Pearson Level 3 V Level in Accounting and Finance

Specification

First teaching September 2027

Pre-Accreditation Draft

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This draft qualification has not yet been accredited by Ofqual. It is published to enable teachers to have early sight of our proposed approach to Pearson Level 3 V Level in Accounting and Finance. Further changes may be required and no assurance can be given at this time that the proposed qualification will be made available in its current form.

About Pearson

At Pearson, our purpose is simple: to help people realise the life they imagine through learning. We believe that every learning opportunity is a chance for a personal breakthrough. That's why our c.18,000 Pearson employees are committed to creating vibrant and enriching learning experiences designed for real-life impact. We are the world's lifelong learning company, serving customers in nearly 200 countries with digital learning and assessment experiences, verified skills, and credentials. For us, learning isn't just what we do. It's who we are.

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Introduction

About V Levels

V Levels are Level 3 vocational qualifications developed for post-16 students who want to explore a sector, or multiple sectors, without specialising too early. Available in a single size of 360 guided learning hours (GLH), they give students the flexibility to build a broader programme of study that reflects their interests and future ambitions.

Students can combine a V Level with other V Levels, other vocational qualifications, A levels or, where appropriate, English and maths qualifications. This flexibility helps them to keep their options open while developing valuable knowledge and skills.

Based on the Department for Education (DfE) subject content, V Levels combine theory, practical learning and transferable skills. Through applied work-related learning, students develop understanding of a sector and build the confidence to take their next step into higher education, apprenticeships or further technical study.

Unlike T Levels, V Levels provide a broad vocational pathway rather than preparing students for a specific occupational role. They help students explore opportunities, understand progression routes and make informed decisions about their future.

Why choose V Levels from Pearson

Drawing on decades of vocational expertise and our strong partnerships with educators, employers and higher education institutions, Pearson has developed V Levels that support meaningful progression while giving educators the tools and support they need to deliver with confidence.

Authentic vocational learning. Our qualifications are built around practical learning and real-world application. Students can connect what they learn in the classroom with how the sector operates in practice, helping them to stay engaged, deepen their understanding and apply their learning in different contexts.

Assessments you can trust. Our assessments are vocationally relevant, straightforward to deliver and designed so that the full range of students can demonstrate what they know and can do. This gives you confidence in student outcomes.

Pathways and progression routes. Our broad range of academic and vocational qualifications helps you to build coherent study programmes that reflect students' aspirations and support progression to positive destinations.

Confident delivery. You can deliver our V Levels with confidence through our comprehensive teaching and learning support resources, professional development offer and dedicated support from our Subject Advisors.

This specification document should be used in conjunction with the *Pearson V Levels Supplementary Specification*, available on our website.

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1 Pearson Level 3 V Level in Accounting and Finance – Purpose

Who is the qualification for

The Pearson Level 3 V Level in Accounting and Finance is designed for post-16 students who want to explore their options through applied learning. It is suitable for students who are interested in careers in Accounting and Finance and want to develop sector-relevant knowledge, understanding and skills alongside other Level 3 qualifications in their study programme, to progress to related higher education courses or apprenticeships.

The qualification develops students' understanding of accounting and financial concepts and how financial information is used to support organisational oversight, evaluation, and decision making. Students will understand how financial and accounting information is interpreted, analysed, evaluated and communicated responsibly within UK organisational contexts. The qualification focuses on finance as the applied use of accounting information rather than as a standalone technical or occupational discipline, enabling students to develop the knowledge, understanding and judgement needed to assess performance, position, risk and alternative courses of action.

How will students apply their learning

Students will apply their knowledge, understanding and skills through the following work-related purposes relevant to the sector:

- Be able to interpret financial and accounting information to support organisational decision making
- Be able to analyse and evaluate organisational financial performance and position
- Be able to evaluate financial decision making in organisational contexts
- Be able to evaluate the ethical and regulatory context of accounting and finance within organisational settings
- Be able to communicate and present financial and accounting information in organisational contexts.

What knowledge and understanding will students develop

To carry out the work-related purposes effectively, students will develop knowledge and understanding of:

- **Accounting principles and concepts:** the concepts, conventions and principles that underpin accounting and financial information, including the role of judgement, consistency, control and the representation of financial activity.

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- **Financial information and reporting:** the purpose, structure, characteristics and limitations of financial statements and supporting information; how information is generated, presented, interpreted and communicated.
- **Organisational financial performance and position:** the measures, indicators and relationships used to understand organisational performance and financial health, including profitability, liquidity, efficiency, solvency and cash flow.
- **Financial decision making:** how financial and non-financial information is used to evaluate options, assess implications and support informed organisational decision-making.
- **Ethics, governance and risk:** the ethical, governance and risk considerations associated with accounting and finance, including the responsibilities associated with the use, interpretation and communication of financial information.
- **Digital financial systems and emerging technologies:** the conceptual role of digital systems in producing structured financial information; data integrity, confidentiality and cyber risk; and the opportunities and risks associated with emerging technologies including artificial intelligence.
- **Sustainability and ESG:** the influence of sustainability and environmental, social and governance (ESG) considerations on organisational performance, reporting and decision making.

Sector-specific skills

Students will develop and have the opportunity to practise the following sector-specific skills:

- Financial statement analysis
- Financial performance analysis
- Variance analysis
- Financial evaluation.

Transferable skills

Students are expected to develop the following transferable skills:

- Critical thinking and problem solving
- Analysis, evaluation and decision making
- Numerical reasoning
- Communication for specialist and non-specialist audiences
- Ethical reasoning and risk awareness
- Reflection on reliability, limitations and uncertainty
- Adaptability, digital literacy and information literacy.

The Department for Education's *Framework for transferable skills and work-related behaviours* sets out the common language used for transferable skills and work-related behaviours.

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Which other qualifications can be taken alongside this V Level

This V Level can be taken alongside other complementary Level 3 qualifications such as V Levels, A Levels and, where appropriate, English and maths qualifications.

What can the qualification lead to

This qualification, when taken as a part of a coherent study programme, can lead to progression to the following:

- BSc (Hons) Accounting and Finance – potential career outcomes include Management Accountant or Financial Analyst
- BSc (Hons) Business Management – potential career outcomes include Business Analyst or Operations Manager
- Higher and Degree Apprenticeships in Financial Services – potential career outcomes include Financial Services Professional or Corporate Banking Associate.

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2 Qualification overview and key information

Qualification at a glance

Qualification title	Pearson Level 3 V Level in Accounting and Finance
Qualification Number (QN)	XXX/XXX/X
Regulation start date	DD/MM/YYYY
Operational start date	01/08/2027
First certification date	Summer 2029
Approved age ranges	16–18 18+ 19+
Total qualification time (TQT)	483 hours.
Guided learning hours (GLH)	360.
Duration	Intended to be taken over a 2 year programme of study.
Entry requirements	Students do not need any prior knowledge, skills or qualifications to take this qualification.
Qualification requirements	Students must complete 4 mandatory units.
Assessment model	• Units 1, 2 and 3 are assessed by Non-exam Assessment (NEA). These are marked by centres but set and moderated by Pearson. • Unit 4 is assessed by examined assessment, which is set and marked by Pearson. This assessment is terminal, meaning it must be taken in the students' final assessment series for the qualification. Further information on assessment requirements is provided in each unit.
Examined assessment availability	Assessments are available in May/June each academic year First assessment: May/June 2029
NEA submission	There is one submission window in May each academic year. Students must be registered for the qualification and entered for the unit before you can submit NEA outcomes for moderation.

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Qualification title	Pearson Level 3 V Level in Accounting and Finance
Resubmission of NEA	One internal resubmission opportunity may be approved by the centre before marks and evidence are submitted for moderation Information on the conditions for authorising NEA resubmissions is in the *Pearson V Levels Supplementary Specification.*
Retakes	• NEA - following moderation, students can retake an NEA unit in the next available assessment window. Unless specified, students must respond to the NEA assignment released for the series they are taking the retake. • Examined assessment - students may retake the unit in any available series, subject to the terminal assessment rule.
Grade aggregation	Grade aggregation is compensatory. This means that there are no must-pass units. Students accumulate marks across individual tasks and units, so stronger performance in one area or unit can balance less secure performance elsewhere when the overall qualification result is calculated.
Grading	The qualification and units are graded as A*-E plus P (Pass) and U (Unclassified).
UCAS points	This qualification is recognised in the UCAS tariff tables. You will find more information on the UCAS website.

Total qualification time

For all regulated qualifications, Pearson specifies a Total Qualification Time (TQT). This is the total number of hours that it is estimated students will need to complete and show achievement for the qualification. Within the TQT, Pearson specifies the number of Guided Learning Hours (GLH). These are the hours that we estimate a centre delivering the qualification will provide.

Guided learning means activities such as lessons, tutorials, online instruction, supervised study, and feedback on performance where teachers or assessors are directly involved in teaching, supervising or invigilating students. It also includes the time students spend taking examined assessments under supervised conditions.

