

## **BTEC Tech Award (2022): Enterprise Transition Guide**

### **Introduction**

*This document is a companion to your BTEC Tech Award (2022) Specification and videos which have been created to introduce the 2022 suite of qualifications. It is designed to supplement the specification, focusing on understanding the key features that are new to the Tech Awards and what they mean for delivery and assessment, supporting the planning phase and how the content maps to other BTEC qualifications.*

*This document is for centres/practitioners moving (transitioning) from current BTEC qualifications.*

### **Contents**

Key features of the qualification.....	2
Internal assessment.....	2
External assessment.....	3
Assessment Availability.....	5
Support offer.....	6
What do these changes mean for planning, teaching and assessment? .....	7
Mapping of BTEC Tech Award Level 1/2 in Enterprise (2022) to the BTEC Tech Award Level 1/2 in Enterprise (2018) specification.....	8
Mapping of BTEC Tech Award Level 1/2 in Enterprise (2022) to the BTEC Level 1/2 First Award in Business (2018) specification .....	28

## Key features of the qualification

### Internal assessment

#### a) Pearson-set Assignments (PSA)

In a change to the DfE's previous criteria, internal summative assessments must now be set by the awarding organisation. Similar to the current Authorised Assignment Briefs, we will now be providing Pearson-set Assignments (PSAs), which will be released each year well in advance of assessment windows. While the scenario/context will change each year, the tasks in each PSA will assess the same skills so that the mark scheme remains consistent, making it easy for you to apply and standardise year-on-year.

#### b) Levels Based Mark Schemes

To meet new DfE requirements, all assessments must be marked numerically. In the new mark schemes, learners can gain up to 12 marks across four bands of achievement, ranging through limited, adequate, good, and comprehensive knowledge, understanding and skills. A consistent set of descriptors to help you understand which band fits the quality of the evidence overall, with three marks available in each band to give you more scope for differentiation.

#### c) Moderation

We currently use Standards Verification (SV) to quality assure internally-assessed components. New requirements mean that these components must now be moderated. We have designed a new moderation process unique to the Tech Awards which is closely aligned with the SV process, and offers some big benefits over traditional moderation, including a significant reduction in admin and paperwork compared to current Tech Awards. Both Standards Verification and Moderation processes check the application of centre assessment through the sampling of learner work and establishing the level of accuracy in relation to national standards. Where assessment is found to be out of line with national standards, the centre is informed and given feedback to respond to if required. In the Tech Awards moderation process, based on the moderator's feedback, the centre will be able to adjust the initial marks they awarded where necessary. The moderator will then verify whether the assessment is reasonably accurate, and if so, the centre's marks will be upheld. If assessment is still out of line with national standards,

an adjustment to the centre's marks may be applied. However, as feedback and re-marking would have taken place, this is likely to have much less impact than in moderation processes where there is no feedback and opportunity to address assessment issues.

Moderation will be done remotely using digital transfer of a sample of learner work to the moderator. The sample size is determined by the size of your cohort. For any class of fewer than 100 learners, this will be sample of 10. Both internal components will be sampled.

#### **d) Resubmission of evidence and retakes**

For Internally assessed Components, after marking learner work, the centre may make the decision to allow learners who may not have achieved their expected potential to re-submit work. The current rule of 15 days to resubmit will continue to apply. General feedback can be given to tell the learner which areas they may need to do more work, but no specific instruction or creative decision making can be given to tell them specifically what to do to improve their response.

Following submission of marks for moderation, there is no further opportunity to resubmit improved evidence based on the same completed assignment. Learners may be offered a single retake opportunity in the following assessment series using the new Pearson-set Assignment released for that assessment series.

### **External assessment**

#### **e) Grading and Removal of L1P hurdle**

The BTEC Tech Award qualifications will be graded and certificated on a seven-grade scale from Level 2 Distinction\* to Level 1 Pass. Individual components will be graded on a six-point scale from Level 2 Distinction to Level 1 Pass. Individual component results will be reported. The final grade awarded for a qualification represents an aggregation of a learner's performance across the three components. Assessment is compensatory within components and across the qualification – meaning anywhere learners gain marks, these are added to the total towards a grade.

Component grades are no longer restricted to the lowest grade achieved within the component. A lower performance in some components may be balanced by a higher outcome in others, making the qualifications fully compensatory.

In addition, there are no longer any minimum grade requirements in any component, so an Unclassified result in any of the components will not prevent a learner from achieving the qualification. This gives your learners more opportunities to achieve and better captures their true ability.

**f) Terminal assessment**

New DfE terminal assessment rules require that learners take the external assessment in their final series, i.e. the one in which certification of the qualification is claimed.

Learners will have the opportunity to resit the external assessment during their programme by taking a new assessment. However, due to the terminal assessment rules, learners can only use the results achieved in the same assessment series in which they are requesting certification for the qualification.

This means that if resitting, any prior attempts will not be used towards the learner's qualification results, even if the result from the earlier attempt is higher. However, it should be noted that it is the first **certificated** attempt that will inform performance table points for the centre, so learners who intend to resit should not be certificated based on their first sitting.

Pearson will continue to offer ExamWizard as a complementary support, providing banks of approved questions which can be used to create targeted mock assessments to prepare your learners. Paid for revision guides will also be offered for many subjects. Alongside these resources, sample assessments and past papers will be accessible as practice papers.

## Assessment Availability

### g) Annual assessment availability for the internal and external components

	Early October	Early December to end of January	January	March
Annual December/January Assessment Series	Release of PSAs for both internally assessed components	Moderation Submission of centre marks and sample of learner work deadline approx. December 15th	External Assessment	Results
	Mid-February	Early April to end of June	May	August
Annual May/June Assessment Series	Release of PSAs for both internally assessed components	Moderation Submission of centre marks and sample of learner work deadline approx. May 1st	External Assessment	Results

## Support offer

### Complimentary resources and services

- **BTEC Tech Award Teacher Guide** – a comprehensive guide to support preparation for delivery of your Tech Award
- **Sample PSAs and External Assessments** – sample internal and external assessments showing how tasks, questions and marking will be applied, which can be used as sample papers/tasks to prepare learners.
- [Exam Wizard](#) - an online resource containing a huge bank of past paper questions and support materials to help you create your own mock exams and tests.
- [Results Plus](#) - a free online results analysis tool for teachers that gives you a detailed breakdown of your students' performance in BTEC external assessments.
- **Training and standardisation** – Getting Started and Preparing to Assess training events and recorded sessions will be available from January 2022 onwards. Annual teacher standardisation materials will be provided for internally assessed components.
- **Network events** – an opportunity to hear about latest developments from subject experts within Pearson and to share good practice with fellow centres.
- **Dedicated Subject Advisor** - available throughout the school year so please do get in touch if you would like any support or guidance with:
  - Planning your courses
  - Overview of BTEC quality assurance processes
  - Suggested resources
  - Assessment of internal units and components
  - Teaching external units and components
  - The training and support materials we have available

### Paid resources also available:

- Pearson Student book, ActiveBook and ActiveLearn Teacher Packs
- Student Revision guides and workbooks

## What do these changes mean for planning, teaching and assessment?

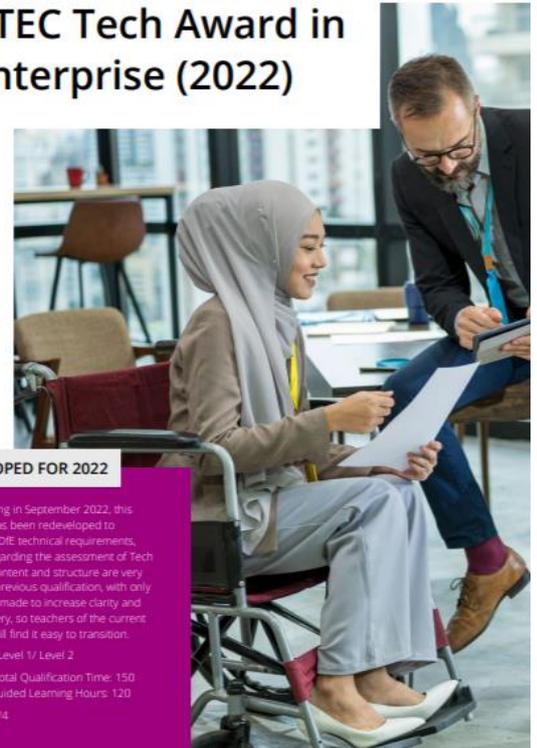
You can find a summary of the new qualification in our quick guides.

Please click onto the link below to access the guide for Enterprise

[Link to quick guide for Enterprise \(2022\)](#)



### Quick Guide to the BTEC Tech Award in Enterprise (2022)



#### REDEVELOPED FOR 2022

For first teaching in September 2022, this qualification has been redeveloped to meet the new DfE technical requirements, particularly regarding the assessment of Tech Awards. The content and structure are very similar to the previous qualification, with only a few changes made to increase clarity and enhance delivery, so teachers of the current specification will find it easy to transition.

**Course level:** Level 1/ Level 2

**Course size:** Total Qualification Time: 150 hours/ Total Guided Learning Hours: 120

**QN:** 603/7063/4

## Mapping of BTEC Tech Award Level 1/2 in Enterprise (2022) to the BTEC Tech Award Level 1/2 in Enterprise (2018) specification

*How and where can I use existing content, and what new content has been included? Highlighting comparable content within the two qualifications as listed.*

*Content in italics is new content in the 2022 spec which is not covered in the 2018 spec*

