the business cycle
<b>Reflective learners</b>	investigating the features of financial markets identifying the factors that shape the operation of financial markets describing the impact of real-time operations on business and financial markets identifying the aims of government economic policy describing how the financial markets respond to macro-economic policy goals and variations in the business cycle.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	<p>planning and carrying out research into financial markets</p> <p>planning and carrying out research into financial market operations</p>
<b>Creative thinkers</b>	<p>generating ideas and exploring which organisations operate in financial markets</p> <p>finding out about the operation of financial markets</p> <p>connecting own financial knowledge and experience to broader financial matters in the economy</p> <p>examining the consequences of government policies and decisions on financial markets</p> <p>explaining the impact of financial market operations on businesses and consumers</p> <p>analysing reasons why the financial markets respond to changes in macro-economic variables</p> <p>evaluating the importance of macro-economic stability for the functioning of financial markets</p>
<b>Reflective learners</b>	<p>applying knowledge acquired to new and different situations</p> <p>setting goals with success criteria for researching financial markets and economic policy and goals</p> <p>inviting feedback on their own work and dealing positively with praise, setbacks and criticism</p> <p>evaluating their experiences and learning to inform future progress</p>
<b>Team workers</b>	<p>working in a group to research and discuss ideas about financial markets and economic policy and goals</p> <p>taking responsibility for their own role in a group</p> <p>managing activities to reach agreements and achieve results</p>
<b>Self-managers</b>	<p>seeking out challenges or new responsibilities and showing flexibility when priorities change</p> <p>dealing with competing pressures, including personal and work-related demands</p> <p>responding positively to change, seeking advice and support when needed</p>
<b>Effective participators</b>	<p>planning and carrying out research into macro-economic policy.</p>

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching financial markets, economic policy and policy control measures
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information about financial markets, economic data and trends
Manage information storage to enable efficient retrieval	saving files of data about financial markets, economic variables and trends, retrieving the files and updating them
Follow and understand the need for safety and security practices	
Troubleshoot	
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	finding information and data that underpin financial market operation and economic policy creating diagrams, presentations and tabulations about financial markets, economic activities and economic trends
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites about financial markets, economic policy and policy control measures
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	bringing together a variety of materials gathered through research preparing information to present to others about financial markets, economic policy and policy control measures
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other members of a group when doing research and sharing information

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in relation to financial markets, economic policy and policy control measures
Identify the situation or problem and the mathematical methods needed to tackle it	solving problems in relation to economic policy decisions
Select and apply a range of skills to find solutions	making recommendations about action to take in financial markets
Use appropriate checking procedures and evaluate their effectiveness at each stage	identifying how economic policy decisions affect economic variables and financial markets
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	<p>carrying out group work investigating financial markets, economic policy and policy control measures</p> <p>working with others (employees, colleagues, tutors, classmates) in investigating financial markets, economic policy and policy control measures</p> <p>attending team meetings</p> <p>making presentations about financial markets, economic policy and policy control measures</p>
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	<p>reading about financial markets, economic policy and policy control measures</p> <p>reading about organisations to obtain data to facilitate making recommendations about financial markets, economic policy and policy control measures</p>
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	<p>writing materials to provide information about financial markets, economic policy and policy control measures</p> <p>producing labelled charts and diagrams showing the operation of financial markets and trends and projections in economic variables.</p>

# Unit 6: Finance in the Global Economy

<b>Unit code:</b>	<b>H/600/6175</b>
<b>Level 3:</b>	<b>BTEC National</b>
<b>Credit value:</b>	<b>10</b>
<b>Guided learning hours:</b>	<b>60</b>

## ● Aim and purpose

This unit gives learners knowledge and understanding of changes in the global economy, the importance to businesses of a global economy, the influence of the EU on UK business and the potential problems of the global economy.

## ● Unit introduction

It is generally considered that global development is a positive move for businesses and countries alike. It also has the potential to support exploitation of the vulnerable and worsen the economic situation of some countries.

This unit introduces learners to changes in the global economy by looking at the impact of a number of recent events such as major corporate failures, global repercussions of national phenomena (for example 9/11), and industry specific shocks (for example the sub-prime mortgage market led by Fannie Mae and Freddie Mac).

The unit then considers the impact of growing economic powers such as China and India. Factors such as population size, export growth, purchasing power and foreign investment are considered, together with how this will link to trade opportunities for UK business.

The unit considers factors that businesses must consider when seeking international expansion. Examples include ethical, social and cultural responsibility together with tariffs, quotas and competition in home markets.

Learners will consider the implications of full entry to the Eurozone. Learners will also discuss conditions for adoption of the euro and full entry to the European Monetary System, its impact and likely future developments.

Finally, the unit asks the learner to consider the negative financial implications brought about by technological change and how foreign investment can sometimes have a destabilising effect.

## ● Learning outcomes

### **On completion of this unit a learner should:**

- 1 Know about changes in the global economy
- 2 Know the wider contexts for businesses of the global economy
- 3 Understand the influence of the EU on UK business
- 4 Know about the influence of technology and trade exclusion in the global economy.

# Unit content

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## 1 Know about changes in the global economy

*Global changes:* incidence of stock market crashes, incidence of major corporate failures, eg Enron, Parmalat, Equitable Life, Lehman Brothers, Washington Mutual; war and its threat; fear of terrorist attacks; emergence of single global time zone and trading environment; globalisation as applied to the financial service industry; global repercussions of national phenomena, eg US instability post-9/11; global impacts of industry-specific shocks, eg healthcare issues such as pandemics; variations in the performance of key customer and supplier-domiciled economies, eg Japan; changes in the environmental acceptability of particular industries, eg GM foods, nuclear power; emergence of global e-business in response to internet development; international trade wars, eg US v France; impact on variations in Sterling exchange rates, China, eg manufacturing exports; India, eg call centres; growth in Brazil and South American countries and Russia, eg oil and gas reserves

*Impact of growing economic power:* implications of population size; economic growth and export rates; increased purchasing power and foreign investment; state ownership of firms; predicted economic power compared with USA and EU; barriers to market entry; trade opportunities for UK business

## 2 Know the wider contexts for businesses of the global economy

*Factors considered by a business in seeking international markets:* foreign competition in home markets; limited growth in home market; government subsidies; planned or free market economy; commodity prices; level of economic development (GDP/human development index)

*Ethical responsibility:* ethics behind what and where to manufacture; balance between capital and labour; where to sell; pay and work conditions; environmental factors, eg emissions, waste disposal; conflict with profit based and other objectives; stakeholder conflict

*Social and cultural responsibility:* international branding; distribution channels; importers; raised cost of distribution through intermediaries; internet; pricing strategies for different countries

*Tariffs and import quotas:* constraints; protection

*Global industries:* eg banking, computers

*Global marketing:* niches; multinationals; growing markets in the Far East, Eastern Europe and South America

### 3 Understand the influence of the EU on the UK business

*The nature and purpose of the European Union:* single market of 365 million people, free trade in goods and services, free movement of capital and labour; impact of improved road and rail infrastructure on trade in non-financials, key features of the Single European Act, Eurozone versus non-Eurozone members of the EU, ie Britain, Denmark and Sweden

*Conditions for adoption of the euro and full entry to the European Monetary System:* sustainable convergence, operational flexibility, clear benefits to financial services industry, impact of European Central Bank determination of interest rates favourable to inward investment and employment, impact on economic autonomy, key economic arguments for entry versus staying out, perspectives including that of the financial services industry

*Likely future developments:* continued expansion, changes in the relative performance of key European economies, effectiveness, strength and stability of the euro, variations in the dollar/yen exchange rate of the euro

### 4 Know about the influence of technology and trade exclusion in the global economy

*Technological change:* maintaining access to the latest technology; technological change and competitive advantage; ethical issues, eg developed countries donating obsolete technologies to LEDCs; addressing wider technical and cultural issues of the digital divide; incompatibility of legislation; incompatibility of technologies; impact of political objectives; deskilling/loss of traditional industries

*Trade exclusion:* lack of growth in GDP; restricted access to markets; lower standards of living; loss of national identity; impact on outsourcing by multinationals; impact of multinationals withdrawing; lack of sustainable infrastructure; repression of indigenous industries and markets; investment in host countries and deployment of profits

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> describe the changes in the global economy [IE]	<b>M1</b> explain the changes in the global economy and how these could impact on growing economic powers	<b>D1</b> evaluate the impacts that membership of the EU has had on UK businesses
<b>P2</b> describe the impacts of growing global economic power [RL]	<b>M2</b> explain the wider socio-economic, political, legal and technological issues affecting businesses in the global marketplace	<b>D2</b> evaluate the wider issues, including non-financial factors, that affect the financial success of a business in the global market.
<b>P3</b> outline the wider context issues for businesses operating within the global economy [CT, EP]	<b>M3</b> assess the likely future developments on UK businesses of the continued expansion of the EU.	
<b>P4</b> explain the influence of the EU on UK businesses [TW]		
<b>P5</b> outline the potential problems of trade exclusion.		

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills which are embedded in the assessment of this unit. By achieving the criteria, learners will have demonstrated effective application of the referenced elements of the skills.

Key	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

## Essential guidance for tutors

### Delivery

This unit follows on from *Unit 5: Finance in the National Economy*. Connections may be made with economic growth and learners may review data on levels of GDP and contrasting OECD economies via Eurostat. A continuing review of physical business operation may then extend to international trade with imports and exports of products and services, including financials. This train of logic may then translate to monetary variables via the exchange rate, as determined by international trade.

An awareness of the impact of the performance of multinational companies and their influence on markets and economies will pave the way to understand how some countries are growing whilst others remain stagnant or recess. The growth of economic power can then be traced and monitored using variables including dependency on outside stakeholders. Key information such as the growth in GDP and changes in free trade agreements will quantify these changes.

Global economic phenomena may be approached as external shocks to a national economy which policy makers try very carefully to balance, both internally and externally, 9/11 being a good example as well as direct financial upheavals such as the collapse of Lehman Brothers.

The impact of growing power in China and India need particular consideration together with discussion of other areas of economic growth such as Russia and Brazil. Issues of UK involvement in the Eurozone reflect the pressures on the UK economy to take down further barriers to trade. The debate over full entry to the Eurozone should be discussed within the wider context of globalisation. The effects of trade exclusion can be wide ranging and encompass more than just financial considerations.

The concept of technological 'progress' being necessarily a good thing should be explored in order that students may draw conclusions based on informed judgement as well as subjective conclusion. The efficacy of foreign assistance by way of subsidies, dumping and self-interest need to form part of the exploration of this unit.

### Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction to unit programme and assessment
Tutor-led work on what is meant by the global economy
Tutor-led work on recent changes in the global economy
Group discussion on 'Why is there a need for a global economy?'
Research history of major financial and political crises
Group presentations to clarify ideas, share knowledge and focus on first assignment
Research economic data on the growth of new economies and the reasons behind this
Collect demographic data showing the impact of economic growth in chosen countries
Group presentations on chosen country
<b>Assignment 1: 'Power of Change'</b> – an investigation into the operation of a global economy
External research into the ethos behind the EU

## Topic and suggested assignments/activities and/assessment

Political and ethical issues – study of topical political and ethical issues and their potential impact of membership of the EU

Group discussion/debate on the pros and cons of membership

Case studies of impacts on individual countries in relation to membership of the EU

**Assignment 2: 'Brussels Sprouts!'** – producing a manifesto to illustrate the burgeoning power of the EU

Research into the concept of the digital divide

Presentation/report back to the whole class of findings of the extent and nature of the digital divide, including social and cultural issues

Class debate on the morality of forcing technology onto LEDCs

Small groups to research the impacts on a chosen LEDC of the withdrawal of a multinational

External research into the trading patterns of a chosen LEDC

Feedback via group presentations to clarify ideas, share knowledge and focus on last assignment

**Assignment 3: 'True Benefits!'** – a look at how stakeholders in the global economy interact and what may happen in the next five years

Tutorial support and feedback

Supervised assignment work

Non-supervised study time and completion of assignments.

## Assessment

For P1, learners need to use contextual examples of major corporate failures and industry-specific shocks to support the description of changes in the global economy and changing players.

For P2, learners should identify key points that would identify a growing economic power.

For P3, learners will outline the political, legislative, economic and social issues that have to be considered by a business wishing to enter the global marketplace.

For P4, learners need to provide evidence of how the EU has influenced the way in which selected UK businesses have had to change the way they operate.

For P5, learners need to identify how trade exclusion has a negative impact on a chosen economy. They could provide statistical evidence to show the impacts over time, identifying important events that affected the economy.

M1, builds on P1 and P2. Learners could present an analysis showing how the balance of economic power has changed over time and how vulnerable economic stability can be; how problems can be turned into opportunities. Learners could present case studies of two economies or businesses to illustrate how national and global shocks have affected them.

M2 builds on P4. Learners could collect primary and secondary evidence of experiences, positive and negative, of how trading patterns have changed for both buyers and sellers. The evidence could be provided by testimonials, and presented by way of podcasts or by way of an advice column in a business journal or website.

M3 builds on P3 and P5. Learners could disseminate a given case study on their selected economy and how a global business can alter the whole synergy and persona of a country. Learners could produce a presentation, for example a mixed media slideshow showing statistics, images and demographic/geographic data.

D1 should emerge P4 and M2. Learners could provide a written report giving a balanced view on the effectiveness of EU membership and reach a judgement on this. They may go on to make recommendations for the future.

D2 should emerge from P3, P5 and M3. Learners need to evaluate how changes might affect things such as employment, products, culture, ethics, infrastructure and future stability. Learners should look at positive and negative elements of change. A verbal presentation supported by in-depth notes to an informed audience, that could question the learner, could evidence this.

### Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources

Criteria covered	Assignment title	Scenario	Assessment method
P1, P2, M1	Power of Change	You are a financial blogger who provides information for other interested bloggers online in State Customair.	Produce an article (or a blog) that describes the changes in the global economy arising from specific corporate and industry-related shocks.
P4, M2, D1	Brussels Sprouts!	Your blog has created a lot of interest, particularly the integrity of your research skills. You have been requested by a leading retail trade journal to produce an in depth article entitled 'The Wind of Change'.	Produce a centrespread which explains the changing ways in which UK businesses have responded to membership of the EU and which considers whether UK membership has been worthwhile.
P3, P5, M3, D2	True Benefits?	Word is getting around about your knowledge and understanding and you have been invited to take part in a TV debate about the benefits of globalisation.	A report substantiated by research and mixed media into what is actually happening in economies underpinned by so-called 'friendly' multinationals.

## Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Personal and Business Finance suite. This unit has links with all the other units in this specification.

### Essential resources

For this unit learners should have access to a suitable business teaching environment with access to the internet to carry out research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information across a range of business types and sectors.

Learners can generate evidence from a work placement or work experience. Other learners may have access to information from family owned and run businesses.

### Employer engagement and vocational contexts

Centres should develop links with local businesses. Many businesses and chambers of commerce want to promote local business and are often willing to provide work placements, visit opportunities, information about businesses and the local business context and visiting speakers.

[www.businessbritainuk.co.uk](http://www.businessbritainuk.co.uk) – provides information about business in Britain and has extensive links to other business and business news sites.

[www.fsb.org.uk](http://www.fsb.org.uk) – The Federation of Small Businesses provides information, support and guidance about small businesses in the UK.

Many businesses provide information about themselves. For example, Unilever; found at: [www.unilever.co.uk](http://www.unilever.co.uk).

### Indicative reading for learners

#### Textbooks

Bradbury R – *Understanding Business Ethics* (Continuum, 2001) ISBN 0826453325

Brewer Q – *The Global Economy – Pearson A2 Unit 4* (Philip Allan 2009) ISBN 10 0340958154

Brighthouse R and Hontoir J – *The Financial Services Environment, 4th Edition* (Financial World Publishing, 2004) ISBN 0852976941

#### Journals

*Business Review Magazine* (Phillip Allan Publishers – see [www.philipallan.co.uk](http://www.philipallan.co.uk))

*The Economist* and quality newspapers, especially the business sections.

#### Websites

The following are e-business sites which, in different ways, illustrate a variety of ideas in the unit content.

[www.cec.org.uk](http://www.cec.org.uk)

The European Commissioner in the UK

[www.europa.eu.int](http://www.europa.eu.int)

The Court of Justice for European Communities

[www.fsa.gov.uk](http://www.fsa.gov.uk)

Financial Services Authority

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	investigating contextual examples of industry-specific shocks
<b>Creative thinkers</b>	generating ideas about the impacts about growing economic power
<b>Reflective learners</b>	reflecting on situations which result from trade exclusion
<b>Team workers</b>	working in a group to discuss ideas on the pros and cons of EU membership taking responsibility for their own role managing activities to reach agreements and achieve results
<b>Self-managers</b>	seeking out challenges or new responsibilities and showing flexibility when priorities change dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed
<b>Effective participators</b>	planning and carrying out research into the wider extent of the digital divide.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	planning and carrying out research into the factors affecting organisations seeking to participate in the global marketplace
<b>Creative thinkers</b>	considering how globalisation and the supplanting of multinationals could lead to a loss of identity of the host country
<b>Reflective learners</b>	consider how major economies are interdependent rather than independent inviting feedback on their own work and dealing positively with praise, setbacks and criticism evaluating their experiences and learning to inform future progress
<b>Team workers</b>	working in a group to discuss ideas about new technological developments taking responsibility for their own role managing activities to reach agreements and achieve results
<b>Self-managers</b>	seeking out challenges or new responsibilities and showing flexibility when priorities change dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed.

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching websites for secondary information for a task related to changing demographics and economic data relating to LEDC's
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	interpreting the data collected using software systems using appropriate software to present findings
Manage information storage to enable efficient retrieval	creating suitable file and folder structures
Follow and understand the need for safety and security practices	ensuring data is kept safe by using passwords and/or encryption ensuring data is kept in a physically secure environment
Troubleshoot	creating back-up copies of data in case data is lost from one source
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	collecting primary data collecting complementary secondary data for the same task
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	extracting relevant information from websites evaluating the findings of research for suitability
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	developing mixed media presentations
Bring together information to suit content and purpose	mixed media presentations
Present information in ways that are fit for purpose and audience	presenting the results of findings appropriately within given context
Evaluate the selection and use of ICT tools and facilities used to present information	processing the data collected using software packages
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other group members on research into ethical issues

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	collecting quantitative data from trend data
Identify the situation or problem and the mathematical methods needed to tackle it	using techniques such as addition, division and average to arrange the data and using these techniques to create useful information by processing the data
Select and apply a range of skills to find solutions	using software such as spreadsheets to automate actions to improve efficiency and accuracy
Use appropriate checking procedures and evaluate their effectiveness at each stage	creating graphical representations of data to aid understanding
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	arranging and using data numerically to support recommendations
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	carrying out group work and debates making presentations about the interpretation of data working in a team where appropriate
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	reading data about the task set collected from secondary sources selecting which data to use and which to reject
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	writing report on the findings of the research writing analyses of the findings using standard layouts to make recommendations, eg interpolation justifying research methods.



# Unit 7: The Business Environment

<b>Unit code:</b>	<b>Y/502/5408</b>
<b>Level 3:</b>	<b>BTEC National</b>
<b>Credit value:</b>	<b>10</b>
<b>Guided learning hours:</b>	<b>60</b>

## ● Aim and purpose

The aim of this unit is to give learners the fundamental knowledge of a range of business organisations, and the many factors that shape the nature of organisations operating in an increasingly complex business world.

## ● Unit introduction

Learners new to the studying of business will already be familiar with organisations through having dealt with them as customers or employees. One of the aims of this unit is to help learners to build on these experiences and learn to 'walk in the shoes' of owners, stakeholders and managers of organisations.

The unit introduces learners to a range of business activities. They will consider the purposes of different organisations and the influence of stakeholders and how businesses organise themselves through strategic planning and organisational structures.

Learners will then explore the dynamic nature of organisations through studying the impact of external (political, legal and social) influences on business operations.

Next, they will study the fundamental economic principles that impact on businesses.

By studying two different business environments learners will gain some insight into how businesses operate in different parts of the world and how the development of a global marketplace impacts on all businesses.

## ● Learning outcomes

### **On completion of this unit a learner should:**

- 1 Know the range of different businesses and their ownership
- 2 Understand how businesses are organised to achieve their purposes
- 3 Know the impact of the economic environment on businesses
- 4 Know how political, legal and social factors impact on business.

# Unit content

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## 1 Know the range of different businesses and their ownership

*Range of different businesses:* local; national; international; global; public; private; not-for-profit/voluntary; sectors of business activity (primary, secondary and tertiary)

*Business purposes:* supply of products or services; difference between profit and not-for-profit organisations

*Ownership:* public, private and voluntary sectors; types of ownership (sole trader, partnerships, private and public limited companies, government departments, government agencies, worker cooperatives, charitable trusts); main implications of different types of ownership on businesses (extent of liability, limitations to operation for public and charitable organisations)

*Key stakeholders:* customers; employees; suppliers; owners; trade unions; employer associations; local and national communities; governments; influence of stakeholders on organisations

## 2 Understand how businesses are organised to achieve their purposes

*Organisational structures:* purpose (division of work, lines of control and communication); types of structure (functional, geographic, product, type of customer); diagrammatic representation of structure (organisation charts); span of control

*Functional area:* finance; marketing; production; customer service; sales; human resources.

*Strategic planning:* mission and values; development of strategic aims and objectives; cascading of objectives throughout the organisation; strategic planning process; use of SMART (specific, measurable, achievable, resourced, time-bound) objectives

*Influencing factors:* stakeholders; business environment; business type and ownership.

*Different aims:* private sector aims (breakeven, survival, profit maximisation, growth); public sector aims (service provision, cost limitation, value for money, meeting government standards, growth of range of provision)

## 3 Know the impact of the economic environment on businesses

*Economic:* importance of stability; impact on business of changes in the economic environment (growth, recession, ripple effect); levels of inflation; availability and cost of credit; labour; changes in government policy (legal, fiscal, monetary)

*Demand:* influenced by affordability; competition; availability of substitutes; level of Gross Domestic Product (GDP); needs and aspirations of consumers

*Supply:* Influenced by availability of raw materials and labour; logistics; ability to produce profitably; competition for raw materials; government support

*Changes in supply and demand:* supply and demand curves; elasticity of demand; price sensitivity; influence of branding on price sensitivity

*Global interaction:* levels and types of interdependence (supply chains, ownership of businesses, movement of capital and business operations, reducing ability of national governments to regulate global businesses)

#### 4 Know how political, legal and social factors impact on businesses

*Political:* political stability; government support for different types of organisations, eg private, voluntary, public; fiscal, eg levels and types of taxation; direct support, eg grants, loans; providing infrastructure eg transport; internet; enhancing skills of the working population, eg education, training, research; organisations to support businesses, eg Business Link; membership of international trading communities eg European Union

*Legal:* providing framework for business, eg company law; protecting consumers and employees, eg contract law, employment law, consumer protection; ensuring fair and honest trading, eg competition law.

*Social:* demographic issues, eg population growth or decline; changes in structure, eg ageing; households and families; education; attitude to work; religions; attitudes to male and female roles; ethics

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> describe the type of business, purpose and ownership of two contrasting businesses [RL]		<b>D1</b> evaluate the influence different stakeholders exert in one organisation [IE]
<b>P2</b> describe the different stakeholders who influence the purpose of two contrasting businesses [CT]	<b>M1</b> explain the points of view of different stakeholders seeking to influence the aims and objectives of two contrasting organisations	
<b>P3</b> describe how two businesses are organised [IE]		
<b>P4</b> explain how their style of organisation helps them to fulfil their purposes		
<b>P5</b> describe the influence of two contrasting economic environments on business activities within a selected organisation	<b>M2</b> compare the challenges to selected business activities within a selected organisation, in two different economic environments [IE]	
<b>P6</b> describe how political, legal and social factors are impacting upon the business activities of the selected organisations and their stakeholders.	<b>M3</b> analyse how political, legal and social factors have impacted on the two contrasting organisations.	<b>D2</b> evaluate how future changes in economic political, legal and social factors, may impact on the strategy of a specified organisation.

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

Key	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

## Essential guidance for tutors

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### Delivery

No previous knowledge of business is assumed and learners can use their experiences as customers, users and part-time employees as a starting point. This will give learners a real-life view of business. In this unit business activity should be interpreted as the provision of service, including public and voluntary sector activity alongside commercial activity. Learners will find examples of the organisational activity mentioned in their local area and may learn effectively through enquiring about these organisations. The unit may be introduced by considering the range of businesses that lie at the heart of learners' communities.

Learners should then explore the different types of ownership of businesses and how its ownership inevitably influences the nature of a business. At this stage, it is important that learners gain a clear picture of the main difference and types of ownership as a basis for more detailed study in other units. Learners then investigate other stakeholders. This could be linked with any local issues over proposed changes or developments, such as a proposed new airport runway or changes in the provision of health services.

In learning outcome 2, learners need to examine how organisations use structures and strategic planning to achieve their purposes. When selecting case-study material care should be taken to ensure that it includes the key functional areas listed in the unit content. For strategic planning learners could start by investigating their own school or college's strategic plan, perhaps supported by a talk from a visiting governor who could explain the planning process and what internal and external pressures influenced the plan. Learners could check objectives to see if they are SMART. Learners could undertake an activity where they are given some basic facts about a proposal for an organisation and have to design an organisational structure, write a mission statement and set strategic objectives.

In delivering learning outcome 3, which introduces the learners to the basic principles of economics, there will need to be some delivery of theory but the focus should be on how the economic environment affects different businesses. As assessment requires the comparison of two contrasting economic environments in the UK and abroad.

For delivery of learning outcome 4, the links used for learning outcome 3 could be continued. This could involve the use of two UK-based companies taking account of the impact that globalisation has on their activities. Alternatively, use could be made of any established links with countries in different regions either at institutional level or town/city level. Learners should compare and contrast the political and social environment in two different places so as to gain an understanding of the importance of these factors. They will need information on 'doing business' in another country, perhaps through a guest speaker, learner to learner links, DVDs, publications, visit or internet research.

Learners should be introduced to the basic principles of business law and its importance in providing a framework in which businesses operate. The precise content for the different aspects of law can be chosen and there is no expectation that learners will have a comprehensive knowledge of specific legislation.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction to unit and programme
Group activity exploring purposes and ownership of a range of local businesses
Ownership and liability issues – whole group
Visit to organisation to carry out research for first assignment
<b>Assignment 1: Two Businesses on our Doorstep</b> – report on two contrasting businesses (one business selected by a group, the other an individual choice)
Organisational structures – whole group – charts drawn for familiar organisation
Strategic planning – case study or business game
Political issues – study of topical political issues and their potential impact on business operations through a visitor, visit, video materials or case study
Group exercise to identify current issues and to assess their potential impact
Legal issues – whole group – outline of business related law
Case studies of legal cases – small group exercises
Social issues – whole group – outline of social issues
Social issues – small-group exercise. Each group to research one social issue such as demographics, education, gender etc and to report back to the whole class
Pair exercises on impact of social issues on different businesses (drawing on information gathered during previous exercise)
Economic issues – whole group
Supply demand business game
Small-group exercises on impact of economic changes on selected businesses (some research)
Pair exercise in following through global interdependencies for one business
<b>Assignment 2: Similar Businesses in Different Worlds</b> (feasibility study of two different markets for a business)
Tutorial support and feedback
Supervised assignment work
Non-supervised study time and completion of assignments.

## Assessment

This is an introductory unit and most groups of learners would benefit from a staged approach to assessment, with several small assignments rather than one large one.

It is important that suitable organisations are chosen for investigation, so that learners can acquire the information they need to achieve the assessment criteria.

For the first two learning outcomes the selected business organisations should include both profit and not-for-profit sectors and some variation in size. Learners responses to P1 should include an accurate, but not necessarily detailed statement, as to the extent of owners' liability for debts. For P2, learners should describe each of the different types of stakeholders listed in the unit content for their selected organisations. For P3, learners should describe both the organisational structure with functional areas, and how the organisation makes strategic plans. For P4, learners should explain how the organisational structure and strategic planning help the businesses to achieve their purpose and aims.