In addition to guided learning, students will spend time on other activities directed by teachers or assessors. These may include private study, assessment preparation and

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unsupervised assessment activities, such as preparatory reading, revision and independent research.

The Pearson Level 3 V Level in Accounting and Finance has:

- Total Qualification Time: 483 hours
- Guided Learning Hours: 360 hours.

Centres should take these hours into account when planning their programme. However, they should also use their professional judgement to determine the amount of guided learning and study time across the units.

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Qualification structure

This table shows all units and the weighting they contribute to the qualification. Students must complete 4 mandatory units.

Unit number	Unit title	GLH	Weighting	How assessed	Mandatory or optional
1	Using Financial and Accounting Information	72 GLH	20%	Centre marked, Pearson moderated NEA	Mandatory
2	Analysing Financial Performance	72 GLH	20%	Centre marked, Pearson moderated NEA	Mandatory
3	Business Finance Decisions	72 GLH	20%	Centre marked, Pearson moderated NEA	Mandatory
4	Strategic Finance and Performance	144 GLH	40%	Examination Pearson marked	Mandatory (Terminal)

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Assessment

Assessment is designed to meet the purposes of the V Level qualification. It includes a combination of assessment types and different forms or styles that reflect the qualification content. The two types of assessment are: examined assessment and non-exam assessment (NEA). Students will also respond to synoptic assessments within each type.

Assessment objectives

Assessment objectives are the hierarchy of the specific skills and abilities students are expected to demonstrate in all assessments. The assessment objectives, and their weightings, for this qualification are shown below.

	Assessment objectives (what students must do)	% in qualification
AO1	Demonstrate knowledge and understanding of concepts, principles, requirements and approaches relevant to the subject area	29.4%
AO2	Apply knowledge and understanding to plan, carry out tasks, produce outputs, and use information appropriately	43.7%
AO3	Analyse and evaluate information, situations and evidence to make judgements, draw conclusions and make recommendations	26.9%

Breakdown of assessment objectives (AOs)

Unit	AO1	AO2	AO3	Total % for assessment objectives
Unit 1: Using Financial and Accounting Information	20%	55%	25%	20%
Unit 2: Analysing Financial Performance	25%	45%	30%	20%
Unit 3: Business Finance Decisions	20%	55%	25%	20%
Unit 4: Strategic Finance and Performance	41%	32%	27%	40%

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Non-exam assessment (NEA)

Units 1, 2 and 3 are assessed through non-exam assessment (NEA) set by Pearson, marked by centres and moderated by Pearson. NEAs give students the opportunity to apply their knowledge and understanding through realistic work-related tasks and activities. This helps students connect what they know with how it is applied in practice.

For each unit, new NEAs are released once a year through the secure area of our website. Each assessment will be clearly marked with the assessment series and academic year in which it was released. Centres must ensure that they are using the correct assessment for the series in which students have been entered.

Centres will mark the completed assessments using the descriptors in the marking grids provided in each unit.

Unit	NEA description	Window for assessment
Unit 1: Using Financial and Accounting Information	3 tasks, marked out of 60 marks and completed over a maximum of 8 hours.	First released in September 2027 for May 2028 submission.
Unit 2: Analysing Financial Performance	2 tasks, marked out of 60 marks and completed over a maximum of 13 hours.	First released in September 2027 for May 2028 submission.
Unit 3: Business Finance Decisions	5 tasks, marked out of 60 marks and completed over a maximum of 10 hours	First released in September 2028 for May 2029 submission.

Further information about the design and delivery of NEAs, including levels of control, marking, resubmissions and retakes is provided in the *V Levels Supplementary Specification,* available on our website.

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Examined assessment

Unit 4: Strategic Finance and Performance is assessed through an examined assessment that is timetabled, set and marked by Pearson.

The examined assessment takes the form of a written examination taken under supervised conditions, which is then marked and a grade awarded by Pearson.

The examined assessment comprises 40% of the total GLH of the qualification and is weighted accordingly in the calculation of the overall qualification grade.

Unit	Examined assessment description	Assessment availability
Unit 4: Strategic Finance and Performance	A written examination, which is set and marked by Pearson and completed under supervised conditions. It must be taken in the students' final assessment series for the qualification to meet the terminal assessment rule. The written examination is worth 110 marks and lasts for 2 hours and 30 minutes.	May/June First assessment May/June 2029

Further information about examined assessments is provided in the *Pearson V Levels Supplementary Specification,* available on our website.

Synoptic assessment

Synoptic assessment requires students to demonstrate that they can apply their overall knowledge, understanding and skills, from across the course of study.

Synoptic assessments provide opportunities for students to:

(a) demonstrate the ability to draw together different areas of knowledge, understanding and/or skills from across the full course of study, and

(b) construct and develop an extended line of reasoning which is relevant, coherent and effectively structured.

Synoptic links between teaching content are identified within each unit .

Language of assessment

Assessments for all units will be available in English. All student work must be in English. A student taking the qualification may be assessed in British Sign Language where this is permitted for reasonable adjustment. Further information about reasonable adjustments is provided in the *Pearson V Levels Supplementary Specification,* available on our website.

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Grading of the qualification

The qualification is graded using a scale of A* to E, P (Pass) and U (Unclassified). The overall grade is based on performance across all units.

Further information about grading is provided in *Section 5: Final grading and awarding*.

UCAS tariff points

This V Level qualification attracts UCAS points. Please go to the UCAS website for full details of the points allocated.

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3 Units

Understanding your units

The units in this specification set out details of all the knowledge and skills a student must acquire, and the assessment requirements that will support you in preparing your students. We have sequenced the units in the order we believe best supports sustained learning, and we recommend that centres deliver them in this order.

Each unit in the specification is set out in a similar way. There are two types of unit format:

- Non-exam assessment (NEA)
- Examined assessment.

This section explains how the units work. It is important that all teachers, assessors, and other staff responsible for the programme review this section.

Non-exam assessment (NEA units)

Section	Explanation
Assessment type	This confirms how the unit is assessed, (non-exam assessment (NEA) or examined assessment).
Unit type	This confirms whether the unit is mandatory or optional.
Guided learning hours	This indicates the number of hours of teaching, directed activity and supervised assessment expected.
Unit introduction	This is designed with students in mind. It indicates why the unit is important and how learning is structured.
Teaching content	This details the knowledge and skills that must be taught. It also includes additional information, such as synoptic links, where needed. The content has been purposefully structured to support teaching, learning and assessment, and is presented in a sequence that reflects a logical teaching order while helping students build the knowledge and skills needed for successful assessment. Content outcome statements provide the overarching focus for each area of content, enabling teachers to understand the key themes and intended learning at a glance. The content detail then provides further detail on the breadth and depth of content to be taught, ensuring clarity and consistency in the interpretation and delivery of the specification.

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Section	Explanation
	All content is mandatory. The content sets out the full requirement for teaching and assessment except where: a) the content detail is followed by 'e.g.' – in these instances, the content is indicative within the topic and is not an exhaustive list of what should or could be covered. This content is included to provide clarity around the interpretation of the topic area by providing indicative areas that might be covered. b) the content detail includes inexhaustive lists, denoted as 'including'. Content following 'including' statements show content that must be taught, but centres may wish to include further examples. Centres should ensure that delivery of content is kept up to date.
Transferable skills	This identifies the transferable skills students are expected to develop in the unit and how they will apply them in work-related contexts relevant to the sector.
Assessment summary	This gives a description of the NEA for the unit, including the nature of the tasks, duration and availability.
Marking the NEA	This gives an overview of the approach for marking the NEA.
Marking grid	The marking grid details the descriptors across the mark bands that the teachers/assessors will use to determine the marks to be awarded to students' assessment evidence.
Resource requirements	This section lists any specific resources that you need to be able to teach and for students to take the assessment. For information on support resources see *Section 6: Resources and support*.

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Examined assessment units

Section	Explanation
Assessment type	This confirms how the unit is assessed, (non-exam assessment (NEA) or examined assessment).
Unit type	This confirms whether the unit is mandatory or optional.
Guided learning hours	This indicates the number of hours of teaching, directed activity and supervised assessment expected. It also shows the weighting of the unit in the final qualification grade.
Unit introduction	This is designed with students in mind. It indicates why the unit is important and how learning is structured.
Teaching content	This gives the content that must be taught for the examined assessment. It also includes additional information, such as synoptic links, where needed. The content has been purposefully structured to support teaching, learning and assessment, and is presented in a sequence that reflects a logical teaching order while helping students build the knowledge and skills needed for successful assessment. Content outcome statements provide the overarching focus for each area of content, enabling teachers to understand the key themes and intended learning at a glance. The content detail then provides further detail on the breadth and depth of content to be taught, ensuring clarity and consistency in the interpretation and delivery of the specification. All content is mandatory. Content will be sampled through the examined assessment over time.
Transferable skills	This identifies the transferable skills students are expected to develop in the unit and how they will apply them in work-related contexts relevant to the sector.
Assessment summary	This sets out the form of examined assessment and how it is used to assess achievement.