BTEC Tech Award Level 1/2 in Enterprise (2022)	BTEC Tech Award Level 1/ 2 in Enterprise (2018)
<b>Component 1: Exploring Enterprises</b>	<b>Component 1: Exploring Enterprises</b>
<b>Learning Outcome A: Understand how and why enterprises and entrepreneurs are successful</b>	<b>Learning Aim A: Examine the characteristics of enterprises</b>
<p><b>A1: Size and features of SMEs</b></p> <ul style="list-style-type: none"> <li>• Size of SMEs to include:                             <ul style="list-style-type: none"> <li>o micro: up to 10 members of staff</li> <li>o small: between 11–49 members of staff</li> <li>o medium: between 50–249 members of staff.</li> </ul> </li> <li>• Types of profit-making enterprises to include:                             <ul style="list-style-type: none"> <li>o sole trader, partnership, <i>limited liability partnership (LLP)</i>, ltd, <i>social enterprise that uses some of the profits to reinvest in the enterprise.</i></li> </ul> </li> <li>• Features of SMEs to include:                             <ul style="list-style-type: none"> <li>o run by a single individual or small team of people</li> <li>o physical location and/or online operation</li> </ul> </li> </ul>	<p><b>A2: Types and characteristics of SMEs</b></p> <ul style="list-style-type: none"> <li>• Definitions of SMEs to include all of the following:                             <ul style="list-style-type: none"> <li>o micro – up to 10 people</li> <li>o small – between 11-49 staff</li> <li>o medium – between 50-249 staff</li> </ul> </li> <li>• Characteristics of SMEs:                             <ul style="list-style-type: none"> <li>o run by a single individual or small team of people</li> <li>o small number of employees</li> <li>o type of ownership – sole trader, partnership, ltd</li> <li>o physical location and/or operate online</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>o sole employment or as part of a hobby/side hustle</li> <li>o existing in one or more sectors of the economy</li> </ul>	
<p><b>A2: Sectors and business models in which enterprises operate</b></p> <ul style="list-style-type: none"> <li>• Different sectors and business models, including:             <ul style="list-style-type: none"> <li>o Business to Business (B2B)</li> <li>o Business to Customer (B2C)</li> <li>o social enterprise</li> <li>o goods</li> <li>o service</li> <li>o bricks and clicks and flips</li> <li>o e-commerce.</li> </ul> </li> <li>• Different industries in which enterprises operate</li> </ul>	<p><b>A3: The purpose of enterprises</b></p> <ul style="list-style-type: none"> <li>• Range of the types of products and services provided by enterprises e.g., cleaning, fitness instruction, IT consultancies, financial consultancies, selling products, for example a food stall, newsagent, artists selling work online.</li> </ul>
<p><b>A3: Aims and activities of enterprises</b></p> <ul style="list-style-type: none"> <li>• Aims of enterprises to include:             <ul style="list-style-type: none"> <li>o making a profit, surviving, breaking-even, expanding, maximising sales, being environmentally friendly, being ethical, <i>satisfying customers</i>, providing a social service.</li> </ul> </li> <li>• Impact of activities in supporting the aims of enterprises to include:             <ul style="list-style-type: none"> <li>o developing and producing goods and services to meet the needs of changes in the market</li> <li>o attracting new customers and retaining existing customers through offers and promotions</li> <li>o <i>managing business resources: finance, people.</i></li> </ul> </li> <li>• Impact of failing to undertake these activities successfully</li> </ul>	<p><b>A3: The purpose of enterprises</b></p> <ul style="list-style-type: none"> <li>• Aims such as making a profit, surviving, expanding, maximising sales, providing a voluntary or charitable service, being environmentally friendly, being ethical.</li> </ul> <p><b>A1: What is an enterprise?</b></p> <ul style="list-style-type: none"> <li>• Enterprises carry out one or more activities, such as being involved with goods, services or both</li> <li>• Most enterprises face some kind of competition</li> <li>• Enterprises need to attract and keep customers happy and often face difficulties in capturing and retaining customers</li> <li>• The role of customer service in attracting new customers, securing repeat purchase, customer loyalty and an improved reputation</li> </ul>

	<ul style="list-style-type: none"> <li>Enterprises use creativity and innovation to meet customers' needs by identifying gaps in the market for goods or services, or by identifying a market for new goods or services.</li> <li>Reasons why some enterprises fail.</li> </ul>
<p><b>A4 Skills and characteristics of entrepreneurs</b></p> <ul style="list-style-type: none"> <li>Reasons why entrepreneurs start their own enterprise to include:             <ul style="list-style-type: none"> <li>o to be your own boss, to pursue a hobby, flexibility, <i>to pursue a social mission</i>.</li> </ul> </li> <li>Impact of the skills and characteristics of the entrepreneur in helping to support the aims of the enterprise to include:             <ul style="list-style-type: none"> <li>o skills: knowledge of industry/sector, technical, interpersonal, communication and <i>presentation</i>, planning <i>and researching</i>, time management, negotiation, prioritising tasks, problem solving, managing risk, <i>leadership and teamwork</i></li> <li>o characteristics: focus, passion, <i>versatility</i>, motivation and dedication, inventiveness, proactiveness, confidence, flexibility and adaptability, resilience and <i>willingness to risk adversity, self-reliance, optimism, vision, resourcefulness, creativity</i> and the capacity to inspire.</li> </ul> </li> </ul>	<p><b>A4: Entrepreneurs</b></p> <ul style="list-style-type: none"> <li>Reasons for starting own enterprise – to be your own boss, to pursue a hobby, flexibility.</li> <li>Characteristics of entrepreneurs: focus, passion, motivated and dedicated, inventive or innovative, proactive, confident, flexible and adaptable, resilient, having vision and the capacity to inspire.</li> <li>Skills for success: knowledge or industry/ sector, technical skills, interpersonal communication skills, planning, time management negotiation, prioritising tasks, problem solving, managing risk</li> </ul>
<p><b>Learning Outcome B: Understand customer needs and competitor behaviour through market research</b></p>	<p><b>Learning Aim B: Explore how market research helps enterprises to meet customer needs and understand competitor behaviour</b></p>
<p><b>B1: Market research methods</b></p> <ul style="list-style-type: none"> <li><i>Benefits and drawbacks</i> of a range of primary research methods used by enterprises to include:</li> </ul>	<p><b>B2: Using market research to understand customers</b></p> <ul style="list-style-type: none"> <li>Qualitative research – based on individual customer responses, open-ended questions.</li> </ul>

<ul style="list-style-type: none"> <li>o qualitative and quantitative questionnaires and surveys: <i>face-to-face, telephone, post, on a website/social media site</i></li> <li>o visits or observation: looking at and recording how customers and competitors behave in situations in a structured way</li> <li>o <i>formal or informal</i> interviews, <i>chats</i> or focus groups: talking to people to find out their views and experiences.</li> <li>• <i>Benefits and drawbacks</i> of a range of secondary research methods used by enterprises to include:             <ul style="list-style-type: none"> <li>o online research</li> <li>o <i>books, journals, trade magazines</i></li> <li>o company materials</li> <li>o market and government reports and <i>statistics</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Quantitative research – based on numerical and statistical data.</li> <li>• Primary research – research carried out directly with potential customers.</li> <li>• Types of primary research, e.g.:             <ul style="list-style-type: none"> <li>o questionnaires - using a set of qualitative and quantitative questions, e.g. face-to-face, telephone, post, on a website/social media site</li> <li>o visits or observation – looking at and recording how people behave in situations in a structured way</li> <li>o interviews or focus groups – talking to people to find out their views and experiences</li> <li>o surveys – a quantitative method that involves asking people to fill in paper or online questionnaires.</li> </ul> </li> <li>• Secondary research – using existing research from third parties.</li> <li>• Sources of secondary research, e.g.:             <ul style="list-style-type: none"> <li>o online research, internet searches, websites</li> <li>o company materials</li> <li>o market reports</li> <li>o government reports.</li> </ul> </li> </ul>
<p><b>B2: Understanding customer needs</b></p> <ul style="list-style-type: none"> <li>• The importance of the information that primary and secondary research methods can provide about customers to include:             <ul style="list-style-type: none"> <li>o <i>understanding the market</i>: anticipating and identifying customer needs</li> </ul> </li> </ul>	<p><b>B1: Customer needs</b></p> <ul style="list-style-type: none"> <li>• The importance of anticipating and identifying customer needs.</li> <li>• Identifying customer expectations:             <ul style="list-style-type: none"> <li>o good-value products</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>o <i>producing products to market that solve a problem or add value for the customers</i></li> <li>o identifying customer expectations: good-value products, rapid response to enquiries, clear and honest information, after-sales service</li> <li>o adapting different products to meet customer needs according to age, gender, income, lifestyle and location.</li> </ul>	<ul style="list-style-type: none"> <li>o rapid response to enquiries</li> <li>o clear and honest information.</li> <li>• After-sales service.</li> <li>• The ways in which different products can be linked to different kinds of customers according to age, gender, income, lifestyle and location.</li> </ul>
<p><b>B3: Understanding competitor behaviour</b></p> <ul style="list-style-type: none"> <li>• Understanding the market: <ul style="list-style-type: none"> <li>o <i>anticipating</i> and identifying competitor behaviour</li> <li>o producing products to market that are different from competitors</li> <li>o identifying features of the competitors.</li> </ul> </li> <li>• Competitive advantage: <ul style="list-style-type: none"> <li>o the ability to meet customer needs better than competitors on quality, price, features, <i>customer service</i>, availability, <i>convenience</i>.</li> </ul> </li> </ul>	<p><b>B3: Understanding competitors</b></p> <ul style="list-style-type: none"> <li>• The main features which make products competitive: <ul style="list-style-type: none"> <li>o price</li> <li>o quality</li> <li>o availability</li> <li>o unique features and selling points (USP).</li> </ul> </li> <li>• Identifying competitors.</li> <li>• How products stand out from similar products in the market.</li> </ul>
<p><b>B4: Suitability of market research methods</b></p> <ul style="list-style-type: none"> <li>• <i>Suitability of market research methods that could help the enterprise in gaining further information to include:</i> <ul style="list-style-type: none"> <li>o <i>finding out further information about their customers and their competitors</i></li> <li>o <i>alternative methods based on the size of the enterprise, cost of research, time and human resources available to undertake research</i></li> </ul> </li> </ul>	<p>Not covered</p>

<b>Learning Outcome C: Understand how the outcomes of situational analyses may affect enterprises</b>	<b>Learning Aim C: Investigate and factors that contribute to the success of an enterprise</b>
<p><b>C1: PEST (Political, Economic, Social, Technological) analysis</b></p> <ul style="list-style-type: none"> <li>• <i>Recommendations for actions that enterprises could take based on research and analysis of the following factors:</i> <ul style="list-style-type: none"> <li>o political: governmental changes, new regulations, changes in taxation</li> <li>o economic: consumer confidence in the economy, growth/recession, level of employment, cost of borrowing, cost of energy</li> <li>o social: changing consumer behaviour and trends</li> <li>o technological: social media, energy efficiency, technological trends, costs of marketing and selling.</li> </ul> </li> <li>• <i>Suitability of recommendations made according to the potential positive and negative impact on costs and revenues.</i></li> </ul>	<p><b>C3: Situational Analysis</b></p> <p>o PEST (Political, Economic, Social and Technological) analysis – identifies all political, economical, social and technological factors that might affect an enterprise, usually presented in the form of a table with bulleted points.</p>
<p><b>C2: SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis</b></p> <ul style="list-style-type: none"> <li>• Impact of the strengths, weaknesses, opportunities and threats based on research, analysis and understanding of enterprises to include: <ul style="list-style-type: none"> <li>o strengths: effective planning and financing, marketing and promoting the enterprise, location, reputation, unique selling point (USP), strong branding, competitive advantage</li> <li>o weaknesses: unforeseen human resources costs (i.e. staff illness), lack of investment, poorly performing product/service, competitive disadvantage</li> </ul> </li> </ul>	<p><b>C3: Situational Analysis</b></p> <ul style="list-style-type: none"> <li>• SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis – draws together everything that could affect the success of an enterprise, including competitive advantage and disadvantage, usually presented in the form of a table with bulleted points</li> </ul>