For M1, learners explain the points of view of the different stakeholders and link the points of view with the aims and objectives of each organisation.

For D1, learners should evaluate the influence exerted by the different types of stakeholders for one organisation. As an evaluation this should go beyond stating an opinion and include higher level skills such as using evidence from different sources and assessing the validity of the evidence.

For learning outcome 3, the selected organisation(s) need to encompass different economic environments. This could be through using one organisation and two different phases in the economic cycle or using two organisations operating in different economic environments, perhaps in different parts of the world.

For P5, learners should include descriptions of at least three economic topics.

In M2, P5 is developed further to compare the challenges to selected business activities in two different economic environments.

For D2, learners should build on M2 and evaluate the responsiveness of an organisation to different economic environments. The advice given for D1 on the assessment of 'evaluate' applies equally to this criterion.

For learning outcome 4, there are two options. The first is to select one business that has operations in two different business environments such as a UK-based business that has a call centre in the Indian sub-continent. Alternatively, one business can be selected from each of two different business environments. Greater differences in political and social environments are likely to be more interesting for learners. However it could be possible to use different countries in Europe and for some industries the differences between different countries in the UK could be explored, so long as the differences are sufficient to create different business environments.

For P6, learners could describe the influence of two different political environments which should include aspects, selected for their relevance, from the topics listed under both political and legal sub-headings in the *Unit content*. Business activities can be read as any activities carried out by the organisation to achieve its purposes. Examples include recruitment of staff, product design, transport of goods, promotion of products etc. Learners need to explain the influence of two different social environments on the business activities of the organisation(s). Learners could select at least three of the most influential social features from each environment rather than attempting to explain the impact of a large range of social features.

To achieve M3, learners should build on P6 to explain how the organisation (s) has adapted their activities to suit different business environments. Learners are not required to explain all activities comprehensively but should select at least three activities that have been adapted because of the political, legal and social aspects of the business environment.

For D2, learners should develop their work from M3 and make justified recommendations for the development of business activities in the two different business environments.

## Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, 2, 3, 4, M1	Two Businesses on our Doorstep	You work as a junior journalist for the local newspaper which is planning to run a feature article on local businesses.	Produce an article on two local, contrasting businesses covering purpose, ownership, organisational structure and strategic planning.
P5, 6, M2, M3, D1, D2	Similar Businesses in Different Worlds	The first article was well received and you have been asked to carry out research for another article featuring two businesses – one local and one in your town's twinned town in China.	Select one business in your local town and another in a town or city in China. Produce an article describing how the political, legal, social and economic business environments affect each of the selected businesses.

## Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Business sector suite. This unit has particular links with the following unit titles in the Business suite:

Level 2	Level 3
Business Purposes	Business Resources
Business Organisations	Introduction to Marketing
	Business Communication
	Business and the Economic Environment
	International Business
	Business Markets and the Economy

## Essential resources

For this unit learners should have access to a suitable business teaching environment with access to the internet to carry out research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information across a range of business types and sectors.

Learners can generate evidence from a work placement or work experience. Other learners may have access to information from family owned and run businesses.

## Employer engagement and vocational contexts

Centres should develop links with local businesses. Many businesses and chambers of commerce want to promote local business and are often willing to provide work placements, visit opportunities, information about businesses and the local business context and visiting speakers.

[www.businessbritainuk.co.uk](http://www.businessbritainuk.co.uk) – provides information about business in Britain and has extensive links to other business and business news sites.

[www.fsb.org.uk](http://www.fsb.org.uk) – The Federation of Small Businesses provides information, support and guidance about small businesses in the UK.

Many businesses provide information about themselves. For example, Unilever, can be found at: [www.unilever.co.uk](http://www.unilever.co.uk).

## Indicative reading for learners

### Textbooks

Dransfield and Needham – *GCE AS level Business* ISBN 0435401149

Jewell B – *An Integrated Approach to Business Studies* (Longman, 2000) ISBN 0582405424

Letts – *Revise AS Business Studies* (Letts Educational Ltd, 2004) ISBN 1843154242

Marcouse, Surridge, Watson and Swift – *Business Studies for A level* (Hodder, 2008) ISBN 0340966904

Marcouse I and Lines D – *Business Case Studies, AS and A Level, 3rd Edition* (Longman, 2002) ISBN 0582406366

Palmer and Hartley – *The Business Environment* (McGraw-Hill, 2006) ISBN 0077109902

Worthington and Britton – *The Business Environment* (Financial Times/Prentice Hall, 2006) ISBN 0273704249

### Journals

*Business Review Magazine* (Phillip Allan Publishers – see [www.phillipallan.co.uk](http://www.phillipallan.co.uk))

*The Economist* (The Economist Newspaper Group Inc)

### Newspapers

Quality newspapers – especially the business sections

## Websites

<a href="http://www.bbc.co.uk/business">www.bbc.co.uk/business</a>	BBC News website
<a href="http://www.bbc.co.uk/news">www.bbc.co.uk/news</a>	BBC Business website
<a href="http://www.becta.org.uk">www.becta.org.uk</a>	British Educational Communications and Technology Agency
<a href="http://www.bized.ac.uk">www.bized.ac.uk</a>	Business education website including learning materials and quizzes
<a href="http://www.careers-in-business.com">www.careers-in-business.com</a>	Information on a variety of business careers
<a href="http://www.carol.co.uk">www.carol.co.uk</a>	Online company annual reports
<a href="http://www.direct.gov.uk">www.direct.gov.uk</a>	Gateway to public services
<a href="http://www.fenc.org.uk">www.fenc.org.uk</a>	Products and services for organisations involved in education
<a href="http://www.eubusiness.com">www.eubusiness.com</a>	Online business information service about the European Union
<a href="http://www.examtutor.com/business">www.examtutor.com/business</a>	Support for tutors and learners
<a href="http://www.jisc.org.uk">www.jisc.org.uk</a>	Joint Information Systems Committee (guidance and advice for further and higher education)
<a href="http://www.lsd.org.uk">www.lsd.org.uk</a>	Learning and Skills Development Agency
<a href="http://www.learnthings.co.uk">www.learnthings.co.uk</a>	Learnthings – providers of interactive digital resources
<a href="http://www.nln.ac.uk">www.nln.ac.uk</a>	National Learning Network
<a href="http://www.projectalevel.co.uk">www.projectalevel.co.uk</a>	Project A Level – revision resources for learners
<a href="http://www.rdn.ac.uk/news/headlines">www.rdn.ac.uk/news/headlines</a>	Resource Discovery Network – a gateway to internet resources for learning, teaching and research
<a href="http://www.s-cool.co.uk">www.s-cool.co.uk</a>	A-level and GCSE revision material
<a href="http://www.statistics.gov.uk">www.statistics.gov.uk</a>	Official UK statistics
<a href="http://www.thetimes100.co.uk">www.thetimes100.co.uk</a>	Free materials and case studies

## Broadcasts

The following programmes often include business items:

*The Money Programme* BBC2 (weekly)

*Working Lunch* BBC2 (daily)

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	investigating the ownership and objectives of business organisations
<b>Creative thinkers</b>	generating ideas about the links between the different functional areas in business organisations describing how work in different areas of organisations supports business purposes
<b>Reflective learners</b>	reflecting on the impact of economic and external factors on business.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	planning and carrying out research into the different types of organisation planning and carrying out research into the aims of organisations
<b>Creative thinkers</b>	looking at how different functional areas fit together in organisations to ensure business purposes are met adapting their skills as circumstances change
<b>Reflective learners</b>	setting goals for researching businesses with success criteria inviting feedback on their own work and dealing positively with praise, setbacks and criticism evaluating their experiences and learning to inform progress
<b>Team workers</b>	working in a group to discuss ideas about functional areas and prepare materials for presentations taking responsibility for their own role managing activities to reach agreements and achieve results
<b>Self-managers</b>	seeking out challenges or new responsibilities and showing flexibility when priorities change dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed
<b>Effective participators</b>	taking part in group activities, working with colleagues, supervisors and managers.

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching organisations and their structures
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information about organisations
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	finding illustrative materials for presentations and tabulations about organisations creating diagrams, presentations and tabulations about the functional areas in businesses
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites about business organisations
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	bringing together a variety of materials gathered through research preparing information to present to others about business organisations
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other members of a group

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in relation to business objectives that are in SMART terms
Identify the situation or problem and the mathematical methods needed to tackle it	
Select and apply a range of skills to find solutions	
Use appropriate checking procedures and evaluate their effectiveness at each stage	
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	<p>doing group work investigating organisations and their structure</p> <p>working with others in investigating businesses (employees, colleagues, tutors, class mates)</p> <p>attending team meetings</p> <p>making presentations about organisations</p>
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	<p>reading about organisations, their purposes and structures</p> <p>reading about organisations to obtain data to facilitate comparing businesses</p>
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	<p>writing materials to provide information about organisations</p> <p>producing labelled charts and diagrams showing the structure of organisations and the links between sections within organisations.</p>



# Unit 8: Computer Applications for Financial Management

<b>Unit code:</b>	<b>D/502/5507</b>
<b>Level 3:</b>	<b>BTEC National</b>
<b>Credit value:</b>	<b>10</b>
<b>Guided learning hours:</b>	<b>60</b>

## ● Aim and purpose

The aim of this unit is to enable learners to understand the importance of using computerised software to provide up-to-date and accurate financial information.

## ● Unit introduction

Computerised accounting provides instant, up-to-date and accurate financial information to managers and users within organisations to allow them to monitor and control business operations. A growing number of business organisations routinely use computer accounting software to record transactions rather than relying on a manual bookkeeping system. The original double-entry system of bookkeeping provides all the information needed to prepare final accounts. Final accounts can be designed to suit the business and then previewed on screen before being printed. The ease of producing reports allows organisations to calculate net profit on a monthly basis or as often as the owner requires.

Far more popular than computerised accounting software, is the computerised spreadsheet, which has become an all-purpose computer package for many organisations. With its grid of columns and rows, and facility to use formulae and functions to carry out calculations, the spreadsheet appears to be an ideal medium for storing and presenting accounting information digitally. Data stored on a spreadsheet can easily be changed, and the immediate updating of totals makes the spreadsheet ideal for carrying out 'what-if' analysis.

Database software is far more powerful than the database facility on a spreadsheet. Databases have many uses in an organisation, and despite the presence of computerised accounting software and spreadsheets, they can be invaluable in the accounting environment. The use of appropriate software is the key factor and accounting staff need an appreciation of the functions and uses of each package. Stakeholders and managers of organisations need to see relevant accounting information which is clearly presented. Organisations can make effective use of presentation software to communicate facts and figures in an interesting, dynamic and even exciting manner.

Computerised presentations can incorporate pictures, sounds and moving images to convey information or a message. This presentation is not the essence of financial management but it is a growing part of the move to inform and motivate the workforce. The value of expertise in using of computer applications in a financial environment cannot be overstated and this unit will help learners to gain a high level of competency and a desire to develop their ICT skills further.

## ● Learning outcomes

### **On completion of this unit a learner should:**

- 1 Be able to use software to record accounting information
- 2 Be able to produce information abstracted from computerised accounting software
- 3 Be able to analyse information from software applications
- 4 Be able to use computer software to present and communicate financial information.

# Unit content

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## 1 Be able to use software to record accounting information

*Software:* spreadsheets; accounting programmes; databases; reasons for use; advantages; disadvantages

*Transactions:* sales; purchases, cash transactions; income; expenditure; budgets; coding of data; report production, eg invoicing, profit and loss account and balance sheet, aged debtors, aged creditors, asset register; inventory control; customer records; supplier records

## 2 Be able to produce information abstracted from computerised accounting software

*Information:* expenses; income; assets; liabilities; cash; bank; invoices; credit notes; customer accounts; supplier accounts; trial balance; profit and loss account; balance sheet; budget reports

*Formats:* view; print; export data, eg to spreadsheet, PowerPoint, Word; save (native, comma separated variable (csv), hypertext mark-up language (html))

## 3 Be able to analyse information from software applications

*Summarise:* filter (automatic filter; criteria, exceptional data); spreadsheet formulae and functions; pivot tables and outlines; information in tables and databases; speed, large volume of information

*Analyse:* interpretation of final accounts (profitability, liquidity, efficiency); departmental and branch comparisons; actual currency and percentage terms

## 4 Be able to use computer software to present and communicate financial information

*Communicate:* report; presentation; tables; charts; graphs; digital images; sounds; visual appeal, eg font colour, style, size; volume of information

*Interested parties:* expert; inexpert

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> record three accounting transactions using a computerised accounting system [IE, TW]	<b>M1</b> compare the types of software used to record accounting information	<b>D1</b> assess the value to an organisation of using software for financial transactions
<b>P2</b> produce information abstracted from a computerised accounting system in a suitable format [TW, SM]	<b>M2</b> explain how computerised accounting systems analyse and produce summaries of accounting information [CT]	<b>D2</b> evaluate the effectiveness of the presentation features of software used to communicate financial information. [RL]
<b>P3</b> produce analytical summaries of the information held on a computerised accounting system [IE, CT, RL, SM]	<b>M3</b> compare the presentation features of the software used to communicate financial information.	
<b>P4</b> report the results of information held on a computerised accounting system to interested parties. [IE, RL, SM]		

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills which are embedded in the assessment of this unit. By achieving the criteria, learners will have demonstrated effective application of the referenced elements of the skills.

Key	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

# Essential guidance for tutors

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## Delivery

Effective financial management is vital in any organisation and it does not require the use of computer applications. However, it does rely on clear, precise and up-to-date information about the organisation and its finances. Computer applications for accounting make the process of gathering information far more efficient, as relevant accounting reports and analysis can be extracted promptly and accurately. This unit will show learners how accounting data can be entered into the appropriate packages and how further information can be derived and analysis carried out. Specialist accounting software offers a variety of preset reports as well as the facility to amend or completely redesign their content and structure. The computerisation of accounting systems is increasingly common in the workplace and learners should be given practical experience, and an appreciation, of the many accounts-related activities that can be processed in this way.