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Section	Explanation
Resource requirements	This section lists any specific resources that you need to be able to teach and for students to take the assessment. For information on support resources see *Section 6: Resources and support*.

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Unit 1: Using Financial and Accounting Information

Assessment type: Non-exam assessment (NEA)
Unit type: Mandatory
Guided learning hours: 72

Introduction

Students develop essential knowledge and practical skills in interpreting financial statements, analysing accounting data, ensuring data security, applying professional ethics, and communicating with stakeholders. Through structured organisational scenarios, students investigate how financial information originates, calculate performance, assess ethical dilemmas, and present tailored financial evidence to diverse stakeholders.

Financial and accounting information forms the foundation of organisational governance, operational control, and strategic planning. Whether evaluating a commercial enterprise, a public sector body, or a charitable organisation, decision-makers rely on accurate financial reports, budgets, and cash flow data to monitor performance and allocate resources effectively. As a junior finance and business support officer, understanding where financial data originates, how it is processed through digital accounting systems, and how to interpret key performance indicators is essential for supporting organisational review.

Financial analysis requires more than applying formulas; it demands critical evaluation of data security, ethical standards, and regulatory expectations. In this unit, students examine how cybersecurity controls, confidentiality, and data integrity protect financial records across digital and remote working environments. Students also analyse complex workplace scenarios involving ethical threats—such as aggressive earnings management, selective disclosure, and conflicts of interest—applying fundamental ethical principles to uphold professional conduct and stakeholder trust.

Effective communication bridges the gap between technical accounting data and organisational decision-making. Students explore how financial evidence can be framed, simplified, or selectively presented, identifying potential miscommunications and data limitations. By tailoring reports, summaries, and presentations to the specific information needs of managers, board members, regulators, funders, and service users, students ensure financial insights are communicated clearly, transparently, and responsibly.

Developing these core competencies equips students with the practical numerical, analytical, and communication skills sought by employers, higher education

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institutions, and professional accounting bodies. This unit establishes a vital foundation for further study in accounting, finance, and business management, while preparing students to navigate real-world financial responsibilities with integrity and professional care.

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Teaching content

Content area A: Financial Information Sources, Digital Systems and Interpretation

Content outcome	Content detail
A1 Know and apply the purposes of financial communication within and between organisational contexts including sole traders, partnerships, limited companies, public sector bodies and third sector organisations.	**A1.1** Scope of financial and accounting information sources: **A1.1.1** Statements of profit or loss extracts covering revenue, gross profit, operating profit, net profit, and utility or overhead costs **A1.1.2** Statements of financial position extracts covering: o non-current assets o current assets including cash, trade receivables, and inventory o current liabilities including trade payables and accrued expenses o equity o reserves o working capital **A1.1.3** Cash flow information covering operating cash flows, capital spending, financing activities, and closing cash balances **A1.1.4** Budget summaries and variance reports comparing planned versus actual performance, classified as Favourable or Adverse **A1.1.5** Revenue and cost breakdowns distinguishing between direct and indirect costs, fixed and variable splits, and funding sources such as membership fees, grants, and commercial contracts. **A1.1.6** Organisational structures covering sole traders, partnerships, private and public limited companies, public sector bodies, and charities or social enterprises.

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Content outcome	Content detail
	A1.2 Legal characteristics and reporting obligations: **A1.2.1** Providing verifiable evidence on performance, financial position, liquidity, and resource use **A1.3** How the purpose and characteristics change in different contexts **A1.3.1** Structure, presentation, and legal reporting differences across commercial, public, and social enterprises. **A1.3.2** Sole traders and partnerships: capital accounts, profit sharing, and owner drawings. **A1.3.3** Limited companies: share capital, retained reserves, dividends, and statutory filing rules. **A1.3.4** Public sector bodies: public service funding, grant tracking, public accountability, and value for money. **A1.3.5** Third-sector organisations: fund accounting, restricted vs unrestricted funds, donor reporting, and surplus reinvestment. **A1.3.6** Adapting financial analysis across different legal forms, strategic goals, and reporting rules. **A1.4** Statement linkages and financial tensions: **A1.4.1** Reconciling relationships between statements, such as how profit connects to equity and cash **A1.4.2** Evaluating trade-offs between information relevance, reliability, completeness, and timeliness **A1.5** How financial communication supports decision making.

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Content outcome	Content detail
	A1.5.1 Interpreting evidence from multiple sources to form supported views on operational constraints and strategic priorities **A1.6** Evaluating appropriateness and effectiveness **A1.6.1** Evaluating whether financial reports meet decision-makers' needs accurately and transparently.

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Content outcome	Content detail
A2 Know and apply the differing information needs of stakeholder groups, including managers, investors or funders, regulators, service users and internal decision makers, as referenced throughout this subject content.	**A2.1** Scope of stakeholder interpretation: **A2.1.1** Financial statement extracts, budget summaries, and Key Performance Indicators **A2.1.2** Sector objectives: profit maximisation (private), value for money (public), or community impact (charities) **A2.2** Stakeholder roles, responsibilities, and information requirements: **A2.2.1** Tailoring the depth, complexity, and technical detail of financial information depending on the target stakeholder group and their decision-making authority **A2.2.2** Internal managers and department heads: detailed cost breakdowns, operational variance reports, and daily or monthly performance metrics to control budgets and allocate resources **A2.2.3** Executive directors and board trustees: strategic financial summaries, working capital positions, high-level profitability metrics, and risk evaluations to support governance and long-term planning **A2.2.4** Investors, owners, and shareholders: return on capital, dividend sustainability, profit growth trends, and gearing ratios to evaluate commercial risk and investment return **A2.2.5** Lenders and financial institutions: cash flow forecasts, liquidity ratios (current and acid test), and debt service capacity to assess solvency and creditworthiness

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Content outcome	Content detail
	A2.2.6 Grant commissioners and public funders: ring-fenced project budgets, expenditure audits, and value-for-money indicators to verify compliance and fund usage **A2.2.7** Regulators and tax authorities: audited financial statements, statutory reporting disclosures, and tax liability calculations to verify legal compliance **A2.2.8** Employees and trade unions: profitability trends, operational stability, and general financial health to gauge job security and wage negotiation context **A2.2.9** Service users, customers, and local communities: overall organisation stability, pricing transparency, and social/environmental impact reports **A2.3** Managing stakeholder tensions and priorities **A2.3.1** Resolving conflicting expectations between stakeholder groups (e.g., short-term investor return vs service user demand for long-term investment) **A2.4** Supporting decision-making **A2.4.1** Balancing conflicts between financial performance, organisational strategy, and differing stakeholder time horizons **A2.5** Formulating justified conclusions **A2.5.1** Formulating justified conclusions tailored to specific audience responsibilities while explicitly acknowledging limits in available data

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Content outcome	Content detail
A3 Be able to present financial statement extracts, budget summaries and performance indicators clearly and coherently using accurate financial terminology (for example: revenue, gross profit, net profit, assets, liabilities, cash flow, contribution, margin, variance and ratios)	**A3.1** Scope of digital system outputs **A3.1.1** Checking pre-calculated metrics: revenue, gross profit, net profit, assets, liabilities, cash flow, contribution, margin, variances, and ratios **A3.1.2** Checking internal consistency: formatting, currency symbols, reporting periods, classification units, and formulas **A3.2** Source of data vs system outputs **A3.2.1** Distinguishing raw data from calculated summaries generated by digital accounting tools **A3.3** Operational vs governance review **A3.3.1** Differentiating routine operational checks from tactical resource allocation and board-level review **A3.4** Tensions and judgements in digital data: **A3.4.1** Identifying system errors, unstated assumptions, or missing data that lower reliability **A3.5** Supporting decision-making **A3.5.1** Presenting digital outputs in structured, coherent formats to inform organisational choices

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Content outcome	Content detail
A4 Know and apply the importance of data security, confidentiality and cyber security in the storage, processing and communication of financial information.	**A4.1** Scope of data protection **A4.1.1** Cybersecurity, access controls, least-privilege principles, confidentiality, and data integrity **A4.1.2** Managing responsibilities across collection, storage, processing, use, communication, and disposal **A4.1.3** Data threats o unauthorised access o accidental disclosure o social engineering o malware o ransomware o data loss **A4.2** Why data security management occurs **A4.2.1** Protecting assets, complying with data laws, and preventing decisions based on corrupted data **A4.3** Application in different contexts **A4.3.1** Applying controls across cloud platforms, shared drives, and remote working environments **A4.4** Security tensions and judgements **A4.4.1** Balancing strict security controls (authentication, encryption, passwords) against operational efficiency **A4.5** Emerging technologies and awareness

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Content outcome	Content detail
	A4.5.1 Recognising security risks linked to automated software, AI tools, and remote working models

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Content area B: Financial Analysis, Decision-making and Judgement