<ul style="list-style-type: none"> <li>o opportunities: growing market trends, developments in technology, gaps in the market, government policy changes, loans and grants, funding, events/holidays, development of additional products and services, adaptations to existing market offering, developing adapted marketing strategies, amendments to staffing, alternative investment decisions</li> <li>o threats: competitors, supplier problems, developments in technology, government policy, lack of funding, market changes.</li> </ul>	
<p><b>Component 2: Planning and Presenting a Micro-Enterprise Idea</b></p>	<p><b>Component 2: Planning for and Pitching an Enterprise Activity</b></p>
<p><b>Learning Outcome A: Choose an idea and produce a plan for a micro-enterprise idea</b></p>	<p><b>Learning Aim A: Explore ideas and plan for a micro-enterprise activity</b></p>
<p><b>A1: Choosing ideas for a micro-enterprise</b></p> <ul style="list-style-type: none"> <li>• Generation of ideas and choosing or rejecting ideas that may contribute to the likely success of an enterprise idea:             <ul style="list-style-type: none"> <li>o <i>own interests/skills</i> audit</li> <li>o resources available</li> <li>o <i>potential constraints: budget, age constraints – i.e. not able to employ others, not able to have a loan from a lender, not able to rent premises</i></li> <li>o financial forecasts</li> <li>o costing and pricing</li> <li>o methods of communication and promotion</li> <li>o potential customers</li> <li>o <i>gaps in the market.</i></li> </ul> </li> </ul>	<p><b>A1: Generating ideas for a micro-enterprise activity</b></p> <p>Learners will use their experience from exploring enterprises to independently generate ideas and choose one idea for a realistic micro-enterprise.</p> <ul style="list-style-type: none"> <li>• Ideas could involve:             <ul style="list-style-type: none"> <li>o innovation of products/services</li> <li>o provision of products/services in new contexts</li> <li>o provision of products/services to new markets.</li> </ul> </li> <li>• Factors to be considered when selecting final idea, e.g.:             <ul style="list-style-type: none"> <li>o resources available</li> <li>o financial forecasts</li> <li>o costing and pricing</li> <li>o methods of communication and promotion</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>● <i>Innovative ideas which are realistic and within budget and could include:</i> <ul style="list-style-type: none"> <li>○ <i>animal and horticulture</i></li> <li>○ <i>art and design</i></li> <li>○ <i>cleaning and maintenance</i></li> <li>○ <i>creative and speciality crafts</i></li> <li>○ <i>entertainment, performing arts and leisure</i></li> <li>○ <i>fashion and accessories</i></li> <li>○ <i>food and drink</i></li> <li>○ <i>hair and beauty</i></li> <li>○ <i>holding/hosting events</i></li> <li>○ <i>lifestyle</i></li> <li>○ <i>mental health and wellbeing</i></li> <li>○ <i>sport and exercise</i></li> <li>○ <i>sustainable and environmental</i></li> <li>○ <i>teaching, educational and coaching</i></li> <li>○ <i>technological, digital, social media and e-commerce</i></li> <li>○ <i>writing and publishing.</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>○ potential customers.</li> <li>● A skills audit by learners, to consider:             <ul style="list-style-type: none"> <li>○ leadership, personal and communication skills required</li> <li>○ technical and practical skills required.</li> </ul> </li> </ul>
<p><b>A2: Plan for a micro-enterprise</b></p> <ul style="list-style-type: none"> <li>● <i>Ownership of the micro-enterprise:</i> <ul style="list-style-type: none"> <li>○ <i>sole trader</i></li> <li>○ <i>social enterprise.</i></li> </ul> </li> <li>● <i>Aims of the micro-enterprise:</i> <ul style="list-style-type: none"> <li>○ <i>financial aims: to make a profit, to break-even</i></li> </ul> </li> </ul>	<p><b>A2: Plan for a micro-enterprise activity</b></p> <p>Learners will draw on their exploration of enterprises to draw up an implementation plan for their chosen idea, to include:</p> <ul style="list-style-type: none"> <li>● <i>Aims of the micro-enterprise:</i> <ul style="list-style-type: none"> <li>○ <i>financial aims, e.g. to make a profit, to break-even</i></li> </ul> </li> </ul>

<ul style="list-style-type: none"><li>o non-financial aims: customer satisfaction, social aims such as meeting a need in the community.</li><li>● Features of the product (goods or services) to be sold, including:<ul style="list-style-type: none"><li>o <i>ensuring product features and production of product is environmentally friendly and in the public interest, i.e. safe, ethical and legal</i></li><li>o relevant benefits and unique selling points (USPs)</li><li>o cost.</li></ul></li><li>● Pricing of the product (goods or services) to be sold, including:<ul style="list-style-type: none"><li>o <i>strategy: cost-plus/mark-up, competitive, skimming, penetration, premium</i></li><li>o selling price.</li></ul></li><li>● Methods of promotion:<ul style="list-style-type: none"><li>o selection of methods of promotion: <i>advertising, use of social media</i></li><li>o cost effectiveness.</li></ul></li><li>● Identifying the target market:<ul style="list-style-type: none"><li>o market segment</li><li>o <i>pricing strategy, selling price and promotion</i> appeal and relevance to target market</li><li>o how product will reach market: selling direct, online or both</li><li>o establishing and sustaining sales to target customers.</li></ul></li><li>● Resources required:<ul style="list-style-type: none"><li>o physical resources: location, materials, equipment, fixtures and fittings, information technology, stock</li></ul></li></ul>	<ul style="list-style-type: none"><li>o non-financial aims, e.g. customer satisfaction, social aims such as meeting a need in the community.</li><li>● Product or service to be sold, including:<ul style="list-style-type: none"><li>o features, benefits and unique selling points</li><li>o selling price</li><li>o cost</li><li>o competitors.</li></ul></li><li>● Identifying the target market:<ul style="list-style-type: none"><li>o market segment</li><li>o appeal to target market</li><li>o how product or service will reach market, e.g. selling direct, online or both</li><li>o establishing and sustaining sales to the target customers.</li></ul></li><li>● Methods of communication with the customer:<ul style="list-style-type: none"><li>o selection of methods, e.g. advertising, use of social media</li><li>o cost effectiveness</li><li>o design of promotional materials, i.e. appropriate content (accuracy, completeness and clarity of information/message) and appropriate appearance (e.g. use of colour, visual features, images, logos, text).</li></ul></li><li>● Resources required:<ul style="list-style-type: none"><li>o physical resources, including location, materials, equipment, fixtures and fittings, information technology, stock</li></ul></li></ul>
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<ul style="list-style-type: none"><li>o financial resources: sources of finance, calculation of start-up costs, running costs, and production costs/cost of sales</li><li>o human resources: skills and roles, possible training and development needs</li><li>o <i>how the resources will be obtained/funded.</i></li><li>● <i>Financial information:</i><ul style="list-style-type: none"><li>o <i>financial planning and forecasting commentary: break-even calculation and 12-month cash flow forecast</i></li><li>o <i>financial records commentary: profit and loss (forecast statement of comprehensive income).</i></li></ul></li><li>● Risk assessment:<ul style="list-style-type: none"><li>o description of potential and realistic risks involved: lack of skills, competitors, unexpected costs, sourcing of resources, quality control, lack of customer interest</li><li>o threats posed by competitors: <i>products, customers, customer service, advertising and promotion, success and failures, potential gaps in their offering</i></li><li>o <i>recommendations as to how risks can be overcome</i></li><li>o <i>recommendations as to how to ensure quality of products.</i></li></ul></li><li>● <i>Viability of the plan based on the following considerations:</i><ul style="list-style-type: none"><li>o <i>financial data</i></li><li>o <i>safety</i></li><li>o <i>ethicality</i></li><li>o <i>legality</i></li><li>o <i>environmental</i></li></ul></li></ul>	<ul style="list-style-type: none"><li>o financial resources, including sources of finance, start-up costs, running costs, production costs/cost of sales</li><li>o human resources, e.g. skills and roles, possible training and development needs.</li><li>● Risk assessment, and contingency plans, e.g.:<ul style="list-style-type: none"><li>o lack of skills</li><li>o competitors and their actions</li><li>o unexpected costs of production</li><li>o sourcing resources, e.g. financial resources, suppliers of materials/stock</li><li>o quality control issues</li><li>o lack of customer interest.</li></ul></li></ul>
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Learning Outcome B: Present a plan for the micro-enterprise idea to meet specific requirements	Learning Aim B: Pitch a micro-enterprise activity
<p><b>B1: Production of presentation</b></p> <ul style="list-style-type: none"> <li>• <i>Selection of relevant information and logical sequencing of information and ideas.</i></li> <li>• Use of appropriate written communication skills:                             <ul style="list-style-type: none"> <li>○ use of business terminology</li> <li>○ <i>presentation of information and data.</i></li> </ul> </li> <li>• <i>Consistent visual presentation appropriate for the enterprise idea: appropriate colours, use of margins, appropriate use of images and transitions, appropriate font including size and type.</i></li> </ul>	<p><b>B2: Presenting a business pitch</b></p> <ul style="list-style-type: none"> <li>• Presentation skills:                             <ul style="list-style-type: none"> <li>○ professional behaviour and conduct of presenter</li> <li>○ positive attitude</li> <li>○ well-rehearsed and prepared</li> <li>○ considerate of the needs and interests of the audience</li> <li>○ use of visual aids, e.g. computer projection/slideshow with speaker notes, handouts for audience, clarity and legibility of text, impact of graphics and images.</li> </ul> </li> <li>• Communication skills:                             <ul style="list-style-type: none"> <li>○ body language, gestures and eye contact</li> <li>○ language and tone, pace, volume and projection</li> <li>○ use of business terminology</li> <li>○ listening, handling questions and formulating appropriate responses</li> </ul> </li> </ul>
<p><b>B2: Delivery of presentation</b></p> <ul style="list-style-type: none"> <li>• <i>Methods of recording and delivery: on-screen videos and sharing, electronic presentation, pre-recorded, video group calls, vlog.</i></li> <li>• Accurate and effective verbal communication skills: language and tone, pace, volume and projection, use of business terminology.</li> </ul>	<p><b>B2: Presenting a business pitch</b></p> <ul style="list-style-type: none"> <li>• Presentation skills:                             <ul style="list-style-type: none"> <li>○ professional behaviour and conduct of presenter</li> <li>○ positive attitude</li> <li>○ well-rehearsed and prepared</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>• Engaging non-verbal communication skills: conduct of presenter, positive attitude, well-rehearsed, body language, gestures and eye contact.</li> </ul>	<ul style="list-style-type: none"> <li>○ considerate of the needs and interests of the audience</li> <li>○ use of visual aids, e.g. computer projection/slideshow with speaker notes, handouts for audience, clarity and legibility of text, impact of graphics and images.</li> <li>• Communication skills:             <ul style="list-style-type: none"> <li>○ body language, gestures and eye contact</li> <li>○ language and tone, pace, volume and projection</li> <li>○ use of business terminology</li> <li>○ listening, handling questions and formulating appropriate responses</li> </ul> </li> </ul>
<p><b>Learning Outcome C: Review the presentation of the micro-enterprise idea to meet specific requirements</b></p>	<p><b>Learning Aim C: Review own pitch for a micro-enterprise activity</b></p>
<p><b>C1: Review of presentation</b></p> <ul style="list-style-type: none"> <li>• Review of own skills demonstrated in the production and delivery of the presentation, to include:             <ul style="list-style-type: none"> <li>○ skills demonstrated: written, summarisation, language and terminology, verbal communication, non-verbal communication, presentation, technical and practical</li> <li>○ making supported judgements on <i>strengths and weaknesses based on self-reflection and review</i>:                 <ul style="list-style-type: none"> <li>– what went well</li> <li>– what went less well or did not go to plan</li> </ul> </li> <li>○ recommendations for improvements to the <i>production and delivery of the electronic presentation</i></li> </ul> </li> </ul>	<p><b>C1: Using feedback and review to identify possible changes to the pitch</b></p> <ul style="list-style-type: none"> <li>• Reviewing plan and personal performance, reflecting on feedback gathered from others:             <ul style="list-style-type: none"> <li>○ what went well, e.g. clear synopsis of plan, demonstration of skills</li> <li>○ what went less well or did not go to plan, e.g. not clearly explaining plan, lack of presentation and communication skills.</li> </ul> </li> <li>• Recommending improvements:             <ul style="list-style-type: none"> <li>○ to the contents of the plan</li> <li>○ to own performance.</li> </ul> </li> </ul>

