

Level 4 Award in Business Finance and Banking Operations



International
Qualifications from EDI

Syllabus

Effective from 1 January 2012

INTRODUCTION

Educational Development International (EDI) is a leading international awarding body that was formed through the merger of the London Chamber of Commerce and Industry Examinations Board (LCCIEB) and a leading online assessment provider GOAL. EDI now delivers EDI and LCCI International Qualifications (LCCI IQs) through a network of over 5000 registered centres in more than 120 countries worldwide. Our range of business-related qualifications are trusted and valued by employers worldwide and recognised by universities and professional bodies.

Level 4 Business Finance and Banking Operations

Aims

The aim of this qualification is to develop the skills and knowledge required for candidates to apply a range of investment and financing options which support business decision making. Candidates will be able to make recommendations to their managers, using calculations made from a range of investment and financing techniques, and be able to perform a cost benefit analysis to support their recommendations.

This qualification will also cover the principal activities carried out by a commercial bank, and the need for its governance and regulation, along with an introduction to the financial markets, including foreign exchange.

This qualification is accredited in the UK as EDI Level 4 Award in Business Finance and Banking Operations (600/3296/0).

Objective: Target Audience and Candidate Progression

This qualification is suitable for candidates who wish to develop their knowledge and understanding of the various methods used to calculate the cost and benefit to a company when faced with a choice of investment and financing options.

This qualification would suit candidates working in an accounting environment, who wish to progress into a specialised role utilising their skills to analyse data. This qualification also forms part of the Level 4 Diploma in Accounting and Finance and can be taken as a pathway into higher education.

Structure of the qualification

The Level 4 Award in Business Finance and Banking Operations is a single unit qualification and consists of the following topic areas:

Topic areas	Approximate weighting of question allocation
1 Commercial finance methods	30%
2 Investment options	30%
3 The financial markets	20%
4 A commercial banking structure and its operations	20%

ASSESSMENT

This qualification will assess candidates' knowledge, skill and understanding of each of the syllabus topic areas.

Learning Outcomes

- Be able to evaluate a range of short-term and long-term commercial finance methods
- Be able to assess short-term and long-term investment options
- Know how financial markets operate
- Understand a commercial banking structure and its operations

Assessment Method

The assessment method for this qualification has been designed to provide an appropriate and fit-for-purpose assessment of a candidate's ability to achieve the assessment criteria. It has been levelled to match level 4 of the Qualification Credit Framework, the qualifications framework for England, Wales and Northern Ireland.

This qualification is assessed by a written examination paper and is available On Demand. The paper will be marked out of 80 and will consist of four questions with 20 marks for each question. All four learning outcomes, listed above and shown in greater detail within the syllabus topic area, will be covered in each examination paper.

Candidates must answer all four questions. Questions will be presented in the form of a business situation, problem or issue with task(s) to be completed. The time allowed for the examination is 2 hours.

All examinations must be carried out in accordance with the *Examination Guide for LCCI Centres* and the *Examination Regulations*, which will be sent to centres with the examination papers.

Answer Format

Candidates will be asked to provide answers in the form of calculations; short reports; briefing sheets; fact sheets; short notes; diagrams or charts; bullet points or short paragraphs/essay style. Some questions may ask for relevant examples to be provided. Appropriate business language should be used and any relevant charts, diagrams or tables should be properly labelled.

Mark Allocation

A positive marking approach is used. Marks are not deducted for incorrect answers, or for spelling and grammatical errors.

Certification

Successful candidates will be awarded the Level 4 Award in Business Finance and Banking Operations, and certificates will be issued based on the grades shown below:

Pass	50%
Merit	60%
Distinction	75%

Centres will receive certificates within a maximum of 6 weeks of the receipt of the scripts at EDI.