Content outcome	Content detail
B1 Be able to apply appropriate financial and accounting calculations to produce information that supports financial analysis, interpretation and organisational decision making.	**B1.1** Scope of financial metrics **B1.1.1** Profitability: Gross Profit Margin (%) and Net Profit Margin (%) **B1.1.2** Liquidity: Current Ratio and Acid Test Ratio **B1.1.3** Budget variances: budgeted vs actual variances (£ and F/A) across revenue, direct costs, and overheads **B1.1.4** Funding shares: percentage shares across membership fees, grants, and commercial contracts **B1.1.5** Formatting: applying standard currency symbols (£), percentages (%), ratios, and rounding rules **B1.2** Why metric verification occurs **B1.2.1** Transforming raw extracts into structured metrics revealing efficiency, cost behaviour, and liquidity health **B1.3** Contextual application **B1.3.1** Shifting focus between commercial profit targets, public budget limits, and charity surplus reinvestment **B1.4** Spreadsheet logic and controls **B1.4.1** Conducting checks on formulas, formatting, linkages, and data quality in Excel working files **B1.5** Supporting decision-making **B1.5.1** Grounding recommendations in verified numerical figures rather than unverified estimates

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Content outcome	Content detail
B2 Be able to evaluate the implications of financial information for short and medium-term organisational decisions	**B2.1** Scope of financial evaluation **B2.1.1** Short-term choices: resource allocation, pricing changes, variance checks, and capacity management **B2.1.2** Medium-term factors: working capital shifts, utility cost increases, funding diversification, and cash flow health **B2.1.3** Decision tools: scenario analysis, sensitivity testing, baseline comparisons, and trade-offs **B2.2** Why evaluation occurs **B2.2.1** Determining whether proposed operational plans are affordable, viable, and sustainable **B2.3** Contextual decision criteria **B2.3.1** Adapting evaluation criteria across private firms, public sector bodies, and charities **B2.4** Cost control tensions **B2.4.1** Balancing immediate cost savings against operational quality, resilience, and stakeholder impacts **B2.5** Supporting decision-making **B2.5.1** Comparing competing options under consistent assumptions to recommend an evidence-backed course of action

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Content outcome	Content detail
B3 Be able to form and justify reasoned judgements using appropriate financial evidence and contextual understanding	**B3.1** Scope of reasoned financial judgements **B3.1.1** Combining evaluation criteria, facts, calculated figures, model assumptions, and operational constraints **B3.1.2** Distinguishing verified financial facts from unstated estimates, management projections, and opinions **B3.2** Why forming judgements occurs **B3.2.1** Synthesising quantitative metrics with qualitative operational context to construct logical reasoning **B3.3** Contextual depth **B3.3.1** Tailoring justification detail for operational managers compared with executive board reports **B3.4** Resolving conflicting evidence **B3.4.1** Handling scenarios where financial performance figures conflict with operational capacity constraints **B3.5** Building a clear chain of reasoning **B3.5.1** The structure of step-by-step arguments connecting financial evidence to recommendations, key risks, and validity conditions

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Content area C: Ethics, Regulation and Professional Conduct

Content outcome	Content detail
C1 Be able to analyse organisational scenarios involving ethical issues in financial reporting and decision-making	**C1.1** Scope of ethical issues **C1.1.1** Ethical threats: o conflicts of interest o commercial pressure o misstating earnings o biased estimates o hiding liabilities o selective disclosure o misuse of grant funds **C1.1.2** Distinguishing deliberate misconduct from routine calculation errors, legal non-compliance, or valid commercial choices. **C1.1.3** Governance factors o internal controls o oversight o whistleblowing policies o corporate culture **C1.2** Why ethical analysis occurs: **C1.2.1** Protecting organisational integrity, upholding reporting standards, and maintaining stakeholder trust **C1.3** Contextual evaluation **C1.3.1** Evaluating ethical threats across private firms, public bodies, and grant-funded charities

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Content outcome	Content detail
	C1.4 Managing ethical tensions **C1.4.1** Managing acute tensions between employer loyalty, commercial targets, professional duties, and the public interest **C1.5** Resolving ethical issues **C1.5.1** Applying structured reasoning to evaluate facts, identify threats, compare alternatives, and select defensible solutions
C2 Be able to evaluate how regulatory expectations influence organisational behaviour and financial communication	**C2.1** Scope of regulatory frameworks **C2.1.1** Regulatory goals: statutory compliance, grant ring-fencing clauses, transparency, asset protection, and public accountability **C2.1.2** Compliance mechanisms: company law, internal policies, financial controls, grant covenants, and audit expectations **C2.2** Why regulatory evaluation occurs **C2.2.1** Ensuring organisational practices fulfil statutory obligations and wider expectations of transparency **C2.3** Contextual compliance obligations **C2.3.1** Comparing compliance obligations across private limited companies, public sector bodies, and charities **C2.4** Regulatory tensions and substance over form **C2.4.1** Assessing whether financial reporting choices reflect legal and economic reality rather than technical form alone **C2.4.2** Balancing compliance costs against commercial constraints and confidentiality demands **C2.5** Practical compliance

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Content outcome	Content detail
	C2.5.1 Explaining why legal adherence alone is insufficient without applying professional integrity and ethical judgement

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Content outcome	Content detail
C3 Be able to apply the fundamental ethical principles (integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) when analysing organisational scenarios involving financial reporting and decision making	**C3.1** Scope of fundamental ethical principles **C3.1.1** Integrity through being straightforward, honest, and truthful in professional reporting **C3.1.2** Objectivity by avoiding bias, conflicts of interest, or undue influence of others on management decisions **C3.1.3** Professional competence and due care by maintaining technical knowledge and acting diligently in accordance with standards **C3.1.4** Confidentiality by respecting information privacy and preventing unauthorised disclosure **C3.1.5** Professional behaviour through complying with laws, avoiding action that discredits the profession, and upholding public trust **C3.2** Why ethical principles are applied **C3.2.1** Ensuring reports remain reliable, decision-makers remain accountable, and public trust is preserved **C3.3** Contextual application **C3.3.1** Applying principles across workplace scenarios, recognising that multiple principles apply simultaneously **C3.4** Ethical tensions and judgements **C3.4.1** balancing short-term cash flow relief against long-term legal, governance, and reputational risks **C3.5** Supporting decision-making **C3.5.1** Evaluating safeguards (independent review, escalation procedures) to reduce threats to an acceptable level.

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Content outcome	Content detail
C4 Be able to assess the potential impact of ethical and regulatory issues on different stakeholder groups	**C4.1** Scope of stakeholder impact **C4.1.1** Impacted groups: Board Trustees, Grant Commissioners, Lenders, Staff, Suppliers, and Customers/Community **C4.1.2** Impact categories: direct vs indirect effects, financial losses, operational disruption, and reputational damage **C4.2** Why impact assessment occurs **C4.2.1** Evaluating how ethical breaches or compliance failures affect resource distribution and stakeholder rights **C4.3** Contextual changes **C4.3.1** Recognising that the scale and severity of impact vary significantly across investors, commissioners, and service users **C4.4** Stakeholder trade-offs **C4.4.1** Evaluating distributional trade-offs where an ethical choice benefits one group while creating risk for another **C4.5** Supporting decision-making **C4.5.1** Prioritising impacts using transparent criteria to ensure decisions reflect context and account for missing views

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Content outcome	Content detail
C5 Be able to justify conclusions using structured ethical and financial reasoning rather than technical-rule application alone, recognising the role of context, assumptions and professional judgement	**C5.1** Scope of structured reasoning **C5.1.1** Explicitly connecting scenario facts, ethical principles, financial figures, grant rules, and stakeholder consequences **C5.1.2** Testing options for consistency, feasibility, proportionality, and alignment with professional standards **C5.2** Why structured reasoning occurs **C5.2.1** Moving beyond rigid rule-following to give logical, transparent justifications for complex financial dilemmas **C5.3** Contextual reasoning models **C5.3.1** Adapting reasoning models to reflect specific organisational constraints, incentives, and operational uncertainties **C5.4** Resolving tensions **C5.4.1** Formulating practical, legally compliant cash flow solutions without compromising professional ethics **C5.5** Supporting decision-making **C5.5.1** Establishing a defensible chain of reasoning that defines the exact conditions under which a conclusion remains valid

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Content outcome	Content detail
C6 Be able to communicate ethical considerations clearly within financial contexts	**C6.1** Scope of ethical communication **C6.1.1** Channels: internal escalation notes, board reports, stakeholder memos, and formal disclosure statements **C6.1.2** Separating factual evidence, unstated assumptions, ethical concerns, governance implications, and recommendations **C6.2** Why escalation occurs **C6.2.1** Articulating sensitive ethical threats and governance risks clearly to internal decision-makers to encourage timely remedies **C6.3** Contextual communication adaptation **C6.3.1** Adapting language, depth, and tone for specialist finance committees compared with non-specialist board members **C6.4** Confidentiality and escalation tensions **C6.4.1** Balancing complete disclosure against professional confidentiality rules and legal disclosure limits **C6.5** Supporting decision-making **C6.5.1** Communicating uncertainty and competing viewpoints openly, ensuring decision-makers possess a balanced view of risks