Component 3: Marketing and Finance for Enterprise	Component 3: Promotion and Finance for Enterprise
<b>Key Content A: Marketing activities</b>	<b>Key Content A: Promotion</b>
<p><b>A1: Targeting and segmenting the market</b></p> <ul style="list-style-type: none"> <li>• Target market: the market an enterprise wants to sell its products to.</li> <li>• Market segmentation: key differentiators that divide customers into groups to be targeted:                             <ul style="list-style-type: none"> <li>o demographics: age, race, religion, gender, family size, ethnicity, income, education level, socio-economic group</li> <li>o geographic: location</li> <li>o psychographic: social class, attitudes, lifestyle and personality characteristics</li> <li>o behavioural: spending, consumption, rate of usage, loyalty status, desired benefits.</li> </ul> </li> <li>• Markets: Business to Business (B2B), Business to Consumer (B2C), niche, mass</li> </ul>	<p><b>A2 Targeting and segmenting the market</b></p> <p>Learners will consider why an enterprise targets its market, and the impact this has on promotion.</p> <ul style="list-style-type: none"> <li>• Types of market: Business to Business (B2B), Business to Consumer (B2C).</li> <li>• Segmenting the market to identify which customers its promotions will target through:                             <ul style="list-style-type: none"> <li>o demographics: age, race, religion, gender, family size, ethnicity, income, education level, socio-economic group</li> <li>o geographic: location</li> <li>o psychographic: social class, attitudes, lifestyle and personality characteristics</li> <li>o behavioural: spending, consumption, usage, loyalty status and desired benefits.</li> </ul> </li> </ul>
<p><b>A2: 4Ps of the marketing mix</b></p> <ul style="list-style-type: none"> <li>• <i>Product:</i> <ul style="list-style-type: none"> <li>o <i>product portfolio: comprises all products (goods and services) of an enterprise</i></li> <li>o <i>product life cycle: development, introduction, growth, maturity, decline</i></li> <li>o <i>USP (unique selling point)</i></li> <li>o <i>branding, brand personality, brand image.</i></li> </ul> </li> <li>• <i>Price:</i> <ul style="list-style-type: none"> <li>o <i>pricing strategies: penetration, skimming, competitive, cost-plus, premium.</i></li> </ul> </li> </ul>	<p><b>A1 Elements of the promotional mix and their purposes</b></p> <p>Learners will explore the different methods of promotion used by enterprises, their suitability for different sizes of enterprise, including the factors they consider when choosing the most appropriate.</p> <p>The use of advertising to persuade and inform.</p> <ul style="list-style-type: none"> <li>• The two basic aspects of advertising are:                             <ul style="list-style-type: none"> <li>o the message: what the communication needs to say</li> <li>o the medium: how to get the message across.</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>• <i>Place:</i> <ul style="list-style-type: none"> <li>o <i>digital and physical distribution of products.</i></li> </ul> </li> <li>• <i>Promotion:</i> <ul style="list-style-type: none"> <li>o promotional mix: advertising, public relations (PR and OPR), social media marketing, personal selling, direct marketing, sales promotion</li> <li>o 'above the line' and 'below the line' promotion.</li> </ul> </li> <li>• <i>Multichannel marketing: using a range of traditional and/or digital methods</i></li> </ul>	<ul style="list-style-type: none"> <li>• Advertising methods: moving image, print, ambient, digital, audio.</li> <li>• Sales promotion: providing incentives to customers.</li> <li>• Methods: coupons, competitions, money off, loyalty incentives, 'buy one get one free', discounts.</li> <li>• Personal selling: face-to-face, by telephone, via email, through video or web conferencing.</li> <li>• Public relations activities: promoting a produce/service, brand or enterprise by placing information about it in the media without paying for the time or media space directly: <ul style="list-style-type: none"> <li>o methods: exhibitions, sponsorship, press releases.</li> </ul> </li> <li>• Direct marketing to establish an individual relationship between the enterprise and the customer: <ul style="list-style-type: none"> <li>o methods: direct mail (junk mail), mail order catalogues, magazines, telemarketing.</li> </ul> </li> </ul>
<p><b>A3: Factors influencing the choice of marketing methods</b></p> <ul style="list-style-type: none"> <li>• Factors influencing the choice of marketing methods: <ul style="list-style-type: none"> <li>o appropriateness for product <i>and its brand image</i></li> <li>o <i>speed/accessibility of information/ease of reaching target market</i></li> <li>o cost to the enterprise</li> <li>o <i>competitors' activities</i></li> <li>o <i>experience of the entrepreneur</i></li> </ul> </li> </ul>	<p><b>A3 Factors influencing the choice of promotional methods</b></p> <p>Learners will consider the factors affecting the choice of promotional method for an enterprise.</p> <ul style="list-style-type: none"> <li>• Size of enterprise.</li> <li>• Budgetary constraints.</li> <li>• Appropriateness for product/service.</li> <li>• Target market.</li> </ul>
<p><b>A4: Trust, reputation and loyalty</b></p> <ul style="list-style-type: none"> <li>• <i>Importance of brand image: perceptions of quality, value, variety and customer service.</i></li> </ul>	<p>Not covered</p>

<ul style="list-style-type: none"> <li>• <i>Importance of reputation: actions of the enterprise and how they affect public opinion</i> <ul style="list-style-type: none"> <li>o <i>being environmentally friendly</i></li> <li>o <i>rejecting unethical or controversial marketing strategies</i></li> <li>o <i>responding to customer service issues quickly and efficiently</i></li> <li>o <i>getting involved in the local community through help/donations/prizes</i></li> </ul> </li> </ul>	
<p><b>Key Content B: Financial documents and statements</b></p>	<p><b>Key Content B: Financial Records</b></p>
<p><b>B1: Financial documents</b></p> <ul style="list-style-type: none"> <li>• Types of financial documents: purchase orders, delivery notes, <i>goods received notes, invoices, credit notes, statements of account, remittance advice slips, receipts.</i></li> <li>• Importance of accuracy when these documents are being used.</li> <li>• <i>Importance of accurate financial documents and record-keeping to business accounting</i></li> </ul>	<p><b>B1 Financial documents</b></p> <ul style="list-style-type: none"> <li>• Types: invoices, delivery notes, purchase orders, credit notes, receipts, statement of account.</li> <li>• Importance to a business of accuracy when these documents are being used.</li> </ul>
<p><b>B2: Payment methods</b></p> <ul style="list-style-type: none"> <li>• Payment methods: cash, credit cards, debit cards, direct debit, payment technologies.</li> <li>• Impact on customers and enterprises of using different payment methods</li> </ul>	<p><b>B2 Payment methods</b></p> <ul style="list-style-type: none"> <li>• Payment methods: cash, credit cards, debit cards, direct debit, payment technologies.</li> <li>• Impact on customers and enterprises of using different methods.</li> </ul>
<p><b>B3: Revenue and costs</b></p> <ul style="list-style-type: none"> <li>• Revenue/turnover.</li> <li>• Start-up and running costs</li> </ul>	<p><b>B3 Sources of revenue and costs</b></p> <ul style="list-style-type: none"> <li>• Income from sales and from assets.</li> <li>• Start-up costs and running costs.</li> </ul>

<p><b>B4: Financial statements</b></p> <ul style="list-style-type: none"> <li>● Profit and loss account (statement of comprehensive income): shows the profit or loss of an enterprise over time:             <ul style="list-style-type: none"> <li>○ revenue, cost of sales, expenses, gross profit, net profit (profit for the year).</li> </ul> </li> <li>● Balance sheet (statement of financial position): shows the financial performance of an enterprise at a point in time:             <ul style="list-style-type: none"> <li>○ fixed (non-current) and current assets</li> <li>○ working capital (net current assets)</li> <li>○ long term (non-current) and current liabilities</li> <li>○ debtors (accounts receivable) and creditors (accounts payable)</li> <li>○ equity.</li> </ul> </li> <li>● <i>Stakeholders: owner(s), managers, employees, lenders, government, customers and suppliers.</i></li> </ul>	<p><b>B5 Statement of comprehensive income</b></p> <p>Learners will complete and interpret a statement of comprehensive income using given figures, and suggest appropriate actions.</p> <ul style="list-style-type: none"> <li>● Statement of comprehensive income: shows the profit or loss of an enterprise over time.</li> <li>● Calculate profit/loss using a simple statement of comprehensive income.</li> </ul> <p><b>B6 Statement of financial position</b></p> <p>Learners will complete and interpret a statement of financial position using given figures, and suggest appropriate actions.</p> <ul style="list-style-type: none"> <li>● Statement of financial position: shows the financial performance of an enterprise at a point in time.</li> <li>● Categorise total assets and liabilities using a statement of financial position.</li> </ul>
<p><b>B5: Profitability and liquidity</b></p> <ul style="list-style-type: none"> <li>● Difference between cash and profit.</li> <li>● Difference between liquidity and profitability.</li> <li>● Calculate profitability ratios from given formulae:             <ul style="list-style-type: none"> <li>○ gross profit margin percentage (GPM) = (gross profit ÷ revenue) × 100</li> <li>○ net profit margin percentage (NPM) = (net profit ÷ revenue) × 100.</li> </ul> </li> <li>● Calculate liquidity ratios from given formulae:             <ul style="list-style-type: none"> <li>○ current ratio = current assets ÷ current liabilities</li> </ul> </li> </ul>	<p><b>B7 Profitability and liquidity</b></p> <p>Learners will interpret statements of comprehensive income and of financial position to calculate ratios.</p> <ul style="list-style-type: none"> <li>● The difference between cash and profit.</li> <li>● The difference between liquidity and profitability.</li> <li>● Calculate profitability ratios from given formulae:             <ul style="list-style-type: none"> <li>○ gross profit margin percentage (GPM): (gross profit/revenue) × 100</li> <li>○ net profit margin percentage (NPM): (net profit/revenue) × 100.</li> </ul> </li> <li>● Calculate liquidity ratios from given formulae:             <ul style="list-style-type: none"> <li>○ current ratio: current assets/current liabilities</li> </ul> </li> </ul>