Computerised spreadsheets are ideal for tasks involving the presentation of text and figures in columns and rows, which is a feature of accounting information. For learning outcome 1, learners will learn how to use spreadsheets, computerised accounts and databases. Emphasis will be on the appropriate choice of software based on the accounting requirements. Learners will use spreadsheets to record data that is historical, current or forecast and attention will be paid to good spreadsheet design, correct use of formulae or functions for calculations and to appropriate formatting of data and cells to enhance the appearance. Good examples of spreadsheets will be studied and discussed to develop learners' appreciation of effective presentation.

Learners may have studied the *Business Accounting* unit and be familiar with expenditure types, cash flow forecasts, profit and loss accounts, balance sheets and the use of ratio analysis to interpret accounts. Some techniques will be demonstrated to learners using a data projector, enabling them to work on accounting tasks that will allow them to use and demonstrate their learning. Interactive whiteboards may allow learners to record and store spreadsheet routines and the files may be stored on the student net or learning platform. Large group discussions and demonstrations of the spreadsheets learners produced will enhance skills and engender the sharing of good practice. Advantages of using spreadsheets will be discussed.

The use of commercial, computerised accounting software will be demonstrated and discussed. Learners who have taken the Unit: Accounting Systems will already have a good understanding of the manual system. Demonstrations will show learners how to input income and expenditure data and how to extract reports. Learners will be encouraged to work in small groups to experiment with software and to discover how transactions are entered and how required information is found using the reports. Using case studies and pre-saved files of accounting transactions, learners will explore the data and produce relevant reports giving defined information, such as the total expenditure on wages and salaries or analysis of sales. Advantages of using computerised accounting software will be discussed.

Learners will consider appropriate accounting uses for a database and will see demonstrations of how to create tables by defining the fields and how to input data to a table. Case studies will be used to discuss the appropriate use of databases, and learners will work in groups to design database tables and input data. Advantages of using databases will be discussed.

Computerised accounting software has many pre-designed reports that may be viewed or printed. It may be possible to export reports to spreadsheet software. Learning outcome 2 relates to the abstraction of information from computerised accounting software. In the workplace, accounting data may be copied or exported from the computerised accounts software to a spreadsheet so that it can be used for other purposes. A demonstration of the various techniques involved will be necessary. Some reports may not be easily exported to the spreadsheet but by saving them as comma separated variable (csv) files they can be opened by a computerised spreadsheet. Reports saved as hypertext mark-up language (html) files may be displayed on a computer and can be linked to the presentation software for learning outcome 4. Learners

will complete tasks where they transfer data in a variety of ways so that the data may be included in a spreadsheet. This will include information from income, expense, asset and liability accounts, from the various day books and a profit and loss account, a balance sheet and a budget report.

Learning outcome 3 requires learners to use the spreadsheet to filter, summarise and analyse accounting information from software applications. Information may have been entered onto a spreadsheet or it may have been exported or copied from computerised accounts software, or from a database. Learners will learn how to format the spreadsheet to suit the purpose and how to enter formulae or functions that allow interpretation of the information. Automatic filters will be used to filter the data that meets required criteria such as information for different branches or exceptional data such as expenses that are over budget. Pivot tables and outlines will be used within databases to summarise accounting information held in tables or databases. Learners will appreciate the effectiveness of speedy summary of large volumes of information. From profit and loss accounts and balance sheets, organisations assess profitability, liquidity and efficiency by applying the appropriate formulae. Learners will discover how to analyse final accounts on a spreadsheet by adding formulae and labelling the results. Exceptional results, such as a very low return on capital employed, can be highlighted by changing the colour, style or size of the font. Organisations will use conditional formatting to achieve this. Where a sheet is used to present the results for different branches or departments, comparisons will be made in actual terms (currency) and comparative terms (percentage).

The effective communication of financial information to staff, managers and stakeholders depends on the presentation skills of the messenger. It is more than simply issuing a copy of the latest figures. Learning outcome 4 is about the software used to present and communicate this information and learners will develop their understanding of good communication in front of an audience. Today's technology enables the use of sounds and moving images as well as the written word and pictures. Learners will be shown how to use presentation techniques, such as the graphical features in a spreadsheet or a dedicated presentation package such as PowerPoint, to deliver the information. Internet-based learning modules and paper-based workbooks will allow learners to work at their own pace, and interactive whiteboard recording facilities will allow them to collect examples of good practice.

Presentation of charts and graphs to illustrate the figures will improve the clarity and appearance and use of learners' own digital photographs on some slides will make the task more interesting. Learners might use other office software to make the presentation, such as word processing, spreadsheet, publishing or even the notebook available on interactive whiteboards. The emphasis should be on presenting effectively with visual appeal that will hold the attention of any observer, expert or inexperienced. Attention will be paid to the volume of information that is presented, as presentations with too much information are usually ineffective. Learners will prepare and deliver presentations in small groups and will discuss how improvements might be made. Learners will present more detailed information in a brief report, which will have been compiled using word processing and spreadsheet software.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction and outline scheme of work/programme of assignments
Visits/speakers
Formal theory input on computerised accounting software, and transactions
Practical class exercises for application of theory
Preparation for assessment
<b>Assignment 1: Computerised Accounting Software</b>
Formal theory input on information abstracted and formats
Practical class exercises for application of theory
Preparation for assessment
<b>Assignment 2: Accounting Data 1</b>
Formal theory input on analysing information and ways of presenting and communicating it
Practical class exercises for application of theory
Preparation for assessment
<b>Assignment 3: Accounting Data 2</b>
Supervised assignment time
Non-supervised study time and completion of assignments.

## Assessment

While one assignment could be used to cover the range of assessment criteria, it may be preferable to have two or three. For example, the first assignment could cover P1 and M1. Another assignment could be used to cover P2, P3, M2 and D1. A third assignment could cover P4, M3 and D2, although this could be linked with the second assignment.

For P1, learners could, for example, be given a case study to discuss and agree on the appropriate use of computerised accounts software, a spreadsheet and a database to record accounting data. Individually, they could then input information as agreed. Existing data may already be set up where computerised accounting software is used. Learners input information accurately and use appropriate formula on the spreadsheet to carry out any calculations. Information could be saved using appropriate storage media and a hard copy printed. Learners will be assessed on the accuracy and design of the spreadsheet, as well as the use of formulae. (P1 is linked with M1.)

For P2, learners could work in small groups, using a case study and a pre-saved file of accounting data from computerised accounting software. Initially, learners could draw up a plan showing how to abstract the information based on the nature of the reports and the computerised accounting software itself. Learners could then abstract the required information using the correct method(s) and place it into a spreadsheet. More than one sheet may be used. (P2, P3, M2 and D1 are linked and the assignment can easily be extended to include P4, M3 and D2.)

The spreadsheet makes it very simple to analyse and summarise any numerical information. Appropriate formulae or functions are used to compare figures. Interpretation of final accounts, including profit and loss accounts and balance sheets, involves calculations that measure profitability, liquidity and activity. The results of these calculations may be compared with those of other organisations or with the results from previous accounting periods. Where the information relates to different branches or departments each can be expressed as a percentage of the total. Where different accounting periods are involved, percentage changes can be calculated. Provided the formulae are entered accurately, the analysis will be precise. Exceptional figures can be highlighted by changing font type, style, size or colour and spreadsheets usually have a conditional format that can be set. The spreadsheet has a simple graph or chart feature, so the results of any analysis can be displayed in that format.

For P3, learners could work on the same case study as for P2 and carry out calculations and analysis by using formulae, functions and automatic filtering. Learners could also summarise information by using pivot tables and outlines. The results could be saved to a storage medium and a hard copy printed. (P2, P3, M2 and D1 are linked, and the assignment can easily be extended to include P4, M3 and D2.)

For P4, learners could, initially, use the internet and other available sources to discover hints on presenting information effectively on the computer. They could work in small groups on a case study, preparing a verbal presentation accompanied by appropriate presentation software, to summarise financial information. The financial information can be extracted from computerised accounts software and include the profit and loss account and balance sheet of a business organisation. The presentation should be suitable for expert and inexpert listeners. (P4, M3 and D2 are linked and the assignment can be extended to include P2, P3, M2 and D1.)

For M1, learners could compare the use made of computerised accounting software, spreadsheets and databases, identifying why each one is used. Choice of software and justification are paramount and learners should show an understanding of the nature and uses of the software.

For M2, learners could write a report detailing the formulae, functions and other features that they have used, or could have used, to summarise and analyse accounting information. They could demonstrate an understanding of automatic filtering based on required criteria and for exception reporting. They should explain how pivot tables and outlines make summarising more effective particularly in dealing speedily with large volumes of information.

For M3, learners could consider and compare different computer packages. They might consider the readability, the ease of adding movement, sound and images, the availability of colourful and attractive designs and the ease of using and navigating through the presentation. Word processing software could be magnified but it is designed for paper documents rather than projected images and it is more difficult to build in links to move from page to page. Presentation software has a slide show mode and a wide variety of backgrounds and slide designs. Slide layout can include graphs, organisation charts and links to moving images or clips. Movement of text and images is routine and the initial text size makes it more difficult to put too much detail on each slide. The comparison should address these issues.

For D1, learners will need to identify the benefits of using computerised accounting software to produce good quality information to interested parties. Learners should also consider the cost associated with implementing such systems in order to be able to make a judgement based on both the costs and the benefits.

For D2, learners should consider how well information is communicated to those who need it. For example, finance staff may be happy with tabulations of data but an owner may want an easily assimilated, broad-brush picture that uses graphics to convey the key features of important information.

## Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, M1	Computerised Accounting Software	Case study.	Controlled class work.
P2, P3, M2, D1	Accounting Data 1	Case study.	Controlled class work.
P4, M3, D2	Accounting Data 2	Case study.	Controlled class work.

## Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Business sector suite. This unit has particular links with the following unit titles in the Business suite:

Level 2	Level 3
Financial Forecasting in Business	Investigating Business Resources
Bookkeeping in Business	Introduction to Accounting
	Introducing Financial Accounting
	Introducing Management Accounting

This unit should only be delivered after the *Introduction to Accounting* unit.

This unit may be delivered at the same time as the *Accounting Systems* unit.

This unit also links to the following units of the Level 3 National Occupational Standards for Accounting:

- Unit 21.1: Use computer systems and software.

## Essential resources

Learners can find information using company annual reports, journals, magazines, company websites and newspapers.

Access to a range of information resources to complete investigative assignments and case studies will be essential, including relevant CD ROMs and the internet, as will be access to computers and accounting software for research and preparing accounts (using a spreadsheet package). Also to see computerised accounting packages in operation in business. Learners will also need access to relevant paper-based research material including published financial reports and books.

## Employer engagement and vocational contexts

Visits to companies and from employees are useful to the delivery of this unit. The use of vocational contexts is essential in the delivery and assessment of this unit. Many scientific industries apply the concepts in this unit in the production of chemicals and pharmaceuticals, and within the forensic science and environmental services industries.

Support to enable centres to initiate and establish links to industry, and to networks arranging visits to industry and from science practitioner ambassadors are given below:

Work Experience/Workplace learning frameworks – Centre for Education and Industry (CEI – University of Warwick) – [www.warwick.ac.uk/wie/cei](http://www.warwick.ac.uk/wie/cei)

Learning and Skills Network – [www.vocationallearning.org.uk](http://www.vocationallearning.org.uk)

## Indicative reading for learners

### Textbooks

Brammer J, Cox D, Fardon M and Penning A – *Active Accounting* (Osborne Books, 2002) ISBN 1 872962378

Cox D and Fardon M – *Accounting* (Osborne Books, 1998) ISBN 1 872962289

Cox D and Fardon M – *Foundation Accounting Tutorial* (Osborne Books, 2003) ISBN 1 872962815

Fardon M – *Computer Accounting* (Osborne Books, 2002) ISBN 1 872962270

Oulton N – *Killer Presentations: Power the Imagination to Visualise your Point with PowerPoint* (How To Books, 2005) ISBN 1 845280407

### Journals

*Accountancy* (CCH)

*Accountancy Age* (VNU Business Publications)

*Accounting Technician* (Centurion Publishing Group)

*PQ Magazine* (PQ Publishing)

## Websites

<http://news.bbc.co.uk/1/hi/business/default.stm>

The business pages of the BBC website

<http://office.microsoft.com/training>

Microsoft's website for Office software, which includes training

[www.accountancyage.com](http://www.accountancyage.com)

Accountancy news and information

[www.accountingtechnician.co.uk](http://www.accountingtechnician.co.uk)

Association of Accounting Technicians Online

[www.accountingweb.co.uk](http://www.accountingweb.co.uk)

Accounting website with useful articles and information about the use of IT in accounting

[www.bized.ac.uk](http://www.bized.ac.uk)

Educational website with information about using spreadsheets in accounting

[www.bized.co.uk](http://www.bized.co.uk)

A business education resource site

[www.bizhelp24.com/index.php](http://www.bizhelp24.com/index.php)

Help and support for businesses

[www.businesslink.gov.uk](http://www.businesslink.gov.uk)

Business guidance for businesses, including accounting

[www.canterbury.gov.uk/buildpage.php?id=3225](http://www.canterbury.gov.uk/buildpage.php?id=3225)

Example of a specific local business support website

[www.statistics.gov.uk](http://www.statistics.gov.uk)

UK Government statistics, including Retail Prices Index

[www.thetimes100.co.uk](http://www.thetimes100.co.uk)

*The Times* 100 case studies

[www.tutor2u.net](http://www.tutor2u.net)

Educational website for business and economics

[www.wikipedia.org](http://www.wikipedia.org)

Community editable encyclopaedia

## Broadcasts

The following often feature business items:

*The Money Programme*, BBC2 (weekly)

*Working Lunch*, BBC2 (daily)

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	investigating business finances, accounts and systems
<b>Creative thinkers</b>	generating ideas about financial data
<b>Reflective learners</b>	reflecting on situations which result in changes in finances
<b>Team workers</b>	working with others in investigating business finances
<b>Self-managers</b>	organising time and resources and prioritising actions when carrying out investigations into finance.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	planning and carrying out research into the different types of computer systems
<b>Creative thinkers</b>	looking at suitable accounting systems examining reasons/solutions to business change adapting their skills as circumstances change
<b>Reflective learners</b>	setting goals, with success criteria, for researching business finances and frameworks inviting feedback on their own work and dealing positively with praise, setbacks and criticism evaluating their experiences and learning to inform future progress
<b>Team workers</b>	working in a group to discuss ideas and research taking responsibility for their own role managing activities to reach agreements and achieve results
<b>Self-managers</b>	seeking out challenges or new responsibilities and showing flexibility when priorities change dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed
<b>Effective participators</b>	voicing own views and opinions when working in groups.