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Content area D: Stakeholder Communication, Transparency and Critical Presentation

Content outcome	Content detail
D1 Know and apply the differing information needs of stakeholder groups, including managers, investors or funders, regulators, service users and internal decision makers, as referenced throughout the content	**D1.1** Scope of stakeholder information requirements **D1.1.1** Detailed cost breakdowns, variance reports, and daily performance metrics for operational managers **D1.1.2** Strategic summaries, working capital position, net deficits, and covenant compliance reviews for Board Trustees **D1.1.3** Community outcomes, project delivery progress, and revenue contribution breakdowns for Grant Commissioners and public funders **D1.1.4** Liquidity ratios, cash sustainability, and debt repayment capacity for lenders and creditors **D1.2** Why stakeholder information analysis occurs **D1.2.1** Aligning reporting frequency, detail, and presentation format with specific decision horizons and responsibilities **D1.3** Contextual communication priorities **D1.3.1** Comparing communication goals across commercial companies, public sector bodies, and charities **D1.4** Tensions and information risks **D1.4.1** Managing conflicting expectations between stakeholders and avoiding information overload or omission **D1.5** Supporting decision-making **D1.5.1** Selecting and prioritising material financial evidence that meets stakeholder needs without omitting essential context

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Content outcome	Content detail
D2 Know and apply the importance of clarity, accuracy and transparency in presenting financial statement information and performance data	**D2.1** Scope of communication quality standards **D2.1.1** Principles: clarity, numerical accuracy, transparency, completeness, internal consistency, comparability, and materiality **D2.2.2** Structural factors: standard layouts, accurate technical labels, consistent reporting periods, clear units, and explicit assumptions **D2.2** Why clarity and transparency occur **D2.2.1** Ensuring financial reports present a true representation of performance to maintain stakeholder trust and legal accountability **D2.3** Contextual layout complexity **D2.3.1** Adapting layout complexity when preparing formal briefing papers and slide decks versus brief internal updates **D2.4** Technical precision vs simplification **D2.4.1** Balancing simplified narrative explanations against necessary technical accounting detail to prevent misleading interpretations **D2.5** Quality standards in decision support **D2.5.1** Conducting internal consistency and source verification checks to catch errors and ambiguities before publication

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Content outcome	Content detail
D3 Know and apply the risks associated with miscommunication, selective presentation or misinterpretation of financial information	**D3.1** Scope of presentation risks and distortion **D3.1.1** Distortion tactics: visual framing bias, selective presentation, baseline year manipulation, chart scale distortion, highlight ordering, and context omission **D3.1.2** Miscommunication causes: complex jargon, inconsistent metrics, inadequate comparisons, and incorrect audience assumptions **D3.2** Why review of presentation risks occurs **D3.2.1** Preventing misinterpretation that could lead to poor resource allocation, loss of stakeholder trust, or reputational damage **D3.3** Contextual perception impact **D3.3.1** Assessing how visual framing affects commercial investor confidence compared with public sector accountability **D3.4** Uncovering hidden issues **D3.4.1** Identifying concealed limitations, omitted liabilities, or selective time periods designed to present an overly favourable impression **D3.5** How risk review supports decision-making **D3.5.1** Reconstructing biased or selective summaries into balanced, objective presentations supported by independent checks

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Content outcome	Content detail
D4 Be able to present financial statement extracts, budget summaries and performance indicators clearly and coherently using accurate financial terminology relevant to the financial information being communicated	**D4.1** Scope of financial presentation outputs **D4.1.1** Deliverables: Trustee Briefing Papers, Grant Commissioner Slide Decks with detailed speaker notes, executive summaries, financial summary tables, and variance reports **D4.1.2** Terminology: revenue, gross profit, net profit, assets, liabilities, operating cash flow, contribution, variance, and financial ratios **D4.2** Why structured presentation occurs **D4.2.1** Delivering clear, organised financial evidence that connects inputs, calculations, and strategic implications logically **D4.3** Contextual presentation choices **D4.3.1** Adjusting presentation choices for routine internal monitoring compared with formal external board reporting **D4.4** Visual proportions and chart integrity **D4.4.1** Ensuring visual charts and summary tables maintain faithful proportions without exaggerating minor variances **D4.5** Supporting decision-making **D4.5.1** Providing an auditable presentation that highlights strengths, concerns, governance controls, and limitations clearly

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Content outcome	Content detail
D5 Be able to adapt financial explanations and analysis to suit stakeholder groups as defined within this subject content	**D5.1** Scope of communication adaptation **D5.1.1** Evaluating technical background, decision authority, and specific information needs in audience profiling **D5.1.2** Techniques: translating complex accounting terms into plain-English business insights, tailoring detail levels, and adjusting emphasis **D5.2** Why communication adaptation occurs **D5.2.1** Making financial insights accessible to non-specialist board members while retaining technical precision for finance specialists **D5.3** Contextual adaptation shifts **D5.3.1** Explaining performance figures differently when addressing operational department managers versus commercial lenders or public grant funders **D5.4** Technical Precision vs Simplification Tensions **D5.4.1** Simplifying technical accounting concepts without introducing inaccuracies, oversimplifying, or omitting material operational risks **D5.5** Supporting decision-making **D5.5.1** Empowering non-specialist stakeholders to evaluate financial implications and participate effectively in strategic decisions

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Content outcome	Content detail
D6 Be able to critically evaluate how financial information may be framed, simplified or selectively presented	**D6.1** Scope of uncertainty and limitation disclosure **D6.1.1** Limitation categories: data quality gaps, estimation reliance, historical time baselines, unstated assumptions, model constraints, and volatile external factors **D6.1.2** Disclosure methods: sensitivity qualifiers, confidence ranges, explicit risk disclaimers, and contextual caveats **D6.2** Why limitation disclosure occurs **D6.2.1** Explicitly disclosing analytical limitations and forecast uncertainties to uphold professional integrity and prevent over-reliance on static projections **D6.3** Contextual prominence of disclosures **D6.3.1** Increasing the prominence of uncertainty disclaimers when presenting long-term strategic forecasts compared with short-term historical reviews **D6.4** Persuasiveness vs transparency tensions **D6.4.1** Maintaining recommendation persuasiveness while candidly disclosing underlying analytical uncertainties **D6.5** Supporting decision-making **D6.5.1** Providing a balanced conclusion that defines its confidence level, triggers contingency planning, and specifies when further data review is needed

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Content outcome	Content detail
D7 Be able to communicate financial judgements in a way that demonstrates awareness of limitations and uncertainty	**D7.1** Scope of limitations and uncertainty in financial judgements **D7.1.1** Factors affecting figures: data quality gaps, management estimates, historical time baselines, unstated assumptions, model constraints, and volatile external factors **D7.1.2** Analytical uncertainties: forecast risks, projection sensitivity, missing contextual evidence, and estimation bounds **D7.2** Why awareness of limitations and uncertainty is essential **D7.2.1** Understanding how data gaps affect conclusions to prevent over-reliance on static forecasts, and recognising the boundary between verified facts and subjective estimates **D7.3** Contextual presentation **D7.3.1** Adjusting how limitations are communicated for long-term strategic forecasts versus short-term performance reviews, and for specialist committees vs non-specialist board members **D7.4** Tensions and judgements in communicating uncertainty **D7.4.1** Balancing persuasive recommendations against honest presentation of data gaps, and managing expectations when figures are sensitive to unstated external variables **D7.5** Supporting sound financial decision-making **D7.5.1** Synthesising financial judgements with explicit confidence levels, sensitivity qualifiers, and contingency triggers to provide a realistic evaluation

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Transferable skills

Students are expected to develop the following transferable skills through the learning and assessment activities for this unit:

- professional communication by tailoring financial explanations and operational insights for diverse audiences.
- precision through the consistent use of technical accounting terminology across all tasks.
- analytical reasoning by translating quantitative calculation outputs and financial ratios into structured operational recommendations
- communicate these financial judgments clearly while explicitly recognising analytical assumptions and limitations
- ethical evaluation techniques by utilising objective, structured reasoning to address complex workplace dilemmas rather than relying on rigid rules alone
- stakeholder awareness by assessing distributional impacts and communicating sensitive governance risks responsibly
- audience adaptation by structuring and presenting financial data transparently across different professional formats
- critical evaluations to uncover presentation risks, framing biases, and data uncertainties

The qualification Delivery Guide suggests ways for centres to help students develop these transferable skills.

Assessment summary

The NEA for this unit consists of three tasks.