<ul style="list-style-type: none"> <li>o liquid capital ratio = (current assets – inventory) ÷ current liabilities</li> </ul>	<ul style="list-style-type: none"> <li>o liquid capital ratio: (current assets – inventory)/current liabilities.</li> </ul>
<p><b>Key Content C: Financial planning and forecasting</b></p>	
<p><b>C1: Budgeting</b></p> <ul style="list-style-type: none"> <li>• <i>Expenditure and revenue budgets:</i> <ul style="list-style-type: none"> <li>o capital expenditure</li> <li>o cash</li> <li>o labour</li> <li>o marketing/promotion</li> <li>o overheads</li> <li>o production</li> <li>o purchases/materials</li> <li>o revenue/sales.</li> </ul> </li> <li>• <i>Difference between budgeting and budgetary control (checking performance against plan).</i></li> <li>• <i>Impact of favourable and adverse variances</i></li> </ul>	<p>Not covered</p>
<p><b>C2: Cash flow</b></p> <ul style="list-style-type: none"> <li>• Cash flow forecast: predicted inflows/receipts, outflows/payments, net inflows/outflows, opening and closing balances, surpluses, deficits.</li> <li>• Purpose of cash flow forecasts: <ul style="list-style-type: none"> <li>o to identify money coming in and going out of the enterprise over time</li> <li>o to determine the impact of timings of inflows and outflows</li> <li>o to determine positive and negative liquidity and make business decisions.</li> </ul> </li> </ul>	<p><b>C1 Using cash flow data</b></p> <ul style="list-style-type: none"> <li>• Cash – liquid assets of the business; bank balance plus cash in the business.</li> <li>• Cash flow – difference between the cash flowing into the business (inflows) and the cash flowing out of the business (outflows), positive and negative liquidity.</li> <li>• Difference between sales and purchases.</li> <li>• Cash flow statement: the cash inflows and the cash outflows over the past 12 months.</li> </ul>

<ul style="list-style-type: none"> <li>• Difference between forecasted and actual cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Cash flow forecast: outlines the forecasted future cash inflows (from sales) and the outflows (such as raw materials, wages) per month over a period of time.</li> </ul> <p><b>C2 Financial forecasting</b></p> <ul style="list-style-type: none"> <li>• Purpose of a cash flow forecast:             <ul style="list-style-type: none"> <li>○ to identify money coming in (inflows) and going out (outflows) of the enterprise over time</li> <li>○ to determine net current asset requirements and make business decisions.</li> </ul> </li> <li>• Inflows: sales, capital introduced, loans.</li> <li>• Outflows: purchases, running costs.</li> </ul> <p><b>C3 Suggesting improvements to cash flow problems</b></p> <ul style="list-style-type: none"> <li>• Analysis of cash flow information – considering changes in inflows and outflows over a period and how this affects the enterprise, considering differences between predicted and actual cash flow.</li> <li>• Impact of timings of inflows and outflows</li> </ul>
<p><b>C3: Suggesting improvements to cash flow problems</b></p> <ul style="list-style-type: none"> <li>• Cash flow problems: cash surpluses, cash deficits.</li> <li>• Suggested solutions to problems:             <ul style="list-style-type: none"> <li>○ increasing revenue</li> <li>○ selling off unused assets/inventory</li> <li>○ chasing debtors for monies owed</li> </ul> </li> </ul>	<p><b>C3 Suggesting improvements to cash flow problems</b></p> <ul style="list-style-type: none"> <li>• Analysis of cash flow information – considering changes in inflows and outflows over a period and how this affects the enterprise, considering differences between predicted and actual cash flow.</li> <li>• Cash flow problems – not having enough cash to pay employees and suppliers.</li> </ul>

<ul style="list-style-type: none"> <li>o cutting costs</li> <li>o delaying payment to suppliers</li> <li>o reducing credit period offered to customers</li> <li>o cutting back or delaying expansion plans</li> <li>o <i>paying off debts</i></li> <li>o <i>investment</i></li> </ul>	<ul style="list-style-type: none"> <li>• Impact of timings of inflows and outflows, and suggested solutions to problems:             <ul style="list-style-type: none"> <li>o increasing revenue</li> <li>o selling off unused assets</li> <li>o selling off inventory</li> <li>o chasing debtors for monies owed</li> <li>o cutting costs</li> <li>o delaying payment to suppliers</li> <li>o reducing credit period offered to customers</li> <li>o cutting back or delaying expansion plans.</li> </ul> </li> </ul>
<p><b>C4: Break-even point and break-even analysis</b></p> <ul style="list-style-type: none"> <li>• Fixed, variable and total costs, and total revenue.</li> <li>• Break-even point, margin of safety, <i>area of profit and area of loss</i>.</li> <li>• Importance to an enterprise of breaking even.</li> <li>• Strengths and limitations of break-even analysis</li> </ul>	<p><b>C4 Break-even analysis and break-even point</b></p> <ul style="list-style-type: none"> <li>• Learners will construct and interpret a break-even chart, and recognise its limitations.</li> <li>• Costs: variable costs, fixed costs, total costs.</li> <li>• Sales: total revenue.</li> <li>• Margin of safety.</li> <li>• Break-even = fixed costs/(selling price per unit – variable cost per unit).</li> <li>• Break-even point.</li> <li>• The value and importance of break-even analysis to enterprises when planning.</li> <li>• Limitations of break-even analysis.</li> </ul>
<p><b>C5: Sources of business finance</b></p> <ul style="list-style-type: none"> <li>• Internal sources of finance:             <ul style="list-style-type: none"> <li>o personal sources: savings, credit cards, <i>borrowing from friends and family</i></li> <li>o retained profits</li> </ul> </li> </ul>	<p>C5 Sources of business finance</p> <ul style="list-style-type: none"> <li>• Learners will consider why enterprises may plan different sources of finance for different purposes or at different stages and the relevance of each source.</li> <li>• Sources of finance:             <ul style="list-style-type: none"> <li>o owner funds</li> </ul> </li> </ul>

<ul style="list-style-type: none"><li>o <i>sale of assets.</i></li><li>• External sources of finance:<ul style="list-style-type: none"><li>o long-term: <i>mortgages, share capital, taking on new partners</i></li><li>o medium-term: <i>hire purchase (HP), leasing, loans, peer-to-peer lending (P2P), investment from business angels</i></li><li>o short-term: <i>bank overdraft, crowdfunding, trade credit</i></li><li>o government and <i>charitable grants</i></li></ul></li></ul>	<ul style="list-style-type: none"><li>o retained profits</li><li>o loans</li><li>o credit cards</li><li>o government grants</li><li>o hire purchase and leasing</li><li>o trade credit</li><li>o venture capital</li><li>o peer-to-peer lending.</li><li>• Advantages and disadvantages of each source.</li></ul>
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DRAFT

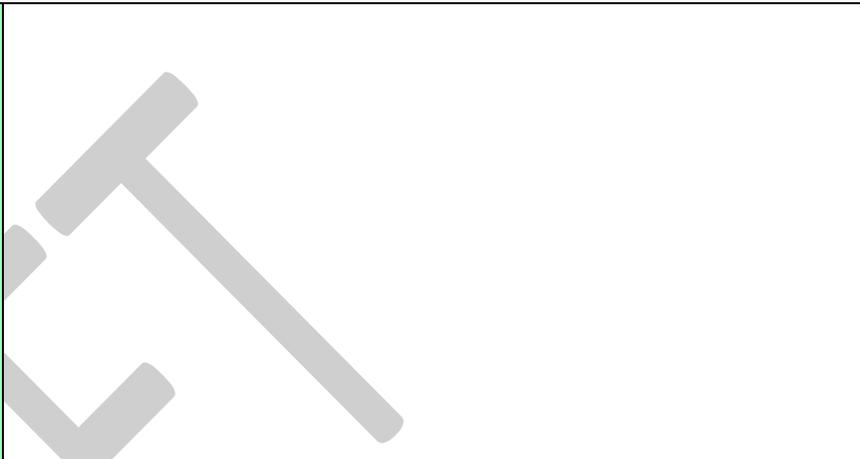
## Mapping of BTEC Tech Award Level 1/2 in Enterprise (2022) to the BTEC Level 1/ 2 First Award in Business (2018) specification

How and where can I use existing content, and what new content has been included? Highlighting comparable content within the two qualifications as listed.

**Content in italics is new content in the 2022 spec which is not covered in the 2018 spec**

BTEC Tech Award Level 1/2 in Enterprise (2022)	BTEC Level 1/ 2 First Award in Business (2018)
<b>Component 1: Exploring Enterprises</b>	<b>Unit 1: Introduction to Business</b>
<b>Learning Outcome A: Understand how and why enterprises and entrepreneurs are successful</b>	<b>Learning Aim A: Explore how businesses operate</b>
<p><b>A1: Size and features of SMEs</b></p> <ul style="list-style-type: none"> <li>• Size of SMEs to include:                             <ul style="list-style-type: none"> <li>o micro: up to 10 members of staff</li> <li>o small: between 11–49 members of staff</li> <li>o medium: between 50–249 members of staff.</li> </ul> </li> <li>• Types of profit-making enterprises to include:                             <ul style="list-style-type: none"> <li>o sole trader, partnership, <i>limited liability partnership (LLP)</i>, ltd, social enterprise that uses some of the profits to reinvest in the enterprise.</li> </ul> </li> <li>• <i>Features of SMEs to include:</i> <ul style="list-style-type: none"> <li>o run by a single individual or small team of people</li> <li>o physical location and/or online operation</li> <li>o sole employment or as part of a hobby/side hustle</li> <li>o existing in one or more sectors of the economy</li> </ul> </li> </ul>	<p><b>Topic A.1 Types of business</b></p> <ul style="list-style-type: none"> <li>• Private sector, for-profit businesses operated by:                             <ul style="list-style-type: none"> <li>o sole traders</li> <li>o partnerships</li> <li>o limited companies (Ltd)</li> </ul> </li> <li>• Not-for-profit businesses, e.g.                             <ul style="list-style-type: none"> <li>o social enterprises</li> <li>o Liability: limited, unlimited.</li> </ul> </li> <li>• Business size:                             <ul style="list-style-type: none"> <li>o micro – up to 10 people</li> <li>o small – between 11–49 staff</li> <li>o medium – between 50–249 staff</li> </ul> </li> </ul>

<p><b>A2: Sectors and business models in which enterprises operate</b></p> <ul style="list-style-type: none"> <li>• <i>Different sectors and business models, including:</i> <ul style="list-style-type: none"> <li>o <i>Business to Business (B2B)</i></li> <li>o <i>Business to Customer (B2C)</i></li> <li>o <i>social enterprise</i></li> <li>o <i>goods</i></li> <li>o <i>service</i></li> <li>o <i>bricks and clicks and flips</i></li> <li>o <i>e-commerce.</i></li> </ul> </li> <li>• <i>Different industries in which enterprises operate</i></li> </ul>	<p>Not covered</p>
<p><b>A3: Aims and activities of enterprises</b></p> <ul style="list-style-type: none"> <li>• <i>Aims of enterprises to include:</i> <ul style="list-style-type: none"> <li>o <i>making a profit, surviving, breaking-even, expanding, maximising sales, being environmentally friendly, being ethical, satisfying customers, providing a social service.</i></li> </ul> </li> <li>• <i>Impact of activities in supporting the aims of enterprises to include:</i> <ul style="list-style-type: none"> <li>o <i>developing and producing goods and services to meet the needs of changes in the market</i></li> <li>o <i>attracting new customers and retaining existing customers through offers and promotions</i></li> <li>o <i>managing business resources: finance, people.</i></li> </ul> </li> <li>• <i>Impact of failing to undertake these activities successfully</i></li> </ul>	<p><b>Topic A.2 The purpose of business</b></p> <ul style="list-style-type: none"> <li>• <i>Business purpose: supply of goods or provision of services.</i></li> <li>• <i>Business aims – what the business wants to achieve:</i> <ul style="list-style-type: none"> <li>o <i>private, e.g. surviving, making profits, growth, maximising sales revenue, being environmentally friendly, being ethical</i></li> </ul> </li> </ul>
<p><b>A4 Skills and characteristics of entrepreneurs</b></p> <ul style="list-style-type: none"> <li>• <i>Reasons why entrepreneurs start their own enterprise to include:</i> <ul style="list-style-type: none"> <li>o <i>to be your own boss, to pursue a hobby, flexibility, to pursue a social mission.</i></li> </ul> </li> </ul>	<p>Not covered</p>