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching business organisations, finances and systems preparing/adjusting of accounts
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	finding illustrative materials for presentations and tabulations about financial information creating diagrams, presentations and tabulations
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites about computerised software
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	bringing together a variety of materials gathered through research preparing information to present to others
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other members of a group

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in relation to business finances
Identify the situation or problem and the mathematical methods needed to tackle it	
Select and apply a range of skills to find solutions	
Use appropriate checking procedures and evaluate their effectiveness at each stage	
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	<p>carrying out group work investigating business finances and computerised software</p> <p>attending team meetings</p> <p>making presentations about business financial accounts</p>
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	reading financial information to obtain data to facilitate
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	<p>writing materials to provide financial information</p> <p>producing accounts, graphs and tables, together with reports</p>

# Unit 9: Preparing for Career Progression in Business

<b>Unit code:</b>	<b>A/600/6179</b>
<b>Level 3:</b>	<b>BTEC National</b>
<b>Credit value:</b>	<b>10</b>
<b>Guided learning hours:</b>	<b>60</b>

## ● Aim and purpose

This unit will enable learners to assess their own knowledge, skills and abilities and focus on aspects of their professional development to support progression in their career.

## ● Unit introduction

Progression into or within employment is often the ultimate goal for learners who choose to develop or extend their knowledge, skills and understanding in their chosen field. Learners cannot take the business of securing employment for granted and must give sufficient thought to the processes involved. This unit enables learners to consider those processes and focus on their professional development to help progression in their career.

Learners will have the opportunity to acquire the career development skills they will need, beginning with an assessment of their own knowledge, skills and abilities. They will achieve this through self-appraisal, a reflection of the appraisal process they are likely to experience in the future and through the perceptions of their employer. The appraisal process will help them to analyse what their own aims and objectives for career development might be. They need to consider their own potential and how they might use this to achieve related aims and objectives.

Once they have worked through this early stage of the process, learners will explore opportunities to apply relevant technical, practical, supervisory and personal skills in their career development by formalising their ideas in a career development plan. They will need to focus on planning in the short term, as well as long-term planning over a number of years.

The culmination of learners' employability development will be to work through the application and interview processes. Learners will be able to research different employment opportunities – either simulated or real before completing the appropriate application and interview procedures. Where learners tackle this in the real world, successful completion of this unit will start them on the first steps to future employment with a suitable employer.

## ● Learning outcomes

### **On completion of this unit a learner should:**

- 1 Understand skills and behaviours for career progression in business
- 2 Understand opportunities for career development
- 3 Be able to demonstrate application and interview skills needed to support career progression.

# Unit content

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## 1 Understand skills and behaviours for career progression in business

*Self-knowledge and appraisal:* skills audit, eg technical, operational, supervisory; personal skills, eg interpersonal, motivational, communication, presentation skills, organising and planning skills, use of IT (word processing, databases, spreadsheets, presentation packages, email); office etiquette, cognitive and creative skills; qualifications (current/planned), continuous professional development, strengths and weaknesses analysis; personal learning logs; personal development plans

*Analysis:* aims, objectives, targets, learning programme/activities, action plan, review dates, achievement dates

*Employability skills and attributes:* eg time management, objectives, action planning, delegation, decision making, problem solving, value awareness, conflict management, giving and receiving feedback, influencing skills, self-confidence, positive thinking, communication, presentation, team building and membership, mentoring, counselling, coaching, facilitation, learning styles; attitude; self-presentation; commitment; appropriate dress; time-keeping; body language; personal hygiene

## 2 Understand opportunities for career development

*Career:* advice and guidance; awareness of career pathways; matching personal skills to selected career; relevant skills, eg technical, practical, supervisory; personal skills, eg attitude, behaviour, responsibility, adaptability; aspirations, openings/opportunities

*Development plan:* career development, personal development, current performance, future needs, short-term (12 to 18 months) and long-term (5 to 10 years) career goals, matching plans to personal goals, selecting/evaluating preferred progression route(s), supporting resources, schedule for plan

## 3 Be able to demonstrate application and interview skills needed to support career progression

*Opportunities:* research the background of potential employers, match skills and abilities with job description and personnel specification, eg essential and desirable knowledge, skills and characteristics, analysing recruitment and selection procedures, evaluating different opportunities identified

*Applications:* application procedures, eg writing letters of application, completing application forms, personal statements, internet applications; preparing a CV

*Interview and selection:* preparation for an interview, eg analysing interview process, practising communication skills; creating a favourable impression, interpersonal skills, techniques, eg maintaining eye contact, using questioning skills to find out more about the job and the employer, using listening skills to increase knowledge of the job and the organisation; evaluating interview performance, evaluating offers, making choices, confirming or declining offers

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> analyse personal strengths, weaknesses, opportunities and threats that affect career development [RL; SM; CT, TW]	<b>M1</b> prioritise the objectives and targets selected to develop own potential	<b>D1</b> assess how own potential will contribute to career development
<b>P2</b> identify own attributes and employability skills to objectives and targets [SM]		
<b>P3</b> explain where you will get advice and guidance to satisfy your aspirations for your career development plan [IE]	<b>M2</b> devise a career development plan to reflect career and personal development, current performance and future needs [IE]	
<b>P4</b> complete three applications including an up-to-date CV for different jobs, matching qualifications, skills and abilities to three advertised jobs	<b>M3</b> comment on the effectiveness of the process used when applying for those three advertised jobs, to include the preparation of the application and actual interview	
<b>P5</b> participate in a real or simulated interview based on one of the completed applications. [EP, TW]	<b>M4</b> analyse the feedback received from the interviewer.	<b>D2</b> evaluate own application and interview skills using recommendations to improve performance in the future.

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

<b>Key</b>	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

## Essential guidance for tutors

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### Delivery

This unit should be delivered in ways that promote critical self-appraisal and self-development. Tutors must provide a sound platform on which learners will be able to plan and develop their careers in an appropriate vocational sector. There should be an emphasis on learner-centred role play and small group work.

Learners will need differing levels of support in planning and developing their career in a relevant way. This unit requires an active approach, with learners processing actual applications for jobs that would help them to progress their career. It is important that simulations are avoided wherever possible when presenting evidence, although learners will benefit from role-play practice when completing application forms or practising interview skills.

In identifying and assessing their qualifications, skills and abilities, learners should clarify the qualifications or continuous professional development they have achieved or intend to achieve and understand what effect this will have on their career aspirations. Learners should not overlook the social and personal skills that will make a positive contribution to their future employment. They should maximise opportunities to discuss their strengths and weaknesses with relevant people, eg their current employer, colleagues or course tutor.

Many learners will be aware of most of the range of career opportunities available, but discussion groups may help to clarify the thinking for those who are changing career or returning to a sector they have not worked in for some time. A clear understanding of the interview process, together with possible variations, will be valuable to the learner and role play will develop their skills (particularly in communication). The use of employers to support role play in mock interview situations will enhance these skills and learners' confidence.

In order to make a balanced judgement, learners must learn how to critically review their performance after each interview (whether simulated or real). They need to examine their personal, social and communication skills. The use of equipment to review these skills will help learners to highlight where improvements need to be made.

They must also be able to decide objectively whether or not a job offer will suit their needs and good preparation in the earlier phases of this unit will stand them in good stead at this stage. The final element is accepting or declining an offer, and again letter writing will be a useful skill. In extreme circumstances, simulations may be required to complete the process of selecting a job offer and confirming or declining offers made.

An imaginative collection of resource materials providing a range of information about different opportunities and current vacancies may again extend learners' initial ideas. These should include the media, for example newspapers, *the Financial Times*; *the Independent*, the internet, agencies and people, such as colleagues in the industry, tutors and contacts from previous employment.

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and assessment
Introduction to unit and content
Input on skills and behaviours, analysis, employability requirements and objectives
Research on websites
Talks from professional organisations
Group work
Research, visits and speakers
<b>Assignment 1: Skills Audit</b>
Input on careers and development plans
Case studies
Whole-class work and research
Speakers, career talks and conventions
<b>Assignment 2: Career Development Plan</b>
Input on interviews and techniques and applications for jobs/courses
Group work on interviews
Work on applications
<b>Assignment 3a: The Application</b>
<b>Assignment 3b: The Interview</b>
Reflection on the application and interview
Non-supervised individual study time and completion of assignments
Tutorial support for assignment evidence and feedback.

## Assessment

Learners should show creativity and originality in the way they present the evidence to support this unit. The unit is essentially practical and evidence should reflect a proactive approach to career development.

Evidence for this unit might include:

- a record of a professional discussion or presentation by the learner analysing their own potential in an appropriate vocational sector
- a structured career development plan highlighting short- and long-term goals
- examples of completed application forms relevant to the learner's career development plan
- witness statements/recording of a real or mock interview demonstrating the learner's interview skills.

To enable learners to complete sample applications, matching qualifications, skills and abilities to advertised job requirements, tutors should provide suitable job advertisements that reflect learners' interests.

### Programme of suggested assignments

The following table shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, P2, M1, D1	Skills Audit	You are planning your career, making the next step in your career and have found a job which you would like to apply for – assess whether you have the requisite skills.	Audit.
P3	Career Development Plan	You are planning your career and are thinking what your five year plan will be.	Development Plan.
P4, P5, M2, M3, D2	The Application	You are planning your career and applying for a job.	Application and CV.
P4, P5, M2, M3, D2	The Interview	You are at the interview.	Interview, report and reflection.

### Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Business sector suite. This unit has links with all the other units in this specification, particularly the *Learning from a Work Placement in Business* unit.

### Essential resources

Tutors should support learners' exploration of their own potential with appropriate checklists and discussion guides. Case study materials to provide examples of findings from previous learners will be useful.

The learning outcomes for this unit require learners to undertake primary research into different organisations. Research from sources such as career development opportunities with specific companies is essential. The internet might provide effective sources of current information, but learners should also make use of resources to contact companies directly, including telephone calls, emails and face-to-face contact.

Tutors must also ensure that examples are provided of career advertisements, sample application letters and blank application forms to enable learners to practise completing them. Case studies should also be provided that highlight specific issues relating to the development of application and interview skills.

For this unit learners should have access to a suitable business teaching environment with access to the internet to carry out research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information across a range of business types and sectors.

Learners can generate evidence from a work placement or work experience. Other learners may have access to information from family owned and run businesses.

## Employer engagement and vocational contexts

Centres should develop links with local businesses. Many businesses and chambers of commerce want to promote local business and are often willing to provide work placements, visit opportunities, information about businesses and the local business context and visiting speakers.

[www.businessbritainuk.co.uk](http://www.businessbritainuk.co.uk) – provides information about business in Britain and has extensive links to other business and business news sites.

[www.fsb.org.uk](http://www.fsb.org.uk) – The Federation of Small Businesses provides information, support and guidance about small businesses in the UK.

Many businesses provide information about themselves. For example, Unilever; found at: [www.unilever.co.uk](http://www.unilever.co.uk)

## Indicative reading for learners

### Textbooks

Bright J – *Brilliant CV: What employers want to see and how to say it* (Prentice Hall, 2005) ISBN 0273702114

Cornfield R – *Successful Interview Skills: How to present yourself with confidence* (Kogan Page Ltd, 2006) ISBN 0749445089

Jay R – *Brilliant Interview: What employers want to hear and how to say it* (Prentice Hall, 2005) ISBN 0273703560

Johnstone J – *Planning a Career Change: How to rethink your way to a better working life* (How to Books Ltd, 2006) ISBN 1845281004

Lees J – *How To Get a Job You'll Love: A practical guide to unlocking your talents and finding your ideal career* (McGraw Hill Publishing, 2006) ISBN 007711471X

Lees J – *Take Control of your Career* (McGraw Hill Publishing, 2005) ISBN 0077109678

Schein H E – *Career Anchors: Self assessment* (Pfeiffer Wiley, 2006) ISBN 0787984280

Williams L – *Readymade CVs: Sample CVs for every type of job* (Kogan Page Ltd, 2004) ISBN 0749442743

Yate J M – *Great Answers to Tough Interview Questions, 6th Edition* (Kogan Page Ltd, 2005) ISBN 0749443561

### Websites

Because of the potential impact on career development decisions, we do not recommend specific career development websites, which can change frequently. Tutors and learners should explore what is currently available and discuss different possibilities. It is important that final choices of sources used for support and guidance are personal.

Learners must ensure that they have thoroughly researched the websites of companies they plan to apply to.

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	investigating careers
<b>Creative thinkers</b>	generating ideas about career paths, interviews and skills for the workplace
<b>Reflective learners</b>	reflecting on the acquisition and development of skills
<b>Team workers</b>	working with others in teams
<b>Self-managers</b>	organising time and resources and prioritising actions, whether working on their own or in a group
<b>Effective participators</b>	taking part in group activities, working with colleagues, supervisors and managers.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	investigating careers
<b>Creative thinkers</b>	generating ideas about career paths, interviews and skills for the workplace
<b>Reflective learners</b>	reflecting on the acquisition and development of skills
<b>Team workers</b>	working with others in teams
<b>Self-managers</b>	organising time and resources and prioritising actions, whether working on their own or in a group
<b>Effective participators</b>	taking part in group activities, working with colleagues, supervisors and managers.