- In response to Task 1, students will review an organisational financial information pack, perform financial calculations, analyse performance indicators, and evaluate financial implications for short-term and medium-term decisions.
- In response to Task 2, students will analyse an organisational scenario involving ethical and regulatory issues, apply fundamental ethical principles, and evaluate potential impacts on diverse stakeholder groups.
- In response to Task 3, students will produce tailored financial communications for specific stakeholder groups, critically evaluate framing and presentation choices, and communicate justified recommendations whilst disclosing analytical limitations and uncertainty.

The assessment will take approximately 8 supervised hours to complete.

The NEA is set by Pearson and will be marked by centres and moderated by Pearson. A new NEA for this unit will be released each September through the secure area of our website. Students must use the assessment to provide the required evidence to achieve this unit.

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A sample assessment is provided on the Pearson website.

Marking the NEA

You will make assessment decisions for the NEA using the marking grid provided below. Before making assessment decisions, you should refer to the guidance on using the marking grid provided in the *Pearson V Levels Supplementary Specification,* available on our website. A glossary of terms used in the marking grid is provided in *Appendix 1*.

Further information on managing NEAs is provided in the *Pearson V Levels Supplementary Specification,* available on our website.

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Marking grid

Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3
Task 1a: Interpreting financial information			
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**
No rewardable material	**Basic** review, extraction, and documentation of financial information. Evidenced through: • Review of financial documents that is **partially** detailed and shows a **basic** understanding of the financial documents • **Some** extraction and documentation of pre-calculated financial data and formula definitions that are partially completed with **obvious** errors or omissions.	**Competent** review, extraction and documentation of financial information. Evidenced through: • **Appropriate/adequate** review of financial documents that is **mostly** detailed and shows a **sound** understanding of the financial documents • **Mostly** accurate extraction and documentation of the pre-calculated financial data and formula definitions with **few** errors or omissions.	**Effective** review, extraction and documentation of financial information. Evidenced through: • **Comprehensive** review of financial documents that is **mostly** detailed and shows a **deep** understanding of the financial documents • **Thorough** and **accurate** reconciliation, and documentation of pre-calculated financial data, formula definitions and financial statement linkages.

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3
Task 1b: Evaluate short and medium-term financial implication			
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**
No rewardable material	**Basic** evaluation of financial performance. Evidenced through: • **Some** interpretation of financial information showing a **basic** understanding of the requirements of financial performance • **simplistic** recommendations relating to financial information with **partial** justifications	**Competent** evaluation of financial performance. Evidenced through: • **coherent** interpretation of financial information showing a **sound** understanding of the requirements of financial performance • **relevant** recommendations relating to financial information with **appropriate** justifications	**Thorough** evaluation of financial performance. Evidenced through: • **comprehensive** interpretation of financial information showing a **detailed** understanding of the requirements of financial performance • **developed** recommendations relating to financial information with **considered** justifications

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3
Task 2a: Apply ethical principles and governance frameworks			
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**
No rewardable material	**Basic** review of ethical dilemmas. Evidenced through: • **Some** analysis of ethical threats showing a **basic** understanding of fundamental principles and covenant rules • **simplistic** connections between ethical issues and scenario facts with **partial** justifications	**Sound** review of ethical dilemmas. Evidenced through: • **coherent** analysis of ethical threats applying fundamental ethical principles appropriately to the scenario facts • **sound** reasoning connecting professional duties, covenant rules, and internal controls with **appropriate** justifications	**Thorough** review of ethical dilemmas. Evidenced through: • **comprehensive** ethical analysis integrating fundamental principles, covenant restrictions, and public trust safeguards • **Cohesive** and **thorough resolution** strategy supported by **well-reasoned** and **considered** justifications.

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3
Task 2b: Assess stakeholder impacts and formulate judgements			
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**
No rewardable material	**Basic** assessment of stakeholder impacts. Evidenced through: • **Some** evaluation of direct impacts on key stakeholder groups with **basic** contextual depth • **simplistic** judgements regarding financial reporting choices with **partial** reasoning	**Sound** assessment of stakeholder impacts. Evidenced through: • **coherent** evaluation assessing direct and indirect impacts across stakeholder groups with appropriate contextual depth • **relevant** judgements supported by **sound** reasoning connecting facts, figures, and regulatory compliance	**Thorough** assessment of stakeholder impacts. Evidenced through: • **comprehensive** synthesis evaluating consequences and competing impacts across stakeholder groups • **fully justified** recommendations fully supported by **considered** and **structured** reasoning

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
Task 3a: Tailored stakeholder communications				
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**	**10 – 12 marks**
No rewardable material	**Basic** production of tailored stakeholder communications. Evidenced through: • **basic** summary of financial results and working capital for trustees, with a **simplistic** review of grant proposals and controls • **partia**l account of community outcomes for grant commissioners, with **limited** understanding of compliance of ring-fencing rules • **limited** structure with **basic** audience adaptation and	**Sound** production of stakeholder communications. Evidenced through: • **coherent** summary of financial performance and working capital deficit for trustees, with **relevant** ethics/covenant review and appropriate governance recommendations • **clear** presentation of community outcomes for grant commissioners, with **sound** understanding of compliance of ring-fencing rules with	**Detailed** production of stakeholder communications. Evidenced through: • **developed** summary of financial performance and working capital deficit for trustees, with **clear** evaluation of ethics/covenant restrictions and considered governance recommendations • **detailed** presentation of community outcomes for grant commissioners, demonstrating a clear understanding of ring-fencing	**Thorough** production of stakeholder communications. Evidenced through: • **comprehensive** trustee briefing synthesising financial results and working capital strain, **thoroughly** evaluating management proposals against ethics/covenants, with **fully justified** controls • **fluent** presentation for grant commissioners, providing **in-depth** understanding of compliance of ring-fencing rules and

Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
	partial awareness of tone and accounting terms	**relevant** justifications • **coherent**, logically structured presentation using suitable summary tables, with **appropriate** language tailored for specialist and non-specialist stakeholders	compliance rules with effective justifications • well-structured, logical presentation using effective summary tables and considered audience adaptation across target groups	**fully supported** justifications • **comprehensive**, professional presentation structures **tailored** translating to technical financial concepts into plain language while retaining technical rigour for specialists

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
Task 3b: Stakeholder communications evaluation				
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**	**10 – 12 marks**
No rewardable material	Basic evaluation of stakeholder communications. Evidenced through: • **basic** summary of financial results and working capital for trustees, with a **simplistic** review of grant proposals and controls • **partial** account of community outcomes for grant commissioners, with **limited** understanding of compliance of ring-fencing rules • **limited** structure with **basic** audience adaptation and **partial** awareness of	**Sound** critical evaluation of stakeholder communications. Evidenced through: • **coherent** justification for the selection of specific figures and summary formats for target audiences • **adequate** evaluation of potential framing risks, visual emphasis, data quality limitations, and underlying assumptions • **appropriate** adaptation of language, detail, and accounting terminology for target stakeholders	**Detailed** critical evaluation of stakeholder communications. Evidenced through: • **clear** justification for selecting specific financial figures, visual formats, and summary structures tailored to target audiences • **developed** evaluation of potential framing risks, visual emphasis, data quality limitations, and underlying assumptions • **effective** adaptation of tone and accounting terminology for specialist and non-	**Thorough** critical evaluation of stakeholder communications. Evidenced through: • **Insightful** and critical evaluation examining selective presentation, framing bias, and data limitation • **fully articulated** rationale for communication choices with considered awareness of analytical uncertainty • **sophisticated** adaptation of tone and accounting terminology and plain-English translation for

Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
	tone and accounting terminology		specialist stakeholders with clear awareness of analytical uncertainty	specialist and non-specialist stakeholders with clear, transparent disclosure of analytical limitations and uncertainty

Please refer to *Pearson V Levels Supplementary Specification* for further guidance on NEAs, including how to apply the marking grids to student evidence.

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Resource requirements

For this unit, students must have access to:

- spreadsheet software, such as Microsoft Excel or equivalent, to record, organise, calculate, analyse and present financial information
- word-processing software to produce financial analysis, evaluation and other written assessment evidence
- presentation software to produce stakeholder communications where required by the assessment
- a non-programmable calculator for financial calculations where appropriate.

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Unit 2: Analysing Financial Performance

Assessment type: Non-exam assessment (NEA)

Unit type: Mandatory

Guided learning hours: 72

Introduction

Financial information plays a critical role in organisational success. Stakeholders rely on financial reports, performance measures and financial analysis to understand organisation performance, assess risks and opportunities, and inform decision-making. In modern organisations, financial information is increasingly generated through digital systems and analysed used data-driven approaches.

The unit develops students' ability to interpret financial data, identify trends and patterns, evaluate performance against organisational objectives and stakeholder expectations, and make justified recommendations for a range of relevant stakeholders. Students will communicate their conclusions using professional financial terminology, appropriate analytical techniques and suitable reporting formats.

In this unit, students will develop the skills required to analyse and evaluate financial and accounting information across a variety of organisational contexts. They will explore how financial performance and position can be assessed using statements of financial performance, statements of financial position, cash flow information, ratio analysis, trend analysis and variance analysis. Students will also evaluate the reliability and limitations of financial information and consider how findings may differ depending on stakeholder perspectives.