<ul style="list-style-type: none"> <li>● <i>Impact of the skills and characteristics of the entrepreneur in helping to support the aims of the enterprise to include:</i> <ul style="list-style-type: none"> <li>○ <i>skills: knowledge of industry/sector, technical, interpersonal, communication and presentation, planning and researching, time management, negotiation, prioritising tasks, problem solving, managing risk, leadership and teamwork</i></li> <li>○ <i>characteristics: focus, passion, versatility, motivation and dedication, inventiveness, proactiveness, confidence, flexibility and adaptability, resilience and willingness to risk adversity, self-reliance, optimism, vision, resourcefulness, creativity and the capacity to inspire.</i></li> </ul> </li> </ul>	
<p><b>Learning Outcome B: Understand customer needs and competitor behaviour through market research</b></p>	<p><b>Learning Aim B: Consider how market research helps a business to understand the market</b></p>
<p><b>B1: Market research methods</b></p> <ul style="list-style-type: none"> <li>● Benefits and drawbacks of a range of primary research methods used by enterprises to include: <ul style="list-style-type: none"> <li>○ qualitative and quantitative questionnaires and surveys: face-to-face, telephone, post, on a website/social media site</li> <li>○ visits or observation: looking at and recording how customers and competitors behave in situations in a structured way</li> <li>○ <i>formal or informal</i> interviews, <i>chats</i> or focus groups: talking to people to find out their views and experiences.</li> </ul> </li> <li>● Benefits and drawbacks of a range of secondary research methods used by enterprises to include: <ul style="list-style-type: none"> <li>○ online research</li> <li>○ books, journals, trade magazines</li> </ul> </li> </ul>	<p><b>Topic B2: Methods for gathering market research data</b></p> <p><b>Topic B.2 Methods for gathering market research data</b></p> <ul style="list-style-type: none"> <li>● Qualitative research to gather opinions, views and attitudes.</li> <li>● Quantitative research to gather numerical and statistical data.</li> <li>● Primary research: new research.</li> <li>● Types of primary research activities, physical and digital, e.g.: <ul style="list-style-type: none"> <li>○ questionnaires – using a set of qualitative and quantitative questions, e.g. face to face, telephone, post, on a website/social media site</li> <li>○ visits or observation – looking at and recording in a structured way how people behave in situations</li> </ul> </li> </ul>

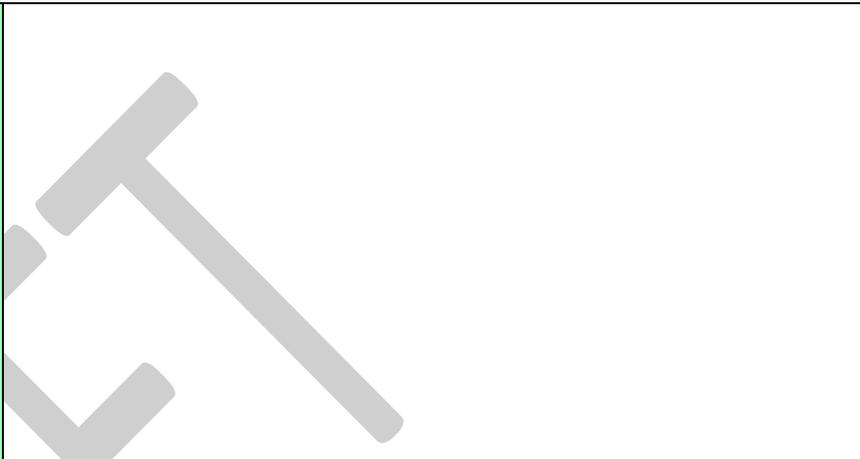
o company materials

o market and government reports and *statistics*

- o interviews or focus groups – talking to people to find out their views and experiences
- o surveys or polls – a quantitative method that involves asking people to fill in questionnaires.
- Secondary research: using existing research from third parties.
- Sources of secondary research data, physical and digital, e.g.:
  - o internal data, e.g. sales data, customer profiles
  - o articles, journals, books, newspapers, trade magazines, websites/social media sites, forums, blogs/vlogs
  - o business materials
  - o market reports and purchased report materials
  - o government publications and statistics.
- Advantages and disadvantages of primary and secondary research methods, e.g.:
  - o bias
  - o control
  - o cost
  - o currency of information
  - o ease of access
  - o time taken to collect
  - o reliability of sources.

<p><b>B2: Understanding customer needs</b></p> <ul style="list-style-type: none"> <li>• The importance of the information that primary and secondary research methods can provide about customers to include:             <ul style="list-style-type: none"> <li>o understanding the market: anticipating and identifying customer needs</li> <li>o <i>producing products to market that solve a problem or add value for the customers</i></li> <li>o identifying customer expectations: good-value products, rapid response to enquiries, clear and honest information, after-sales service</li> <li>o <i>adapting different products to meet customer needs according to age, gender, income, lifestyle and location.</i></li> </ul> </li> </ul>	<p><b>Topic B.1 Use of market research data to understand the market</b></p> <ul style="list-style-type: none"> <li>• Purpose of market research: to reduce risk through understanding the market:             <ul style="list-style-type: none"> <li>o the market – where buyers and sellers come together to buy and sell, e.g. size, structure, trends</li> <li>o target market, e.g. identification of current and potential customers, needs and wants, buying behaviour</li> </ul> </li> </ul>
<p><b>B3: Understanding competitor behaviour</b></p> <ul style="list-style-type: none"> <li>• Understanding the market:             <ul style="list-style-type: none"> <li>o anticipating and identifying competitor behaviour</li> <li>o producing products to market that are different from competitors</li> <li>o identifying features of the competitors.</li> </ul> </li> <li>• Competitive advantage:             <ul style="list-style-type: none"> <li>o the ability to meet customer needs better than competitors on quality, price, features, customer service, availability, convenience.</li> </ul> </li> </ul>	<p><b>Topic B.1 Use of market research data to understand the market</b></p> <ul style="list-style-type: none"> <li>• Purpose of market research: to reduce risk through understanding the market:             <ul style="list-style-type: none"> <li>o competitors and their activities.</li> </ul> </li> </ul>
<p><b>B4: Suitability of market research methods</b></p> <ul style="list-style-type: none"> <li>• <i>Suitability of market research methods that could help the enterprise in gaining further information to include:</i></li> </ul>	<p>Not covered</p>

<ul style="list-style-type: none"> <li><i>o finding out further information about their customers and their competitors</i></li> <li><i>o alternative methods based on the size of the enterprise, cost of research, time and human resources available to undertake research</i></li> </ul>	
<p><b>Learning Outcome C: Understand how the outcomes of situational analyses may affect enterprises</b></p>	<p><b>Learning Aim C: Investigate the use of the marketing mix (4Ps)</b></p>
<p><b>C1: PEST (Political, Economic, Social, Technological) analysis</b></p> <ul style="list-style-type: none"> <li>• <i>Recommendations for actions that enterprises could take based on research and analysis of the following factors:</i> <ul style="list-style-type: none"> <li><i>o political: governmental changes, new regulations, changes in taxation</i></li> <li><i>o economic: consumer confidence in the economy, growth/recession, level of employment, cost of borrowing, cost of energy</i></li> <li><i>o social: changing consumer behaviour and trends</i></li> <li><i>o technological: social media, energy efficiency, technological trends, costs of marketing and selling.</i></li> </ul> </li> <li>• <i>Suitability of recommendations made according to the potential positive and negative impact on costs and revenues.</i></li> </ul>	<p>Not covered</p>
<p><b>C2: SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis</b></p> <ul style="list-style-type: none"> <li>• <i>Impact of the strengths, weaknesses, opportunities and threats based on research, analysis and understanding of enterprises to include:</i> <ul style="list-style-type: none"> <li><i>o strengths: effective planning and financing, marketing and promoting the enterprise, location, reputation, unique selling point (USP), strong branding, competitive advantage</i></li> </ul> </li> </ul>	<p>Not covered</p>

<p><i>o weaknesses: unforeseen human resources costs (i.e. staff illness), lack of investment, poorly performing product/service, competitive disadvantage</i></p> <p><i>o opportunities: growing market trends, developments in technology, gaps in the market, government policy changes, loans and grants, funding, events/holidays, development of additional products and services, adaptations to existing market offering, developing adapted marketing strategies, amendments to staffing, alternative investment decisions</i></p> <p><i>o threats: competitors, supplier problems, developments in technology, government policy, lack of funding, market changes.</i></p>	
<p><b>Component 2: Planning and Presenting a Micro-Enterprise Idea</b></p>	<p><b>Unit 3: Enterprise in the Business World</b></p>
<p><b>Learning Outcome A: Choose an idea and produce a plan for a micro-enterprise idea</b></p>	<p><b>Learning Aim B: Plan an idea for a new idea</b>  <b>Learning Aim C: Learning aim C: Present a business model for a business start-up</b></p>
<p><b>A1: Choosing ideas for a micro-enterprise</b></p> <ul style="list-style-type: none"> <li>• Generation of ideas and choosing or rejecting ideas that may contribute to the likely success of an enterprise idea:             <ul style="list-style-type: none"> <li><i>o own interests/skills audit</i></li> <li><i>o resources available</i></li> <li><i>o potential constraints: budget, age constraints – i.e. not able to employ others, not able to have a loan from a lender, not able to rent premises</i></li> <li><i>o financial forecasts</i></li> <li><i>o costing and pricing</i></li> </ul> </li> </ul>	<p><b>Topic B.1 How business ideas can be successful</b></p> <ul style="list-style-type: none"> <li>• Meeting customer needs, e.g. products or services, filling a gap, doing it better than competitors</li> <li>• Identifying new needs, e.g. mentoring and coaching, using digital media (such as social networking websites)</li> <li>• Continuing to meet established customer needs, e.g. adapt when gap in provision, review and improve provision</li> </ul>

<ul style="list-style-type: none"><li><i>o methods of communication and promotion</i></li><li><i>o potential customers</i></li><li><i>o gaps in the market.</i></li><li>● <i>Innovative ideas which are realistic and within budget and could include:</i><ul style="list-style-type: none"><li><i>o animal and horticulture</i></li><li><i>o art and design</i></li><li><i>o cleaning and maintenance</i></li><li><i>o creative and speciality crafts</i></li><li><i>o entertainment, performing arts and leisure</i></li><li><i>o fashion and accessories</i></li><li><i>o food and drink</i></li><li><i>o hair and beauty</i></li><li><i>o holding/hosting events</i></li><li><i>o lifestyle</i></li><li><i>o mental health and wellbeing</i></li><li><i>o sport and exercise</i></li><li><i>o sustainable and environmental</i></li><li><i>o teaching, educational and coaching</i></li><li><i>o technological, digital, social media and e-commerce</i></li><li><i>o writing and publishing.</i></li></ul></li></ul>	<p><b>Topic B.2 Business ideas</b></p> <ul style="list-style-type: none"><li>● Researching the market and identifying gaps or opportunities</li><li>● Selecting a product or service</li><li>● Targeting customers, e.g. by age, location, interests, concerns</li><li>● How a selected product or service will meet the need or demand of targeted customers</li><li>● Difference between 'benefits' and 'features' of a product or service</li></ul> <p><b>Topic B.3 Assessing the suitability of a business idea</b></p> <ul style="list-style-type: none"><li>● Estimating resources required to develop ideas, including:<ul style="list-style-type: none"><li>○ own time, others' time</li><li>○ human resources – recruitment of staff, employees' skills and areas of expertise</li><li>○ personal commitment</li><li>○ finance, premises, materials, equipment</li></ul></li><li>● Selecting the most appropriate idea</li><li>● Likelihood of success or failure, e.g. access to prospective customers, existing demand, estimating profitability</li><li>● Identification of major barriers for a start-up business, e.g. large start-up costs, cash flow, licences, competitors</li></ul>
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## **A2: Plan for a micro-enterprise**