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching careers in business
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information
Manage information storage to enable efficient retrieval	
Follow and understand the need for safety and security practices	
Troubleshoot	
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	finding illustrative materials for presentations and tabulations creating diagrams, presentations and tabulations
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites for careers and interviews
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	bringing together a variety of materials gathered through research  preparing information to present to others
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in career progression
Identify the situation or problem and the mathematical methods needed to tackle it	
Select and apply a range of skills to find solutions	
Use appropriate checking procedures and evaluate their effectiveness at each stage	
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	<ul style="list-style-type: none"> <li>carrying out group work</li> <li>making presentations</li> <li>working in a team where appropriate</li> </ul>
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	<ul style="list-style-type: none"> <li>reading data about the task set collected from secondary sources</li> <li>selecting which data to use and which to reject</li> </ul>
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	<ul style="list-style-type: none"> <li>writing report on the findings of research</li> <li>writing analyses of findings</li> <li>using standard layouts to make recommendations eg interpolation</li> <li>justifying research methods.</li> </ul>

# Unit 10: Learning from a Work Placement in Business

<b>Unit code:</b>	<b>M/600/6180</b>
<b>Level 3:</b>	<b>BTEC National</b>
<b>Credit value:</b>	<b>10</b>
<b>Guided learning hours:</b>	<b>60</b>

## ● Aim and purpose

The aim of this unit is to provide a means by which learners can undertake a practical work placement and use the skills and experience gained, to provide evidence towards the successful completion of the unit.

## ● Unit introduction

This unit is intended for learners who wish to complement their studies, through practical vocational experience. This unit allows the learner to gain practical work experience and to reflect on this experience, as well as the skills and knowledge gained while in the workplace.

A minimum of five weeks' full-time (200 hours) work placement experience with an organisation is required for the successful completion of this unit.

Learners will use a learning log to record their experiences, keep records of meetings with supervisors and tutors, types of work undertaken, stakeholder needs encountered, and skills developed while on this placement.

They will also reflect on and evaluate their performance and progress.

## ● Learning outcomes

### **On completion of this unit a learner should:**

- 1 Know the placement organisation and the sector in which it operates
- 2 Be able to demonstrate workplace practice through a learning log
- 3 Be able to demonstrate employment skills and behaviours required in the workplace
- 4 Be able to present a review and evaluation of own personal effectiveness and contribution in the workplace.

# Unit content

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## 1 Know the placement organisation and the sector in which it operates

*Type of organisation:* public limited company (plc); private limited company (Ltd); partnership; local authority; charity; franchise

*Internal structure of organisation:* aims; role; policies and procedures of organisation; organisational charts; functional interdependence; staff organisation and roles; learner's role and place in structure

*Competitors:* names; links; national; EU; global

*Sector:* business, eg finance, banking, law, management, human resources, marketing

*Function:* type, scope and purpose of business; eg national, international, global; eg sales, services; profit, not for profit

## 2 Be able to demonstrate workplace practice through a learning log

*Learning log:* diary format, eg daily, half daily, hourly; detail, eg tasks, supervisors, location; signatures, eg mentor, supervisor, tutor; information, eg meetings, training; achievements; best and worst aspects; reflection; evaluation

*Structure of work programme:* induction; designated base in a functional area; rotating programme around the functional areas

*Work practice role setting:* work roles, eg administration, post, arranging meetings, producing manuals, research, ordering stationery, stock control, archiving; work shadowing

*Experiences:* eg reflection on interview, placement, organisation, full-time working; health and safety; teamwork; responsibilities of employment

*Information:* recording and reporting; methods and reasons for sharing information; confidentiality; storing mechanisms; secure storage

## 3 Be able to demonstrate employment skills and behaviours required in the workplace

*Skills and behaviour:* dress code, punctuality, reliability, discretion, working with others, teamwork, communication and interpersonal skills, business etiquette, respect for diversity; ask questions; improved confidence; reliability; learning to deal positively with feedback

*Evidence:* compile a reflective practice journal to supplement learning log, from, eg witness statements from mentor, supervisor, tutor, customers; learning log; completed work; feedback

#### **4 Be able to present a review and evaluation of own personal effectiveness and contribution in the workplace**

*Review and evaluate:* reflection; consideration of knowledge, understanding and skills prior to and after placement; monitoring of progress; value of workplace experiences to own personal and professional development; evaluation of the whole workplace experience

*Presentation:* report (formal or informal), verbal presentation

*Presentation skills:* PowerPoint presentation; cue cards; delivery skills; eye contact; room layout; delivery and content appropriate to audience; responses to audience questions

*Recommendations:* informing personal development plan; short-term, long-term

## Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
<b>P1</b> outline the structure of the placement organisation [IE]	<b>M1</b> explain the sector in which the placement organisation operates	<b>D1</b> evaluate of your own development as a result of the work placement.
<b>P2</b> describe the function of the placement organisation [RL]		
<b>P3</b> demonstrate own workplace practice through a Learning Log [SM, CT, TW]	<b>M2</b> explain how the development of workplace knowledge, understanding and experience can improve future working practice	
<b>P4</b> demonstrate employment skills and behaviours acquired during work placement [EP, TW]		
<b>P5</b> present a reflection on own contribution and effectiveness during the work placement.	<b>M3</b> explain how the development of employment skills and behaviours improved your own personal contribution and effectiveness in the workplace.	

**PLTS:** This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

Key	IE – independent enquirers CT – creative thinkers	RL – reflective learners TW – team workers	SM – self-managers EP – effective participators
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# Essential guidance for tutors

## Delivery

A minimum of 200 hours of work experience is required for the successful completion of this unit. It is not suitable for this unit to be supported merely by Saturday, or part-time jobs or placements. The work needs to be a full-time (40 hours per week) block placement, which should be either a continuous five-week block, or two consecutive periods with different employers of two and three weeks.

Learners are advised to consider a broad range of experiences, if available. For example, one placement with a rotating role around the different functional areas of the organisation, or a maximum of two placements with different employers. This will enhance the evidence they are able to present for this unit and across the programme for those assessment criteria that require application to, and information from, business organisations.

Prior to the placement, the centre must liaise with the employer and ensure that health and safety requirements and insurance are in place and appropriate. Centres should also ensure that they are satisfied with the organised programme of the placement and that the following are in place – an induction, set programme of role(s) for the learner, together with the appointment of a mentor who will have twice-weekly meetings with the learner.

The centre must also ensure that a tutor visits the learner on at least two occasions during the placement to discuss and review progress with both the learner and the mentor and to address any concerns or problems that may arise.

Learners require supported time to plan, review and evaluate their work experience placements, and should be encouraged to be reflective throughout the whole process. It may well be that a centre will split the unit time into two, and deliver half prior to the placements, introducing the unit to the group, and then half after the placement in preparation for completion of the evidence and the presentation. Learners will also need encouragement to collect a variety of evidence as they progress through their work experience. This could include, observations or witness statements from colleagues, supervisors or mentors, or even from customers, or completed work (where confidentiality is not an issue).

## Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and assessment
Introduction to unit and programme
Group discussions on employers, structures, functions and sectors
Induction and tour or visit to businesses
Researching – whole group – sectors of workplace employers
<b>Assignment 1: Induction Leaflet</b>
Structure of work programme to be undertaken
Tutorial support from work placement tutor
Whole-class work on learning logs, what to include, how to complete etc
Discussions on importance and purpose of keeping regular meetings with mentor

## Topic and suggested assignments/activities and assessment

Discussions on importance and purpose of keeping regular meetings with tutor

Group discussions on employment skills and behaviours

How to keep a reflective practice journal

Meetings with mentor

### **Assignment 2: Learning Log**

### **Assignment 3: Reflective Practice Log**

### **Assignment 4: Presentation**

Reflection after return from placement

Non-supervised individual study time and completion of assignments

Tutorial support for assignment evidence and feedback.

## Assessment

Evidence for this unit will be generated solely from the work experience placement, and the learner's reflection of the development of their own knowledge, understanding and skills.

Assessment for learners should be supported by detailed work placement reports, witness testimonies and where appropriate observations. Tutors should seek opportunities to observe learners at their placements wherever possible.

For P1, learners will need to outline the structure of the placement organisation. This means that the chosen organisation needs to be of sufficient size and complexity, to have different functional departments.

For P2, learners will need to describe the function of the placement organisation – this means the type, scope and purpose of the business.

For P3, learners need to include a learning log which demonstrates their workplace practice. This must include evidence of what happened in the workplace, eg recording of teams/sections worked in, meetings, work tasked and completed and observations. As the unit requires 200 hours of work experience, the evidence presented should reflect a broad range of practices.

For P4, learners need to provide a reflective practice journal to monitor their development of skills and behaviours in the workplace. It is envisaged that this will include copies of completed tasks undertaken on placement, which demonstrate skills acquired and developed, eg agendas prepared for meetings, minutes taken, reports completed.

For P5, the learner will make a presentation which describes their contribution and effectiveness in the work placement and the organisation. It would be useful to have both the mentor and the tutor in the audience

For M1, the description from P1 and P2 will be developed to include a deeper understanding and explanation of the sector within which the organisation operates, to include competitor organisations.

For M2, evidence from P3 will be developed and linked with understanding shown by the use of appropriate examples.

For M3, evidence from P4 and P5 will be developed, linked and applied using pertinent examples.

For DI, there must be an individual and objective evaluation developed and presented to an appropriate audience.

## Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Pearson assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, P2, M1, D1	Workplace Organisation	Prepare a leaflet on your workplace organisation – suitable for induction information to include sector, functions and structure.	Leaflet.
P3, M2, D1	Learning Log	Log of work undertaken on placement.	Learning log.
P4, M3	Reflective Practice Journal/Presentation	Reflection on skills acquired and developed.	Reflective practice journal.
P5	Presentation	Reflect on skills acquired and developments still needed.	Presentation.

## Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

The unit links with all other units in this specification and particularly to the *Preparing for Career Progression in Business* unit.

## Essential resources

For this unit learners should have access to a suitable teaching environment with access to the internet for research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information.

Learners can generate evidence from a work placement or from work experience.

## Employer engagement and vocational contexts

Centres should develop links with local businesses. Many businesses and chambers of commerce want to promote local business and are often willing to provide work placements, information about businesses and the local business context, visiting speakers and allow learners to visit. Links should also be made with Connexions, career advisers and the professions.

## Indicative reading for learners

### Textbooks

Avery C, Walker M and O'Toole Murphy E – *Teamwork is an Individual Skill: Getting your work done when sharing responsibility* (Berett-Koehler, 2001) ISBN 1 57675 1554

Evans K, Unwin L, Rainbird H and Hodkinson P – *Improving Workplace Learning* (Routledge, New Edition, 2006) ISBN 0415371201

Muro A, Rainbird H and Hodkinson P – *Workplace Learning in Context* (Routledge, 2004) ISBN 0415316316

## Journals

*Business Review Magazine* (Phillip Allan Publishers – see [www.philipallan.co.uk](http://www.philipallan.co.uk))

*The Economist* and quality newspapers, especially the business sections.

## Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
<b>Independent enquirers</b>	investigating the placement organisation
<b>Creative thinkers</b>	generating ideas about appearance and skills for the workplace
<b>Reflective learners</b>	reflecting on the placement and the acquisition and development of skills
<b>Team workers</b>	working with others in teams
<b>Self-managers</b>	organising time and resources and prioritising actions, whether working on their own or in a group
<b>Effective participators</b>	taking part in group activities and working with colleagues, supervisors and managers.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
<b>Independent enquirers</b>	planning and carrying out research into the placement organisation
<b>Creative thinkers</b>	considering the uses of skills in the workplace
<b>Reflective learners</b>	setting goals with success criteria for research, inviting feedback on their own work and dealing positively with praise, setbacks and criticism evaluating their experiences from the work place and learning to inform future progress
<b>Team workers</b>	working in a team in the workplace taking responsibility for their own role in the workplace managing activities to reach agreements and achieve results
<b>Self-managers</b>	seeking out challenges or new responsibilities and showing flexibility dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed.

## ● Functional Skills – Level 2

Skill	When learners are ...
<b>ICT – Use ICT systems</b>	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching the placement organisation
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information in the workplace
Manage information storage to enable efficient retrieval	
Follow and understand the need for safety and security practices	
Troubleshoot	
<b>ICT – Find and select information</b>	
Select and use a variety of sources of information independently for a complex task	finding illustrative materials for presentations and tabulations creating diagrams, presentations and tabulations in the workplace
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites for the workplace
<b>ICT – Develop, present and communicate information</b>	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> <li>• text and tables</li> <li>• images</li> <li>• numbers</li> <li>• records</li> </ul>	bringing together a variety of materials gathered through research preparing information to present to others
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other members of a team

Skill	When learners are ...
<b>Mathematics</b>	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in the workplace
Identify the situation or problem and the mathematical methods needed to tackle it	
Select and apply a range of skills to find solutions	
Use appropriate checking procedures and evaluate their effectiveness at each stage	
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	
Draw conclusions and provide mathematical justifications	
<b>English</b>	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	doing group work, working with others and making presentations in the workplace
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	reading to obtain data to facilitate the making of comparisons in the workplace
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	writing materials to provide information for the workplace.

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## Further information

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For further information please call Customer Services on 020 7010 2188 (calls may be recorded for training purposes) or email [TeachingBusiness@pearson.com](mailto:TeachingBusiness@pearson.com).

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## Useful publications

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Further copies of this document and related publications can be obtained by contacting us:

Telephone: 0845 172 0205

Email: [publication.orders@linney.com](mailto:publication.orders@linney.com)

Related information and publications include:

- Functional Skills publications – specifications, tutor support materials and question papers
- the current Pearson publications catalogue and update catalogue.

Pearson publications concerning the Quality Assurance System and the internal and external verification of vocationally related programmes can be found on the Pearson website and in the Pearson publications catalogue.

NB: Most of our publications are priced. There is also a charge for postage and packing. Please check the cost when you order.

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## ● How to obtain National Occupational Standards

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Financial Services Skills Council (FSSC)

51 Gresham Street

London EC2V 7HQ

Telephone: 0845 257 3772

Website: [www.fssc.org.uk](http://www.fssc.org.uk)

# Professional development and training

Pearson supports UK and international customers with training related to BTEC qualifications. This support is available through a choice of training options offered in our published training directory or through customised training at your centre.