The unit culminates in students producing evidence-based conclusions and justified recommendations for stakeholders based on their financial analysis.

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Teaching content

Content area A: Organisational forms, objectives and stakeholder information needs

Content outcome	Content detail
A1 Know and apply the knowledge and purposes of financial communication within and between organisational contexts including sole traders, partnerships, limited companies, public sector bodies and third sector organisations	**A1 – Types of organisations and organisational purpose** **A1.1** Characteristics, legal structures, objectives and financial priorities of different organisational types: **A1.1.1** Sole traders **A1.1.2** Partnerships **A1.1.3** Private limited companies **A1.1.4** Public limited companies **A1.1.5** Public sector organisations **A1.1.6** Third sector organisations and charities **A1.1.7** Social enterprises **A1.1.8** Not-for-profit organisations **A1.1.9** Incorporated and unincorporated organisations including separate legal identity **A1.1.10** Limited and unlimited liability and the implications for owners and shareholders **A1.2** Objectives and measures of success for relevant businesses e.g.: **A1.2.1** Survival **A1.2.2** Break even **A1.2.3** Profit maximisation

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Content outcome	Content detail
	A1.2.4 Growth and market share **A1.2.5** Long-term sustainability **A1.2.6** Service delivery **A1.2.7** Value for money **A1.2.8** Stakeholder value **A1.2.9** Social impact **A1.2.10** Environmental, Social, and Governance (ESG) and sustainability objectives **A1.3** Stakeholders and their financial information needs **A1.3.1** Owners and shareholders **A1.3.2** Investors and funders **A1.3.3** Managers and directors **A1.3.4** Employees **A1.3.5** Lenders and creditors **A1.3.6** Regulators **A1.3.7** Government bodies **A1.3.8** Customers and service users **A1.3.9** Trustees and donors **A1.4** Purposes of financial communication with and between organisations **A1.4.1** Communicating financial performance and position **A1.4.2** Supporting internal planning, budgeting and decision-making

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Content outcome	Content detail
	A1.4.3 Informing external stakeholders, including investors, lenders and regulators **A1.4.4** Demonstrating financial accountability and transparency **A1.4.5** Supporting financial reporting and compliance requirements **A1.4.6** Communicating financial risks, opportunities and organisational priorities Students should recognise how different stakeholders may interpret the same financial information differently depending on their objectives and interests. Students should use financial documentation from organisations operating in different sectors to examine how financial information supports organisational operations, performance reviews and decision-making

A2 Know and apply how digital systems (for example, accounting software and spreadsheet tools) are used within organisations to record, generate, process and present structured financial information, including the outputs they produce and how these support financial analysis and decision-making	**A2.1** Types and uses of digital systems for financial information
	Students should recognise how different digital systems may be integrated to generate, process and communicate financial information
	A2.1.1 Spreadsheet software e.g. Microsoft Excel, Google Sheets:
	• Purpose
	  ○ Recording financial data
	  ○ Calculating financial performance
	  ○ Budgeting and forecasting
	  ○ Producing financial reports
	• Outputs
	  ○ Cash flow forecasts

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Content outcome	Content detail
	○ Break-even charts ○ Budgets ○ Profit calculations ○ Financial dashboard • Supports decision-making by: ○ Identifying trends ○ Comparing actual and budgeted performance ○ Forecasting future outcomes ○ Evaluating investment options. **A2.1.2** Commercial Accounting Software: e.g. Sage, Xero, QuickBooks, Cloud-Based Financial Systems e.g. Xero, QuickBooks Online, Sage Business Cloud: • Purpose ○ Recording financial transactions ○ Managing sales and purchases ○ Producing financial statements ○ Accessing financial data remotely ○ Analysing financial information • Outputs ○ Statement of comprehensive income/income statement ○ Statement of financial position ○ Cash flow statements

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Content outcome	Content detail
	○ Aged debtor reports ○ VAT reports ○ Live financial reports ○ Shared dashboards ○ Automated forecasts • Supports decision-making by: ○ Monitoring profitability ○ Managing cash flow ○ Tracking expenses ○ Supporting financial control ○ Providing current financial information ○ Enabling collaboration ○ Supporting faster decisions. **A2.1.3** Payroll Systems e.g. Sage Payroll, BrightPay: • Purpose ○ Managing employee pay and deductions • Outputs ○ Payroll reports ○ Payslips ○ Labour cost summaries ○ HMRC submissions

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Content outcome	Content detail

	• Supports decision-making by:
	  ○ Monitoring staffing costs
	  ○ Workforce planning
	  ○ Budget management.
	A2.1.4 Customer Relationship Management (CRM) Systems e.g. Salesforce, HubSpot, Dynamics, 365 CRM:
	• Purpose
	  ○ Managing customer interactions and sales information
	  ○ Tracks sales revenue
	  ○ Records customer payment data
	  ○ Forecasts future income
	• Outputs
	  ○ Sales forecasts
	  ○ Revenue reports
	  ○ Customer profitability reports
	• Supports decision-making by:
	  ○ Predicting future revenue
	  ○ Identifying profitable customers
	  ○ Supporting growth strategies.
	A2.1.5 Database Management Systems e.g. Microsoft Access, SQL databases:
	• Purpose

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Content outcome	Content detail
	○ Storing and managing structured financial data • Outputs ○ Financial datasets ○ Custom reports ○ Transaction records • Supports decision-making by: ○ Providing accurate financial information ○ Enabling detailed analysis ○ Improving data integrity **A2.2** The processes of digital systems and how they impact business decision making: **A2.2.1** Input: How financial data enters the system: • Sales transactions • Purchase invoices • Payroll data • Stock records • Bank transactions **A2.2.2** Processing: How systems: • Calculate totals • Apply formulae • Generate forecasts • Reconcile accounts

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Content outcome	Content detail
	• Produce financial ratios • Validate and organise financial data • Identify errors and inconsistencies **A2.2.3** Outputs: The structured financial information produced: • Statement of comprehensive income/income statement • Statements of financial position • Cash flow forecasts • Budgets • Variance reports • Financial dashboard • KPI reports **A2.2.4** Analysis: How users interpret outputs by: • Identifying trends • Comparing performance over time • Monitoring profitability • Assessing liquidity • Measuring efficiency **A2.2.5** Decision-making: How the information support decisions such as: • Pricing products • Controlling costs • Investing in assets

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Content outcome	Content detail
	• Hiring staff • Managing cash flow • Securing finance • Expanding operations **A2.3** The purposes of financial communication and how financial information is communicated to stakeholder groups through digital systems **A2.3.1** Purpose and structure of financial statements: • Structure o Revenue and income o Expenses and expenditure o Profit and surplus o Assets o Liabilities o Equity and reserves o Cash inflows and outflows • Purposes of financial communication o Communicating financial performance and position o Supporting organisational planning, budgeting and decision-making o Demonstrating financial accountability and transparency o Meeting regulatory and reporting requirements o Supporting investment and financing decisions

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Content outcome	Content detail
	○ Assessing financial risks and opportunities ○ Building stakeholder confidence and trust ○ Communicating financial sustainability and organisational priorities **A2.4** Use of financial information by different stakeholders: **A2.4.1** Owners and shareholders – assessing profitability, financial performance and returns **A2.4.2** Managers and directors – monitoring performance, managing budgets and supporting operational decisions **A2.4.3** Investors and lenders - assessing financial stability, risk and investment opportunities **A2.4.4** Regulators and government bodies - monitoring compliance and financial accountability **A2.4.5** Employees - assessing organisational stability and employment prospects **A2.4.6** Trustees, donors and funders – evaluating financial stewardship and the use of resources **A2.5** Reliability of financial information **A2.5.1** Accuracy and completeness of financial data **A2.5.2** Estimates, assumptions and professional judgement **A2.5.3** Accounting policies and choice **A2.5.4** Timing differences and reporting cut-off points **A2.5.5** Data validation and processing errors

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Content outcome	Content detail
	A2.5.6 Consistency and comparability of financial information **A2.5.7** Reliability of sources and supporting documentation **A2.5.8** Accuracy of automated calculations and system-generated reports **A2.6** Limitations of financial information and digital systems **A2.6.1** Historical financial information may not reflect current or future performance **A2.6.2** Financial information may exclude non-financial factors affecting organisational success **A2.6.3** Different accounting policies and assumptions may limit comparability **A2.6.4** Incomplete or inaccurate information may lead to misleading conclusions **A2.6.5** Financial information may be interpreted differently by stakeholders **A2.6.6** Errors in formulae, automated calculations or system configurations **A2.6.7** Limited compatibility between digital systems **A2.6.8** Reliance on system-generated reports without appropriate verification **A2.6.9** Delays in updating or synchronising financial information
A3 Know and apply the differing information needs of stakeholder groups, including managers, investors or funders, regulators, service users and internal decision makers, as referenced throughout this subject content	**A3.1** Stakeholders and their financial information needs Audience for financial communication in relevant contexts: • Owners and shareholders • Investors and funders • Managers and directors