- Ownership of the micro-enterprise:
  - sole trader
  - social enterprise.
- Aims of the micro-enterprise:
  - financial aims: to make a profit, to break-even
  - non-financial aims: customer satisfaction, social aims such as meeting a need in the community.
- Features of the product (goods or services) to be sold, including:
  - *ensuring product features and production of product is environmentally friendly and in the public interest, i.e. safe, ethical and legal*
  - relevant benefits and unique selling points (USPs)
  - cost.
- Pricing of the product (goods or services) to be sold, including:
  - strategy: cost-plus/mark-up, competitive, skimming, penetration, premium
  - selling price.
- Methods of promotion:
  - selection of methods of promotion: advertising, use of social media
  - cost effectiveness.

## **Topic B.4 Producing an initial plan for a business idea**

- Producing a plan, including:
  - supporting evidence, including possible customers, possible routes to market, strategy for dealing with competitors, ideas for financing, and e.g. ideas for implementation such as branding and promoting products and/or services, recruitment of staff, customer service.

## **Topic C.1 Choice of format**

- sole trader
- social enterprise

## **Topic C.3 Business model**

- Components of a business model, including:
  - results of researching the market, including identifying potential customers (businesses or individual consumers) and competitors
  - goods or services – make or buy
  - use of the marketing mix and means of delivering to customer, e.g. internet only, franchise, direct sales
  - business aims – the long-term visions or goals

- Identifying the target market:
    - market segment
    - pricing strategy, selling price and promotion appeal and relevance to target market
    - how product will reach market: selling direct, online or both
    - establishing and sustaining sales to target customers.
  - Resources required:
    - *physical resources: location, materials, equipment, fixtures and fittings, information technology, stock*
    - financial resources: sources of finance, calculation of start-up costs, running costs, and production costs/cost of sales
    - *human resources: skills and roles, possible training and development needs*
    - *how the resources will be obtained/funded.*
  - Financial information:
    - *financial planning and forecasting commentary: break-even calculation and 12-month cash flow forecast*
    - *financial records commentary: profit and loss (forecast statement of comprehensive income).*
  - Risk assessment:
    - *description of potential and realistic risks involved: lack of skills, competitors, unexpected costs, sourcing of resources, quality control, lack of customer interest*
- stakeholders and their influence on the business, e.g. owners, employees, customers, financiers, suppliers, local community
  - finances and costs for start-up
  - providing evidence to justify why the idea will succeed

<ul style="list-style-type: none"> <li><i>o threats posed by competitors: products, customers, customer service, advertising and promotion, success and failures, potential gaps in their offering</i></li> <li><i>o recommendations as to how risks can be overcome</i></li> <li><i>o recommendations as to how to ensure quality of products.</i></li> <li>• Viability of the plan based on the following considerations:             <ul style="list-style-type: none"> <li><i>o financial data</i></li> <li><i>o safety</i></li> <li><i>o ethicality</i></li> <li><i>o legality</i></li> <li><i>o environmental</i></li> </ul> </li> </ul>	
<p><b>Learning Outcome B: Present a plan for the micro-enterprise idea to meet specific requirements</b></p>	<p>Not covered</p>
<p><b><i>B1: Production of presentation</i></b></p> <ul style="list-style-type: none"> <li>• <i>Selection of relevant information and logical sequencing of information and ideas.</i></li> <li>• <i>Use of appropriate written communication skills:</i> <ul style="list-style-type: none"> <li><i>o use of business terminology</i></li> <li><i>o presentation of information and data.</i></li> </ul> </li> <li>• <i>Consistent visual presentation appropriate for the enterprise idea: appropriate colours, use of margins, appropriate use of images and transitions, appropriate font including size and type.</i></li> </ul>	<p>Not covered</p>

<p><b>B2: Delivery of presentation</b></p> <ul style="list-style-type: none"> <li>• <i>Methods of recording and delivery: on-screen videos and sharing, electronic presentation, pre-recorded, video group calls, vlog.</i></li> <li>• <i>Accurate and effective verbal communication skills: language and tone, pace, volume and projection, use of business terminology.</i></li> <li>• <i>Engaging non-verbal communication skills: conduct of presenter, positive attitude, well-rehearsed, body language, gestures and eye contact.</i></li> </ul>	<p>Not covered</p>
<p><b>Learning Outcome C: Review the presentation of the micro-enterprise idea to meet specific requirements</b></p>	<p>Not covered</p>
<p><b>C1: Review of presentation</b></p> <ul style="list-style-type: none"> <li>• <i>Review of own skills demonstrated in the production and delivery of the presentation, to include:</i> <ul style="list-style-type: none"> <li>o <i>skills demonstrated: written, summarisation, language and terminology, verbal communication, non-verbal communication, presentation, technical and practical</i></li> <li>o <i>making supported judgements on strengths and weaknesses based on self-reflection and review:</i> <ul style="list-style-type: none"> <li>- <i>what went well</i></li> <li>- <i>what went less well or did not go to plan</i></li> </ul> </li> <li>o <i>recommendations for improvements to the production and delivery of the electronic presentation</i></li> </ul> </li> </ul>	<p>Not covered</p>

<p><b>Component 3: Marketing and Finance for Enterprise</b></p>	<p><b>Unit 4: Promoting a Brand</b>  <b>Unit 1: Introduction to Business</b>  <b>Unit 2: Finance for Business</b></p>
<p><b>Key Content A: Marketing activities</b></p>	<p><b>Unit 4</b>  <b>Learning Aim A: Explore the use of branding and the promotional mix in business</b></p>
<p><b>A1: Targeting and segmenting the market</b></p> <ul style="list-style-type: none"> <li>• Target market: the market an enterprise wants to sell its products to.</li> <li>• Market segmentation: key differentiators that divide customers into groups to be targeted: <ul style="list-style-type: none"> <li>o demographics: age, race, religion, gender, family size, ethnicity, income, education level, socio-economic group</li> <li>o geographic: location</li> <li>o psychographic: social class, attitudes, lifestyle and personality characteristics</li> <li>o behavioural: spending, consumption, rate of usage, loyalty status, desired benefits.</li> </ul> </li> <li>• Markets: Business to Business (B2B), Business to Consumer (B2C), niche, mass</li> </ul>	<p><b>A.4: Promotional activities in business</b></p> <ul style="list-style-type: none"> <li>• How businesses identify which customers their promotions will target, including: <ul style="list-style-type: none"> <li>o types of market, e.g. Business to Business (B2B), Business to Consumer (B2C)</li> <li>o different ways of segmenting the market, e.g. by age, family status, gender, income, attitudes, lifestyle</li> </ul> </li> </ul>
<p><b>Key Content A: Marketing activities</b></p>	<p><b>Unit 1</b>  <b>Learning Aim C: Investigate the use of the marketing mix (the 4Ps)</b></p>
<p><b>A2: 4Ps of the marketing mix</b></p> <ul style="list-style-type: none"> <li>• Product:</li> </ul>	<p><b>Topic C.1: The 4Ps of the marketing mix</b></p> <ul style="list-style-type: none"> <li>• Product, e.g.:</li> </ul>

<ul style="list-style-type: none"> <li>o product portfolio: comprises all products (goods and services) of an enterprise</li> <li>o product life cycle: development, introduction, growth, maturity, decline</li> <li>o USP (unique selling point)</li> <li>o branding, brand personality, brand image.</li> <li>● Price:             <ul style="list-style-type: none"> <li>o pricing strategies: penetration, skimming, competitive, cost-plus, premium.</li> </ul> </li> <li>● Place:             <ul style="list-style-type: none"> <li>o digital and physical distribution of products.</li> </ul> </li> <li>● Promotion:             <ul style="list-style-type: none"> <li>o promotional mix: advertising, public relations (PR and OPR), social media marketing, personal selling, direct marketing, sales promotion</li> <li>o 'above the line' and 'below the line' promotion.</li> </ul> </li> <li>● <i>Multichannel marketing: using a range of traditional and/or digital methods</i></li> </ul>	<ul style="list-style-type: none"> <li>o appearance</li> <li>o features</li> <li>o benefits</li> <li>o packaging.</li> <li>● Price – pricing strategies, e.g.:             <ul style="list-style-type: none"> <li>o penetration</li> <li>o skimming</li> <li>o competitor based</li> <li>o cost-plus</li> <li>o premium</li> <li>o psychological.</li> </ul> </li> <li>● Promotion – the promotional mix to include digital and offline/traditional promotion, e.g.:             <ul style="list-style-type: none"> <li>o advertising – print, ambient, digital, audio</li> <li>o public relations (PR) activities: sponsorship, trade shows, exhibitions, events</li> <li>o sales promotions – providing incentives to customers, loyalty programmes, coupons</li> <li>o direct marketing – direct mail, mail order catalogues, magazines, telemarketing.</li> </ul> </li> <li>● Place, e.g.:             <ul style="list-style-type: none"> <li>o physical stores (bricks)</li> <li>o online stores (clicks)</li> <li>o physical and online stores (bricks and clicks).</li> </ul> </li> </ul>
<p><b>A3: Factors influencing the choice of marketing methods</b></p>	<p>Not covered</p>

<ul style="list-style-type: none"> <li>● <i>Factors influencing the choice of marketing methods:</i> <ul style="list-style-type: none"> <li>○ <i>appropriateness for product and its brand image</i></li> <li>○ <i>speed/accessibility of information/ease of reaching target market</i></li> <li>○ <i>cost to the enterprise</i></li> <li>○ <i>competitors' activities</i></li> <li>○ <i>experience of the entrepreneur</i></li> </ul> </li> </ul>	
<p><b>A4: Trust, reputation and loyalty</b></p> <ul style="list-style-type: none"> <li>● <i>Importance of brand image: perceptions of quality, value, variety and customer service.</i></li> <li>● <i>Importance of reputation: actions of the enterprise and how they affect public opinion</i> <ul style="list-style-type: none"> <li>○ <i>being environmentally friendly</i></li> <li>○ <i>rejecting unethical or controversial marketing strategies</i></li> <li>○ <i>responding to customer service issues quickly and efficiently</i></li> <li>○ <i>getting involved in the local community through help/donations/prizes</i></li> </ul> </li> </ul>	Not covered
<p><b>Key Content B: Financial documents and statements</b></p>	<p><b>Unit 2</b>  <b>Learning Aim A: Understand the costs involved in business and how businesses make a profit</b></p>
<p><b>B1: Financial documents</b></p> <ul style="list-style-type: none"> <li>● <i>Types of financial documents: purchase orders, delivery notes, goods received notes, invoices, credit notes, statements of account, remittance advice slips, receipts.</i></li> <li>● <i>Importance of accuracy when these documents are being used.</i></li> </ul>	Not covered