The support we offer focuses on a range of issues including:

- planning for the delivery of a new programme
- planning for assessment and grading
- developing effective assignments
- building your team and teamwork skills
- developing student-centred learning and teaching approaches
- building Functional Skills into your programme
- building in effective and efficient quality assurance systems.

The national programme of training we offer can be viewed on our website ([www.pearson.com/training](http://www.pearson.com/training)). You can request customised training through the website or by contacting one of our advisers in the Training from Pearson UK to discuss your training needs.

The training we provide:

- is active – ideas are developed and applied
- is designed to be supportive and thought provoking
- builds on best practice.

Our training is underpinned by the LLUK standards for those preparing to teach and for those seeking evidence for their continuing professional development.

# Annexe A

## The Pearson BTEC qualification framework for the business sector

Progression opportunities within the framework.

Level	General qualifications	BTEC full vocationally-related qualifications	BTEC Short Courses	NVQ/occupational
7			BTEC Advanced Professional Award/ Certificate/Diploma in Management Studies	
6				
5		BTEC Higher Nationals in Business	BTEC Professional Award/Certificate/ Diploma in Management Studies	
4				NVQ in Business and Administration
3	GCE in Applied Business GCE in Business Principal Learning in Business Administration and Finance	BTEC Certificate and Subsidiary Diploma in Personal and Business Finance	BTEC Award/Certificate in Management; BTEC Award in Introducing Management BTEC Award in Customer Service	NVQ in Business and Administration
2	GCSE in Business GCSE in Applied Business Principal Learning in Business Administration and Finance	BTEC Certificate, Extended Certificate and Diploma in Business	BTEC Award in Introduction to Team Leading BTEC Award in Team Leading	NVQ in Business and Administration
1	Principal Learning in Business Administration and Finance	BTEC Introductory Certificate and Diploma in Business, Retail and Administration	BTEC Award in Customer Service	NVQ in Business and Administration



# Annexe B

## Grading domains: BTEC Level 3 generic grading domains

Grading domain 1	Indicative characteristics – merit	Indicative characteristics – distinction
<p><b>Application of knowledge and understanding</b></p> <p>(Learning outcome stem <i>understand</i> or <i>know</i>)</p>	<ul style="list-style-type: none"> <li>Shows depth of knowledge and development of understanding in familiar and unfamiliar situations (for example explain why, makes judgements based on analysis).</li> <li>Applies and/or selects concepts showing comprehension of often complex theories.</li> <li>Applies knowledge in often familiar and unfamiliar contexts.</li> <li>Applies knowledge to non-routine contexts (eg assessor selection).</li> <li>Makes reasoned analytical judgements.</li> <li>Shows relationships between pass criteria.</li> </ul>	<ul style="list-style-type: none"> <li>Synthesises knowledge and understanding across pass/merit criteria.</li> <li>Evaluates complex concepts/ideas/ actions and makes reasoned and confident judgements.</li> <li>Uses analysis, research and evaluation to make recommendations and influence proposals.</li> <li>Analyses implications of application of knowledge/understanding.</li> <li>Accesses and evaluates knowledge and understanding to advance complex activities/contextes.</li> <li>Shows relationships with p/m criteria.</li> <li>Responds positively to evaluation.</li> </ul>
Grading domain 2	Indicative characteristics – merit	Indicative characteristics – distinction
<p><b>Development of practical and technical skills</b></p> <p>(Learning outcome stem <i>be able to</i>)</p>	<ul style="list-style-type: none"> <li>Deploys appropriate advanced techniques/processes/skills.</li> <li>Applies technical skill to advance non-routine activities.</li> <li>Advances practical activities within resource constraints.</li> <li>Produces varied solutions (including non-routine).</li> <li>Modifies techniques/processes to situations.</li> <li>Shows relationship between p criteria.</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrates creativity/originality/ own ideas.</li> <li>Applies skill(s) to achieve higher order outcome.</li> <li>Selects and uses successfully from a range of advanced techniques/ processes/skills.</li> <li>Reflects on skill acquisition and application.</li> <li>Justifies application of skills/methods.</li> <li>Makes judgements about risks and limitations of techniques/processes.</li> <li>Innovates or generates new techniques/processes for new situations.</li> <li>Shows relationship with p and m criteria.</li> </ul>

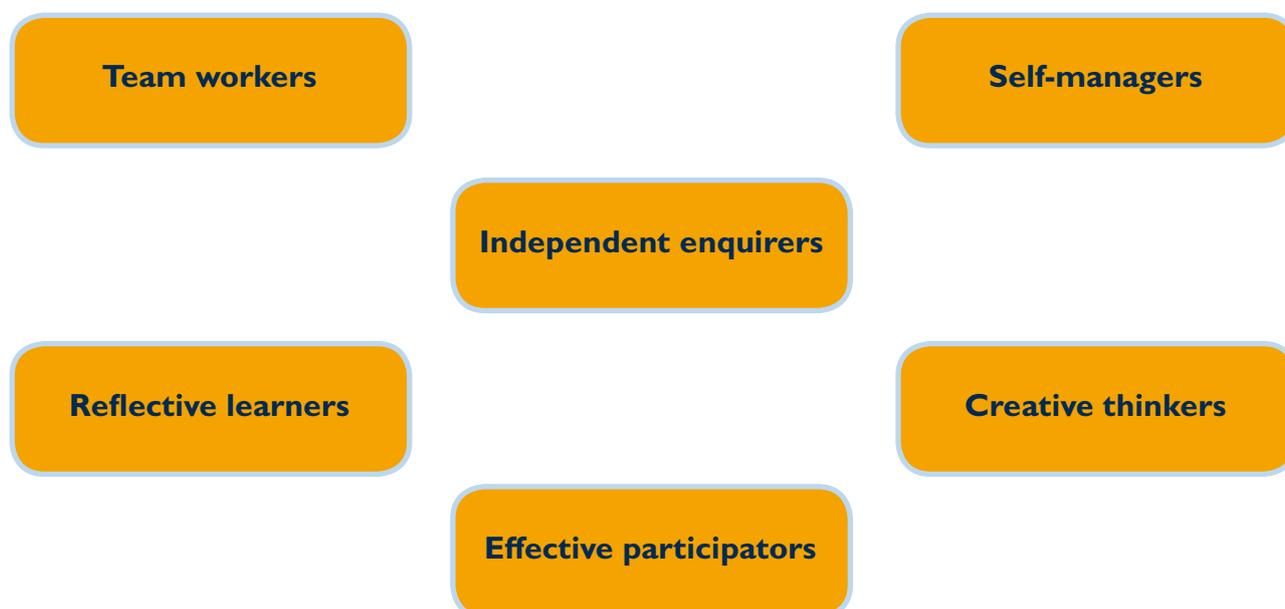
Grading domain 3	Indicative characteristics – merit	Indicative characteristics – distinction
<p><b>Personal development for occupational roles</b></p> <p>(Any learning outcome stem)</p>	<ul style="list-style-type: none"> <li>• Takes responsibility in planning and undertaking activities.</li> <li>• Reviews own development needs.</li> <li>• Finds and uses relevant information sources.</li> <li>• Acts within a given work-related context showing understanding of responsibilities.</li> <li>• Identifies responsibilities of employers to the community and the environment.</li> <li>• Applies qualities related to the vocational sector.</li> <li>• Internalises skills/attributes (creating confidence).</li> </ul>	<ul style="list-style-type: none"> <li>• Manages self to achieve outcomes successfully.</li> <li>• Plans for own learning and development through the activities.</li> <li>• Analyses and manipulates information to draw conclusions.</li> <li>• Applies initiative appropriately.</li> <li>• Assesses how different work-related contexts or constraints would change performance.</li> <li>• Reacts positively to changing work-related contexts</li> <li>• Operates ethically in work-related environments.</li> <li>• Takes decisions related to work contexts.</li> <li>• Applies divergent and lateral thinking in work-related contexts.</li> <li>• Understands interdependence.</li> </ul>
Grading domain 4	Indicative characteristics – merit	Indicative characteristics – distinction
<p><b>Application of generic skills</b></p> <p>(Any learning outcome stem)</p>	<ul style="list-style-type: none"> <li>• Communicates effectively using appropriate behavioural and language registers.</li> <li>• Communicates with clarity and influence.</li> <li>• Makes judgements in contexts with explanations.</li> <li>• Explains how to contribute within a team.</li> <li>• Demonstrates positive contribution to team(s).</li> <li>• Makes adjustments to meet the needs/expectations of others (negotiation skills).</li> <li>• Selects and justifies solutions for specified problems.</li> </ul>	<ul style="list-style-type: none"> <li>• Presents self and communicates information to meet the needs of a variety of audience.</li> <li>• Identifies strategies for communication.</li> <li>• Shows innovative approaches to dealing with individuals and groups.</li> <li>• Takes decisions in contexts with justifications.</li> <li>• Produces outputs subject to time/resource constraints.</li> <li>• Reflects on own contribution to working within a team.</li> <li>• Generates new or alternative solutions to specified problems.</li> <li>• Explores entrepreneurial attributes.</li> </ul>

# Annexe C

## Personal, learning and thinking skills

### A FRAMEWORK OF PERSONAL, LEARNING AND THINKING SKILLS 11–19 IN ENGLAND

The framework comprises six groups of skills that, together with the Functional Skills of English, mathematics and ICT, are essential to success in learning, life and work. In essence the framework captures the essential skills of: managing self; managing relationships with others; and managing own learning, performance and work. It is these skills that will enable young people to enter work and adult life confident and capable.



The titles of the six groups of skills are set out below.

For each group there is a focus statement that sums up the range of skills. This is followed by a set of outcome statements that are indicative of the skills, behaviours and personal qualities associated with each group.

Each group is distinctive and coherent. The groups are also inter-connected. Young people are likely to encounter skills from several groups in any one learning experience. For example an independent enquirer would set goals for their research with clear success criteria (reflective learner) and organise and manage their time and resources effectively to achieve these (self-manager). In order to acquire and develop fundamental concepts such as organising oneself, managing change, taking responsibility and perseverance, learners will need to apply skills from all six groups in a wide range of learning contexts 11–19.

## The Skills

### Independent enquirers

**Focus:**

Young people process and evaluate information in their investigations, planning what to do and how to go about it. They take informed and well-reasoned decisions, recognising that others have different beliefs and attitudes.

**Young people:**

- identify questions to answer and problems to resolve
- plan and carry out research, appreciating the consequences of decisions
- explore issues, events or problems from different perspectives
- analyse and evaluate information, judging its relevance and value
- consider the influence of circumstances, beliefs and feelings on decisions and events
- support conclusions, using reasoned arguments and evidence.

### Creative thinkers

**Focus:**

Young people think creatively by generating and exploring ideas, making original connections. They try different ways to tackle a problem, working with others to find imaginative solutions and outcomes that are of value.

**Young people:**

- generate ideas and explore possibilities
- ask questions to extend their thinking
- connect their own and others' ideas and experiences in inventive ways
- question their own and others' assumptions
- try out alternatives or new solutions and follow ideas through
- adapt ideas as circumstances change.

### Reflective learners

**Focus:**

Young people evaluate their strengths and limitations, setting themselves realistic goals with criteria for success. They monitor their own performance and progress, inviting feedback from others and making changes to further their learning.

**Young people:**

- assess themselves and others, identifying opportunities and achievements
- set goals with success criteria for their development and work
- review progress, acting on the outcomes
- invite feedback and deal positively with praise, setbacks and criticism
- evaluate experiences and learning to inform future progress
- communicate their learning in relevant ways for different audiences.

## Team workers

### Focus:

Young people work confidently with others, adapting to different contexts and taking responsibility for their own part. They listen to and take account of different views. They form collaborative relationships, resolving issues to reach agreed outcomes.

### Young people:

- collaborate with others to work towards common goals
- reach agreements, managing discussions to achieve results
- adapt behaviour to suit different roles and situations, including leadership role
- show fairness and consideration to others
- take responsibility, showing confidence in themselves and their contribution
- provide constructive support and feedback to others.

## Self-managers

### Focus:

Young people organise themselves, showing personal responsibility, initiative, creativity and enterprise with a commitment to learning and self-improvement. They actively embrace change, responding positively to new priorities, coping with challenges and looking for opportunities.

### Young people:

- seek out challenges or new responsibilities and show flexibility when priorities change
- work towards goals, showing initiative, commitment and perseverance
- organise time and resources, prioritising actions
- anticipate, take and manage risks
- deal with competing pressures, including personal and work-related demands
- respond positively to change, seeking advice and support when needed
- manage their emotions, and build and maintain relationships.

## Effective participators

### Focus:

Young people actively engage with issues that affect them and those around them. They play a full part in the life of their school, college, workplace or wider community by taking responsible action to bring improvements for others as well as themselves.

### Young people:

- discuss issues of concern, seeking resolution where needed
- present a persuasive case for action
- propose practical ways forward, breaking these down into manageable steps
- identify improvements that would benefit others as well as themselves
- try to influence others, negotiating and balancing diverse views to reach workable solutions
- act as an advocate for views and beliefs that may differ from their own.