Level 4 Award in Business Finance and Banking Operations

Learning Outcome	Assessment Criteria	Indicative Content
<i>Candidate will:</i>	<i>Candidate can:</i>	<i>Taught content:</i>
Topic 1: Commercial finance methods		
1 Be able to evaluate a range of short-term and long-term commercial finance methods	1.1 Analyse a range of short-term finance options relation to working capital management	<p>Learners will need to understand how companies manage their working capital effectively, and show an understanding of how ineffective management of working capital impacts upon the company.</p> <p>Learners will be able to analyse a range of financing tools and models to assist in the management of working capital, learners will be able to carry out and explain the cost benefit analysis of the following short-term financing options:</p> <ul style="list-style-type: none"> ▪ Factoring ▪ Invoice discounting ▪ Settlement discount ▪ Overdrafts ▪ Management of inventory such as using the economic order quantity, JIT systems ▪ Loan companies etc <p>Learners will be able to make calculations for the above finance options, including inventory, receivable and payable days, along with being able to calculate the working capital cycle.</p>
	1.2 Analyse a range of long-term finance options available to a company	<p>Learners will need to understand a range of long term finance options that are available to a company and be able to make calculations and recommendations based on a cost benefit analysis. The range of finance options will include:</p> <ul style="list-style-type: none"> ▪ Issue of shares (includes new shares), rights and preference shares ▪ Loan ▪ Bond ▪ Leasing etc ▪ Government grants

Learners will be required to evaluate the costs and benefits related to the purchase of a high value asset. They will also have an understanding of, and be able to differentiate between, the costs and merits of a finance lease and an operating lease.

Learners will have an understanding of government grants and their criteria in order to receive a grant.

1.3 Evaluate a range of short-term and long-term finance options, and explain their cost benefit to a business

Learners will be able to make the various calculations in relation to short and long term financing options, and make recommendations based on the cost benefit analysis to the company, providing reasons to support their decision.

Topic 2 : Investment options

2 Be able to assess short-term and long-term investment options	2.1 Analyse a range of methods used to calculate the return on long-term and short-term investment	<p>Learners will be able to carry out a range of investment appraisal methods available to a company, including making calculations and recommendations against given criteria. Investment methods will include:</p> <ul style="list-style-type: none">▪ Net present value (NPV)▪ Internal rate of return (IRR)▪ Payback period▪ Bonds (and be able to calculate yield to maturity)
	2.2 Distinguish between the return on investment available between a range of short-term and long-term investment options	<p>They will also need to understand the management of cash and models to support cash management such as:</p> <ul style="list-style-type: none">▪ Miller Orr model▪ Cash budgets <p>and include the appraisal of a company's policy on cash management.</p> <p>Learners will be able to make calculations and recommendations based on their analysis of the short and long term investment options available to a company, providing reasons to support their decision.</p>

Topic 3: The financial markets

3 Know how financial markets operate	3.1 Explain the main features of financial markets	Learners will know the different options available for trading in the financial markets.
	3.2 Analyse types of short-term trading on the money market	They will also be required to discuss the key features of the different financial markets available to a company.
	3.2 Analyse types of short-term trading on the money market	Learners will be able to distinguish between the different characteristics of short term trading available on the money markets and explain the merits of each.
	3.3 Explain the options available on the foreign exchange markets	They will also be required to make recommendations based on a particular scenario of the best method of short term trading available.
	3.3 Explain the options available on the foreign exchange markets	Learners will need to know the options available to companies trading on the foreign exchange markets.
	3.4 Distinguish between methods used to reduce risk in foreign exchange transactions	Learners will be required to explain the benefits of the following: <ul style="list-style-type: none">▪ Spot rate▪ Forward rate▪ Foreign exchange swaps▪ Futures
	3.4 Distinguish between methods used to reduce risk in foreign exchange transactions	Learners will also be required to make calculations and recommendations, using the various options available.
	3.4 Distinguish between methods used to reduce risk in foreign exchange transactions	Learners will need to know the different types of risk a company faces when trading in foreign exchange and the options available to reduce this risk.