<ul style="list-style-type: none"> <li>• Importance of accurate financial documents and record-keeping to business accounting</li> </ul>	
<p><b>B2: Payment methods</b></p> <ul style="list-style-type: none"> <li>• Payment methods: cash, credit cards, debit cards, direct debit, payment technologies.</li> <li>• Impact on customers and enterprises of using different payment methods</li> </ul>	<p>Not covered</p>
<p><b>B3: Revenue and costs</b></p> <ul style="list-style-type: none"> <li>• Revenue/turnover.</li> <li>• Start-up and running costs</li> </ul>	<p><b>Topic A.1 Understand the costs involved in business</b> Learners should:</p> <ul style="list-style-type: none"> <li>• understand costs of a business, including:             <ul style="list-style-type: none"> <li>○ start-up costs – the costs incurred when setting up a business</li> <li>○ operating (running) costs – the costs incurred in the day-to-day running of a business</li> </ul> </li> <li>• understand fixed and variable costs, direct and indirect costs, total costs</li> <li>• calculate total costs</li> </ul> <p><b>Topic A.2 Understand how businesses make a profit</b> Learners should:</p> <ul style="list-style-type: none"> <li>• understand how businesses make money (generate revenue)</li> <li>• understand sources of revenue for a business • calculate revenue</li> </ul>

	<ul style="list-style-type: none"> <li>• understand how businesses have to spend money (expenditure) in order to succeed</li> <li>• understand types of expenditure (including overheads) businesses may have</li> <li>• understand that expenditure is anything a business pays out and overheads are the everyday running costs of a business</li> <li>• understand that businesses must know how much money is coming in (revenue) and going out (expenditure), before they can work out whether the business has:             <ul style="list-style-type: none"> <li>○ made a profit</li> <li>○ made a loss</li> </ul> </li> <li>• define:             <ul style="list-style-type: none"> <li>○ profit – revenue is more than expenditure</li> <li>○ loss – expenditure is more than revenue</li> </ul> </li> <li>• calculate profit</li> </ul>
<p><b>Key Content B: Financial documents and statements</b></p>	<p><b>Unit 2</b>  <b>Learning Aim C: Understand how businesses measure success and identify areas for improvement</b></p>
<p><b>B4: Financial statements</b></p> <ul style="list-style-type: none"> <li>• Profit and loss account (statement of comprehensive income): shows the profit or loss of an enterprise over time:             <ul style="list-style-type: none"> <li>○ revenue, cost of sales, expenses, gross profit, net profit (profit for the year).</li> </ul> </li> </ul>	<p><b>Topic C.1 Understand how businesses measure success</b></p> <p>Income statement (profit and loss account) – learners should:</p>

- Balance sheet (statement of financial position): shows the financial performance of an enterprise at a point in time:
  - o fixed (non-current) and current assets
  - o working capital (net current assets)
  - o long term (non-current) and current liabilities
  - o debtors (accounts receivable) and creditors (accounts payable)
  - o equity.
- *Stakeholders: owner(s), managers, employees, lenders, government, customers and suppliers.*

- understand the purpose of an income statement (profit and loss account)
- understand and complete an income statement (profit and loss account) from given figures, including:
  - o trading account (top section of the income statement) – includes figures for revenue (turnover) and cost of sales
  - o calculates the amount of gross profit
  - o expenses/overheads (bottom section of the income statement)
  - o calculate net profit.

Statement of financial position (balance sheet) – learners should:

- understand the purpose and format of a statement of financial position (balance sheet)
- understand assets and liabilities
  - o fixed assets
  - o current assets
  - o long-term liabilities
  - o current liabilities.
- understand and complete a statement of financial position (balance sheet) with given figures, including:
  - o assets
  - o liabilities

	<ul style="list-style-type: none"> <li>○ capital – how the business is funded (money invested in the business to generate revenue) from:             <ul style="list-style-type: none"> <li>- internal sources – money from owners/shareholders (share capital) or retained profits</li> <li>- external sources – finance raised from outside of the business</li> </ul> </li> <li>○ working capital</li> </ul>
<p><b>B5: Profitability and liquidity</b></p> <ul style="list-style-type: none"> <li>● Difference between cash and profit.</li> <li>● Difference between liquidity and profitability.</li> <li>● Calculate profitability ratios from given formulae:             <ul style="list-style-type: none"> <li>○ gross profit margin percentage (GPM) = <math>(\text{gross profit} \div \text{revenue}) \times 100</math></li> <li>○ net profit margin percentage (NPM) = <math>(\text{net profit} \div \text{revenue}) \times 100</math>.</li> </ul> </li> <li>● Calculate liquidity ratios from given formulae:             <ul style="list-style-type: none"> <li>○ current ratio = <math>\text{current assets} \div \text{current liabilities}</math></li> <li>○ liquid capital ratio = <math>(\text{current assets} - \text{inventory}) \div \text{current liabilities}</math></li> </ul> </li> </ul>	<p><b>Topic C.1 Understand how businesses measure success</b></p> <ul style="list-style-type: none"> <li>● understand profitability ratios             <ul style="list-style-type: none"> <li>○ gross profit margin</li> <li>○ net profit margin</li> </ul> </li> <li>● understand liquidity ratios             <ul style="list-style-type: none"> <li>○ current ratio</li> <li>○ liquid capital ratio</li> </ul> </li> </ul>

<p><b>Key Content C: Financial planning and forecasting</b></p>	<p><b>Unit 2</b> <b>Learning Aim B: Understand how businesses plan for success</b></p>
<p><b>C1: Budgeting</b></p> <ul style="list-style-type: none"> <li>• <i>Expenditure and revenue budgets:</i> <ul style="list-style-type: none"> <li>o <i>capital expenditure</i></li> <li>o <i>cash</i></li> <li>o <i>labour</i></li> <li>o <i>marketing/promotion</i></li> <li>o <i>overheads</i></li> <li>o <i>production</i></li> <li>o <i>purchases/materials</i></li> <li>o <i>revenue/sales.</i></li> </ul> </li> <li>• <i>Difference between budgeting and budgetary control (checking performance against plan).</i></li> <li>• <i>Impact of favourable and adverse variances</i></li> </ul>	<p><b>Topic B.2: Understand the tools businesses use to plan for success</b></p> <p>Budgeting – learners should understand:</p> <ul style="list-style-type: none"> <li>• the purpose of budgeting in setting expenditure and revenue budgets</li> <li>• the difference between budgeting and budgetary control (checking performance against plan)</li> </ul>
<p><b>C2: Cash flow</b></p> <ul style="list-style-type: none"> <li>• Cash flow forecast: predicted inflows/receipts, outflows/payments, net inflows/outflows, opening and closing balances, surpluses, deficits.</li> <li>• Purpose of cash flow forecasts:             <ul style="list-style-type: none"> <li>o to identify money coming in and going out of the enterprise over time</li> </ul> </li> </ul>	<p><b>Topic B.2: Understand the tools businesses use to plan for success</b></p> <p>Cash flow forecasting – learners should:</p> <ul style="list-style-type: none"> <li>• understand the purpose of a cash flow forecast</li> <li>• understand the sources of cash coming into the business (inflows)</li> <li>• understand the sources and destination of cash leaving the business (outflows)</li> </ul>

<ul style="list-style-type: none"> <li>o to determine the impact of timings of inflows and outflows</li> <li>o to determine positive and negative liquidity and make business decisions.</li> <li>● <i>Difference between forecasted and actual cash flows</i></li> </ul>	<ul style="list-style-type: none"> <li>● understand the impact of timings of inflows and outflows</li> <li>● understand the advantages of using a cash flow forecast to plan for success in a business and explain the associated risks to businesses of not completing a cash flow forecast</li> <li>● understand the disadvantages of cash flow forecasting</li> <li>● complete a cash flow forecast from given information</li> </ul>
<p><b>C3: Suggesting improvements to cash flow problems</b></p> <ul style="list-style-type: none"> <li>● Cash flow problems: cash surpluses, cash deficits.</li> <li>● Suggested solutions to problems:             <ul style="list-style-type: none"> <li>o increasing revenue</li> <li>o selling off unused assets/inventory</li> <li>o chasing debtors for monies owed</li> <li>o cutting costs</li> <li>o delaying payment to suppliers</li> <li>o reducing credit period offered to customers</li> <li>o cutting back or delaying expansion plans</li> <li>o paying off debts</li> <li>o investment</li> </ul> </li> </ul>	<p><b>Topic B.2: Understand the tools businesses use to plan for success</b></p> <p>Cash flow forecasting – learners should:</p> <ul style="list-style-type: none"> <li>● understand business’ finances based on cash flow information and possible issues and solutions for the business</li> </ul>
<p><b>C4: Break-even point and break-even analysis</b></p> <ul style="list-style-type: none"> <li>● Fixed, variable and total costs, and total revenue.</li> </ul>	<p><b>Topic B.1: Understand the planning tools businesses use to predict when they will start making a profit</b></p>

<ul style="list-style-type: none"> <li>• Break-even point, margin of safety, <i>area of profit and area of loss</i>.</li> <li>• Importance to an enterprise of breaking even.</li> <li>• Strengths and limitations of break-even analysis</li> </ul>	<p>Learners should:</p> <ul style="list-style-type: none"> <li>• define breakeven – when a business has made enough money through product sales to cover the cost of making the product (no profit and no loss)</li> <li>• understand from a breakeven chart:             <ul style="list-style-type: none"> <li>○ breakeven point</li> <li>○ profit</li> <li>○ loss</li> <li>○ variable costs</li> <li>○ fixed costs</li> <li>○ total revenue</li> <li>○ total costs</li> <li>○ margin of safety</li> </ul> </li> <li>• calculate the breakeven</li> <li>• understand the advantages and disadvantages of breakeven analysis to businesses when planning for success</li> <li>• understand the effect on the breakeven point if sales or (fixed and variable) costs change, and the impact of these changes on the business</li> </ul>
<p><b>C5: Sources of business finance</b></p> <ul style="list-style-type: none"> <li>• Internal sources of finance:             <ul style="list-style-type: none"> <li>○ personal sources: <i>savings, credit cards, borrowing from friends and family</i></li> <li>○ retained profits</li> </ul> </li> </ul>	<p><b>Topic C.1 Understand how businesses measure success</b></p> <p>– internal sources – money from owners/shareholders (share capital) or retained profits</p>

<ul style="list-style-type: none"><li>o <i>sale of assets.</i></li><li>● External sources of finance:<ul style="list-style-type: none"><li>o <i>long-term: mortgages, share capital, taking on new partners</i></li><li>o <i>medium-term: hire purchase (HP), leasing, loans, peer-to-peer lending (P2P), investment from business angels</i></li><li>o <i>short-term: bank overdraft, crowdfunding, trade credit</i></li><li>o <i>government and charitable grants</i></li></ul></li></ul>	<p>– external sources – finance raised from outside of the business</p>
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