## PLTS performance indicator (suggested recording sheet)

Name:	Date:				
	Level of success 1 = low, 5 = high				
<b>Independent enquirers</b>					
Identify questions to answer and problems to resolve	1	2	3	4	5
Plan and carry out research, appreciating the consequences of decisions	1	2	3	4	5
Explore issues, events or problems from different perspectives	1	2	3	4	5
Analyse and evaluate information, judging its relevance and value	1	2	3	4	5
Consider the influence of circumstances, beliefs and feelings on decisions and events	1	2	3	4	5
Support conclusions, using reasoned arguments and evidence	1	2	3	4	5
<b>Creative thinkers</b>					
Generate ideas and explore possibilities	1	2	3	4	5
Ask questions to extend their thinking	1	2	3	4	5
Connect their own and others' ideas and experiences in inventive ways	1	2	3	4	5
Question their own and others' assumptions	1	2	3	4	5
Try out alternatives or new solutions and follow ideas through	1	2	3	4	5
Adapt ideas as circumstances change	1	2	3	4	5
<b>Reflective learners</b>					
Assess themselves and others, identifying opportunities and achievements	1	2	3	4	5
Set goals with success criteria for their development and work	1	2	3	4	5
Review progress, acting on the outcomes	1	2	3	4	5
Invite feedback and deal positively with praise, setbacks and criticism	1	2	3	4	5
Evaluate experiences and learning to inform future progress	1	2	3	4	5
Communicate their learning in relevant ways for different audiences	1	2	3	4	5

Team workers					
Collaborate with others to work towards common goals	1	2	3	4	5
Reach agreements, managing discussions to achieve results	1	2	3	4	5
Adapt behaviour to suit different roles and situations, including leadership roles	1	2	3	4	5
Show fairness and consideration to others	1	2	3	4	5
Take responsibility, showing confidence in themselves and their contribution	1	2	3	4	5
Provide constructive support and feedback to others	1	2	3	4	5
Self-managers					
Seek out challenges or new responsibilities and show flexibility when priorities change	1	2	3	4	5
Work towards goals, showing initiative, commitment and perseverance	1	2	3	4	5
Organise time and resources, prioritising actions	1	2	3	4	5
Anticipate, take and manage risks	1	2	3	4	5
Deal with competing pressures, including personal and work-related demands	1	2	3	4	5
Respond positively to change, seeking advice and support when needed	1	2	3	4	5
Manage their emotions, and build and maintain relationships.	1	2	3	4	5
Effective participators					
Discuss issues of concern, seeking resolution where needed	1	2	3	4	5
Present a persuasive case for action	1	2	3	4	5
Propose practical ways forward, breaking these down into manageable steps	1	2	3	4	5
Identify improvements that would benefit others as well as themselves	1	2	3	4	5
Try to influence others, negotiating and balancing diverse views to reach workable solutions	1	2	3	4	5
Act as an advocate for views and beliefs that may differ from their own	1	2	3	4	5

**Note to learner:** The circled number represents an indication of your PLTS performance so far.

**Note to tutor:** Indicate the level of success by circling the appropriate number during your feedback with the learner.

## Summary of the PLTS coverage throughout the programme

Personal, learning and thinking skills	Unit										
	1	2	3	4	5	6	7	8	9	10	
Independent enquirers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	☉
Creative thinkers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	☉
Reflective learners	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	☉
Team workers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	☉
Self-managers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	☉
Effective participators	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
✓ – opportunities for development											

# Annexe D

## Wider curriculum mapping

- Study of the Pearson BTEC Level 3 Nationals in Personal and Business Finance gives learners opportunities to develop an understanding of spiritual, moral, ethical, social and cultural issues as well as an awareness of citizenship and environmental issues, European developments, health and safety considerations and equal opportunities issues.

The Pearson BTEC Level 3 Nationals in Personal and Business Finance makes a positive contribution to wider curricular areas as appropriate.

## Spiritual, moral, ethical, social and cultural issues

The qualification contributes to an understanding of:

- spiritual issues – in *Unit 4: Financial Services, Regulation, Ethics and Trends*, where the moral and ethical issues relating to regulation in the financial services sector are considered
- social and cultural issues – for example in *Unit 1: Financial Services for Individuals* where the financial services and products provided by banks and non-banks to individuals are discussed.
- Citizenship issues
- Learners undertaking the Pearson BTEC Level 3 Nationals in Personal and Business Finance will have the opportunity to develop their understanding of citizenship issues, for example aspects of finance for individuals in *Unit 1: Financial Services for Individuals* and for businesses in *Unit 2: Financial Services to Support Business*.

## Environmental issues

Learners undertaking the Pearson BTEC Level 3 Nationals in Personal and Business Finance will have the opportunity to develop their understanding of environmental issues for example in *Unit 5: Finance in the National Economy*.

## European developments

Much of the content of the Pearson BTEC Level 3 Nationals in Personal and Business Finance applies throughout Europe even though delivery is in a UK context.

## Health and safety considerations

The Pearson BTEC Level 3 Nationals in Personal and Business Finance are practically based and health and safety issues are encountered throughout the units.

## Equal opportunities issues

Equal opportunities issues are implicit throughout the Pearson BTEC Level 3 Nationals in Personal and Business Finance.

## Wider curriculum mapping

### Level 3

	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit 7	Unit 8	Unit 9	Unit 10
Spiritual	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Moral and ethical	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social and cultural	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Citizenship issues	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Environmental issues	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
European developments	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Health and safety considerations	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Equal opportunities issues	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

# Annexe E

## National Occupational Standards/mapping with NVQs

The grid below maps the knowledge covered in the Pearson BTEC Level 3 Certificate and Subsidiary Diploma in Personal and Business Finance against the underpinning knowledge of Level 3 NOS in Accounting, from the FSSC National Occupational Standards.

### KEY

- ✓ indicates that the BTEC National covers all of the underpinning knowledge of the NVQ unit
- × indicates partial coverage of the NVQ unit
- a blank space indicates no coverage of the underpinning knowledge

NOS	Units									
	1	2	3	4	5	6	7	8	9	10
Level 3 NOS in Accounting										
PS1				×						
PS2		×								
FA1		×								
FA2		×								
FA3		×								
FA4		×						×		
FA5			×							
MA1			×							
MA2			×							
MA3			×					×		



# Annexe F

## Unit mapping overview

BTEC National in Personal and Business Finance legacy (specification end date 31/08/2010)/new versions of the BTEC National qualifications in Personal and Business Finance (specification start date 01/09/2010) – the BTEC Level 3 Certificate in Personal and Business Finance and BTEC Level 3 Subsidiary Diploma in Personal and Business Finance.

New units \ Old units	Old units									
	Unit 1	Unit 2	Unit 3	Unit 4	Unit 5	Unit 6	Unit 7	Unit 8	Unit 9	Unit 10
Unit 1	F									
Unit 2		F								
Unit 3			F							
Unit 4				F						
Unit 5					F					
Unit 6						F				
Unit 7							P			
Unit 8								F		
Unit 9									F	
Unit 10										F

### KEY

P – Partial mapping (some topics from the old unit appear in the new unit)

F – Full mapping (topics in old unit match new unit exactly or almost exactly)

X – Full mapping + new (all the topics from the old unit appear in the new unit, but new unit also contains new topic(s))

## Unit mapping in depth

BTEC National in Personal and Business Finance legacy (specification end date 31/08/2010)/new versions of the BTEC National qualifications in Personal and Business Finance (specification start date 01/09/2010) – the BTEC Level 3 Certificate in Personal and Business Finance and BTEC Level 3 Subsidiary Diploma in Personal and Business Finance.

New units		Old units		Mapping/ comments (new topics in italics)
Number	Name	Number	Name	
<b>Unit 1</b>	Financial Services for Individuals	<b>Unit 1</b>	Financial Services for Individuals	Updated old unit
<b>Unit 2</b>	Business Financial Performance	<b>Unit 2</b>	Business Financial Performance	Updated old unit
<b>Unit 3</b>	Financial Services to Support Business	<b>Unit 3</b>	Financial Services to Support Business	Updated old unit
<b>Unit 4</b>	Financial Services Regulation, Ethics and Trends	<b>Unit 4</b>	Financial Services Regulation, Ethics and Trends	Updated old unit
<b>Unit 5</b>	Finance in the National Economy	<b>Unit 5</b>	Finance in the National Economy	Updated old unit
<b>Unit 6</b>	Finance in the Global Economy	<b>Unit 6</b>	Finance in the Global Economy	Updated old unit
<b>Unit 7</b>	The Business Environment	<b>Unit 7</b>	Exploring Business Activity	Some new material
<b>Unit 8</b>	Computer Applications for Financial Management	<b>Unit 8</b>	Exploring Computer Applications for Financial Management	Updated old unit
<b>Unit 9</b>	Preparing for Career Progression in Business	<b>Unit 9</b>	Preparing for Employment	Updated old unit
<b>Unit 10</b>	Learning from a Work Placement in Business	<b>Unit 10</b>	Learning from Employment	Updated old unit

# Annexe G

## Examples of calculation of qualification grade above pass grade

Pearson will automatically calculate the qualification grade for your learners when your learner unit grades are submitted.

The generic examples below demonstrate how the qualification grade above pass is calculated using the following two tables which are also shown in the section earlier in the specification *Calculation of the qualification grades above pass grade*.

## Points available for credits achieved at different levels and unit grades

The table below shows the **number of points scored per credit** at the unit level and grade.

Unit level	Points per credit		
	Pass	Merit	Distinction
Level 2	5	6	7
<b>Level 3</b>	<b>7</b>	<b>8</b>	<b>9</b>
Level 4	9	10	11

Learners who achieve the correct number of points within the ranges shown in the 'qualification grade' table below will achieve the qualification merit, distinction or distinction\* grades (or combinations of these grades appropriate to the qualification).

### Qualification grade

#### BTEC Level 3 Certificate

Points range above pass grade	Grade	
230-249	Merit	M
250-259	Distinction	D
260 and above	Distinction*	D*

#### BTEC Level 3 Subsidiary Diploma

Points range above pass grade	Grade	
460-499	Merit	M
500-519	Distinction	D
520 and above	Distinction*	D*

## BTEC Level 3 Diploma

Points range above pass grade	Grade
880-919	MP
920-959	MM
960-999	DM
1000-1029	DD
1030-1059	DD*
1060 and above	D*D*

## BTEC Level 3 Extended Diploma

Points range above pass grade	Grade
1300-1339	MPP
1340-1379	MMP
1380-1419	MMM
1420-1459	DMM
1460-1499	DDM
1500-1529	DDD
1530-1559	DDD*
1560-1589	DD*D*
1590 and above	D*D*D*

### Example 1

#### Achievement of pass qualification grade

A learner completing a 30-credit Pearson BTEC Level 3 Certificate **does not** achieve the points required to gain a merit qualification grade.

	Level	Credit	Grade	Grade points	Points per unit = credit x grade
Unit 1	3	10	Pass	7	$10 \times 7 = 70$
Unit 2	3	10	Pass	7	$10 \times 7 = 70$
Unit 3	3	10	Merit	8	$10 \times 8 = 80$
<b>Qualification grade totals</b>		<b>30</b>	<b>Pass</b>		<b>220</b>

## Example 2

### Achievement of merit qualification grade

A learner completing a 30-credit Pearson BTEC Level 3 Certificate achieves the points required to gain a merit qualification grade.

	Level	Credit	Grade	Grade points	Points per unit = credit x grade
Unit 1	3	10	Pass	7	$10 \times 7 = 70$
Unit 2	3	10	Merit	8	$10 \times 8 = 80$
Unit 3	3	10	Merit	8	$10 \times 8 = 80$
<b>Qualification grade totals</b>			<b>Merit</b>		<b>230</b>

## Example 3

### Achievement of distinction qualification grade

A learner completing a 60-credit Pearson BTEC Level 3 Subsidiary Diploma achieves the points required to gain a distinction qualification grade.

	Level	Credit	Grade	Grade points	Points per unit = credit x grade
Unit 1	3	10	Merit	8	$10 \times 8 = 80$
Unit 2	3	10	Distinction	9	$10 \times 9 = 90$
Unit 3	3	10	Distinction	9	$10 \times 9 = 90$
Unit 5	3	10	Merit	8	$10 \times 8 = 80$
Unit 6	2	10	Distinction	7	$10 \times 7 = 70$
Unit 11	3	10	Distinction	9	$10 \times 9 = 90$
<b>Qualification grade totals</b>		<b>60</b>	<b>Distinction</b>		<b>500</b>

#### Example 4

##### Achievement of distinction merit qualification grade

A learner completing a 120-credit Pearson BTEC Level 3 Diploma achieves the points required to gain a distinction merit qualification grade.

	Level	Credit	Grade	Grade points	Points per unit = credit x grade
Unit 1	3	10	Merit	8	$10 \times 8 = 80$
Unit 2	3	10	Distinction	9	$10 \times 9 = 90$
Unit 3	3	10	Distinction	9	$10 \times 9 = 90$
Unit 4	3	10	Merit	8	$10 \times 8 = 80$
Unit 5	3	10	Merit	8	$10 \times 8 = 80$
Unit 6	2	10	Distinction	7	$10 \times 7 = 70$
Unit 11	3	10	Distinction	9	$10 \times 9 = 90$
Unit 15	4	10	Merit	10	$10 \times 10 = 100$
Unit 17	3	10	Pass	7	$10 \times 7 = 70$
Unit 18	3	10	Pass	7	$10 \times 7 = 70$
Unit 25	3	20	Merit	8	$20 \times 8 = 160$
<b>Qualification grade totals</b>		<b>120</b>	<b>Distinction Merit</b>		<b>980</b>

## Example 5

### Achievement of merit merit merit qualification grade

A learner completing a 180-credit Pearson BTEC Level 3 Extended Diploma achieves the points required to gain a merit merit merit qualification grade.

	Level	Credit	Grade	Grade points	Points per unit = credit x grade
Unit 1	3	10	Merit	8	$10 \times 8 = 80$
Unit 2	3	10	Pass	7	$10 \times 7 = 70$
Unit 3	3	10	Distinction	9	$10 \times 9 = 90$
Unit 4	3	10	Merit	8	$10 \times 8 = 80$
Unit 5	3	10	Pass	7	$10 \times 7 = 70$
Unit 6	2	10	Distinction	7	$10 \times 7 = 70$
Unit 11	3	10	Distinction	9	$10 \times 9 = 90$
Unit 12	3	10	Merit	8	$10 \times 8 = 80$
Unit 15	4	10	Pass	9	$10 \times 9 = 90$
Unit 17	3	10	Pass	7	$10 \times 7 = 70$
Unit 18	3	10	Pass	7	$10 \times 7 = 70$
Unit 20	3	10	Pass	7	$10 \times 7 = 70$
Unit 22	3	10	Merit	8	$10 \times 8 = 80$
Unit 25	3	20	Pass	7	$20 \times 7 = 140$
Unit 35	3	10	Distinction	9	$10 \times 9 = 90$
Unit 36	3	10	Merit	8	$10 \times 8 = 80$
Unit 38	3	10	Distinction	9	$10 \times 9 = 90$
<b>Qualification grade totals</b>		<b>180</b>	<b>Merit Merit Merit</b>		<b>1410</b>

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