Topic 4: A commercial banking structure and its operations

4 Understand a commercial banking structure and its operations	4.1 Explain the operational activities of a bank	<p>Learners will understand the principle operational activities of a commercial bank, this will include an understanding of:</p> <ul style="list-style-type: none">▪ The purpose of a bank▪ The services that they offer.
		<p>Learners will be able to differentiate between the services provided to a company, by a bank and investment bank.</p>
		<p>Learners will understand a bank's structure and the regulations which govern banks.</p>
	4.2 Explain the different services a bank provides to its customers	<p>Learners will understand the different services a bank provides, and the needs of its commercial customers.</p>
	4.3 Explain the need for the banking code and ethical banking	<p>Learners will be able to discuss the need for procedures to regulate banks and the need for a banking code.</p>
		<p>Learners will be able to apply the need for safeguards and regulatory control of banks in relation to:</p> <ul style="list-style-type: none">▪ The Banking crisis▪ Ethical/sustainable banking▪ Social responsibility

ADDITIONAL INFORMATION

Diversity, access and inclusion

EDI qualifications address diversity, access and inclusion issues through a) guidance provided to authors of assessment material, b) assessment arrangements and c) guidance to centres.

The assessments generated by EDI are designed to be inclusive and free from bias. This is built into the task-setting specifications on which the assessments are based. EDI administers external assessments in line with the latest recommended procedures for ensuring accessibility and fair treatment of all.

EDI has procedures in place for making reasonable adjustments to assessments for those learners with particular assessment requirements, provided that this does not invalidate the assessment requirements of the qualification. For full details, please refer to EDI's guidance notes for centres on reasonable adjustments for candidates with particular assessment requirements. This document can be downloaded by EDI approved centres from the EDI website www.ediplc.com.

EDI's centre guidance uses plain language which is free from bias or discrimination in wording or content. The guidance highlights a range of equality issues to support centres in ensuring their delivery does not discriminate. This approach is designed to be helpful to centres without unduly intruding on the integrity of the specification. They are available from our website in a range of accessible formats and have been tested by accessibility experts. Staff involved in developing and administering EDI qualifications are trained in ensuring equality and centres registering with EDI are required to ensure that their staff are equally prepared and that the fabric of the centre ensures access for candidates in accordance with equalities legislation.

Entry requirements

There are no formal entry requirements for this qualification. However, candidates should have a minimum level of English equivalent to the LCCI Level 2 English for Business or JETSET 4 - (Council of Europe B2/Threshold) to meet the communication requirements for this qualification.

Candidates should also be numerate and be able to carry out arithmetical calculations, comparable with those of a level 2 mathematics qualifications.

Guided Learning Hours

EDI recommends that 40 - 60 guided learning hours (GLHs) will provide suitable course duration for an 'average' candidate at this level. This GLH indicates the number of direct contact hours typically required to cover the taught content for this qualification. In addition it is expected that students will carry out independent study. For this qualification a student will typically engage in independent study for 40 hours. Ultimately, however, it is the responsibility of centres to determine the appropriate course duration based on their candidates' ability and level of existing knowledge.

Recommended Reading List and Support Materials

Reading List

Title	Authors(s)	Publisher	ISBN Code
Business Finance Theory and Practice 9 th edition	Eddie McLaney	Prentice Hall	978-0-273-75045-1
International Financial Management	Jeff Madura Roland Fox	R R Donnelley	978-1-4080-3229-9
Financial Markets and Institutions 5 th edition	Peter Howells Keith Bain	Pearson Education	978-0-273-70919-0

Support Material

A Syllabus and sample questions and answers are available on the qualification page of the website, www.lcci.org.uk.

How to offer this qualification

To offer this qualification you must be an LCCI IQ registered examination centre. To gain Centre approval please contact International Enquiries on +44 (0) 24 76518951 between the hours of 08.30 to 17.00 Monday to Friday, or via email on internationalenquiries@ediplc.com.

Alternatively you may contact your Regional LCCI IQ Office or Coordinating Authority.

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and performance

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