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Content outcome	Content detail
	• Employees • Lenders and creditors • Regulators • Government bodies • Customers and service users • Trustees and donors

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Content area B: Financial statements and organisational financial performance and position

Content outcome	Content detail
B1 Be able to present financial statement extracts, budget summaries and performance indicators clearly and coherently using accurate financial terminology (for example: revenue, gross profit, net profit, assets, liabilities, cash flow, contribution, margin, variance and ratios)	**B1 Financial communication methods** **B1.1** Use appropriate display and communication skills. Students will be able to select and use appropriate methods and tools to present the financial information to relevant stakeholders including: **B1.1.1** Executive Summary Presentation • Audience: Senior leaders, directors, executives, owner, shareholder • Purpose: Provide high-level financial performance information and key insights • Typical content: o Revenue and profit trends o Key KPIs o Risks and opportunities o Strategic recommendations **B1.1.2** Financial Dashboard Presentation • Audience: Managers, department heads, operational team, owner, shareholder • Purpose: Monitor performance and support decision-making • Typical content: o Budget vs actual results o Cost analysis o Performance metrics

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Content outcome	Content detail
	○ Trend analysis **B1.1.3** Detailed Financial Report • Audience: Finance teams, auditors, regulators • Purpose: Provide comprehensive financial information and supporting evidence • Typical content: ○ Statement of financial position ○ Statement of comprehensive income/income statement ○ Cash flow statements ○ Supporting schedules **B1.1.4** Budget or Forecast Presentation • Audience: Budget holders, managers, leadership teams, shareholder, owner • Purpose: Communicate future financial expectations and planning assumptions • Typical content: ○ Forecast income and expenditure ○ Variance analysis ○ Scenario planning ○ Resource requirements **B1.1.5** Stakeholder Briefing or Infographic

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Content outcome	Content detail

	• Audience: Non-financial stakeholders, customers, wider staff groups e.g supervisors/employees
	• Purpose: Simplify complex financial information
	• Typical content:
	  ○ Key financial highlights
	  ○ Performance against targets
	  ○ Simple charts and visuals
	  ○ Recommended actions
	B1.1.6 Financial health report
	• Audience: Owner/Shareholder, Investors, Finance Providers
	• Purpose: to provide an overall supported picture of the financial health of an organisation
	• Typical content:
	  ○ revenue and profit trends
	  ○ solvency and liquidity measures
	  ○ variance analysis
	  ○ cash flow analysis
	  ○ trend analysis
	B1.2 Typical presentation formats may include:
	B1.2.1 PowerPoint/Prezi slides, Google docs/sheets
	B1.2.2 Excel spreadsheets/ dashboards
	B1.2.3 Written reports (Word/PDF)

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Content outcome	Content detail
	B1.2.4 Infographics **B1.2.5** Charts and Graphs **B1.2.6** Financial statements **B1.3** Accurate use of financial terminology and presentation conventions: **B1.3.1** Appropriate use of financial terminology and accounting conventions **B1.3.2** Accurate labelling of financial data, calculations and performance indicators **B1.3.3** Clear presentation of financial figures, units, percentages and reporting periods **B1.3.4** Appropriate use of tables, charts and graphs to communicate financial information **B1.3.5** Selection of suitable levels of detail for different stakeholder audiences
B2 Be able to calculate and interpret profitability, liquidity, efficiency and solvency ratios. Financial measures and wider performance indicators (including gross profit margin, net profit margin, return on capital employed (ROCE), current ratio, inventory turnover ratio and gearing ratio) using structured financial data **and be able to** analyse financial statement extracts, performance indicators and digitally generated	**Using financial documents to calculate and analyse the financial performance and position of an organisation:** **B2.1** Financial performance and profitability analysis **B2.1.1** Profitability measures • Gross profit margin • Net profit margin • Return on capital employed (ROCE) **B2.1.2** Analysis of: • Revenue growth • Profit trends

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Content outcome	Content detail
financial information to assess organisational performance and financial position	• Cost movements • Operational performance **B2.2** Financial position analysis: Liquidity and Solvency **B2.2.1** Liquidity measures • Current ratio • Working capital • Cash position • Acid Test Ratio **B2.2.2** Solvency measures • Gearing ratio • Long-term financial stability • Financial risk exposure **B2.3** Efficiency analysis **B2.3.1** Inventory turnover ratio **B2.3.2** Asset utilisation **B2.3.3** Operational efficiency indicators **B2.3.4** Trade Receivables **B2.3.5 Trade** Payables Students should calculate relevant financial ratios, interpret the results and explain their implications for organisational performance, financial position and decision-making **B2.4** Comparative analysis and interpretation

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Content outcome	Content detail
	B2.4.1 Inter-business comparison **B2.4.2** Sector benchmarking **B2.4.3** Year-on-year performance comparison **B2.4.4** Analysis against organisational objectives **B2.4.5** Strengths, weaknesses and financial risks arising from comparisons Students should calculate and interpret financial ratios and review performance using structured financial information and evaluate the implications of findings for organisational success and sustainability.
B3 Be able to compare financial performance and position across reporting periods using percentage change and trend analysis, recognising how reporting periods, transaction dates and cut-off points trend and variance analysis and interpretation of cash flow information influence the interpretation and comparison of financial information	**Compare financial performance and position across reporting periods** **B3.1** Trend analysis **B3.1.1** Financial performance and position over time **B3.1.2** Percentage change calculations **B3.1.3** Trend identification **B3.1.4** Emerging risks and opportunities **B3.2** Variance analysis **B3.2.1** Budgeted versus actual performance **B3.2.2** Calculation and Interpretation of favourable and adverse variances **B3.2.3** Possible causes of variance **B3.2.4** Implications for organisational management **B3.3** Cash flow analysis **B3.3.1** Interpretation of summarised cash flow information **B3.3.2** Cash generation

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Content outcome	Content detail
	B3.3.3 Liquidity pressures **B3.3.4** Operational cash performance **B3.3.5** Implications for organisational viability **B3.4** Performance evaluation. Students should evaluate financial performance and position to identify: **B3.4.1** Strengths in organisational performance **B3.4.2** Areas requiring improvement **B3.4.3** Risks to future performance **B3.4.4** Sustainability of current performance **B3.4.5** Impact of external and internal factors **B3.5** Reporting periods and accounting cut-offs **B3.5.1** The impact of transactions recorded close to the reporting date on revenue, expenses, assets and liabilities **B3.5.2** How cut-off procedures ensure income and expenditure are recorded in the correct accounting period **B3.5.3** The effects of year-end adjustments, accruals and prepayments when comparing results between periods **B3.5.4** How changes in reporting period length (e.g. a 12-month period compared with a shorter or longer accounting period) may distort percentage change and trend calculations **B3.5.5** Whether significant transactions occurring immediately before or after the reporting date affect the comparability of financial performance and financial position

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Content outcome	Content detail
	B3.5.6 The need to interpret trends in context rather than relying solely on numerical changes.
B4 Be able to analyse movements in key financial indicators and evaluate possible explanations using contextual information	**B4.1** Analyse movements in key financial indicators Students will analyse trends, making links between different financial indicators whilst considering a variety of internal and external factors and their impacts on organisations. Trends over time in indicators such as: • Revenue/sales • Gross profit margin • Net profit margin • Operating profit • Current ratio • Acid test ratio • Inventory turnover ratio • Trade receivables collection period • Trade payables payment period • Return on Capital Employed (ROCE) • Gearing ratio Students should be able to: • Compare figures across two or more accounting periods • Quantify changes using percentages and variances • Identify whether performance has improved, declined or remained stable

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Content outcome	Content detail
	• Recognise relationships between different financial indicators **B4.2** Make links between different financial indicators Explain how changes in one indicator may relate to changes in another e.g.: • Increasing sales but decreasing profit margins may indicate rising costs • Rising inventory levels alongside falling sales may suggest overstocking • Improved liquidity but reduced profitability may indicate excess cash holdings **B4.3** Use contextual information to explain movements Contextual factors may include: **B4.3.1 Internal factors** ○ New product launches ○ Marketing campaigns ○ Expansion into new markets ○ Staff recruitment ○ Changes in management or ownership ○ Investment in technology ○ Operational inefficiencies **B4.3.2 External factors** ○ Economic conditions e.g. inflation ○ Interest rate changes ○ Competition ○ Changes in consumer demand

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Content outcome	Content detail
	○ Legislation ○ Supply chain disruptions ○ Seasonal factors
B5 Be able to evaluate the quality and limitations of financial information to make judgements on organisational performance	**B5.1** Judgement and evaluation **B5.1.1** Form reasoned and evidence-based judgements by: ○ Synthesising financial evidence from different sources and indicators ○ Considering organisational context and objectives ○ Evaluating strengths and weaknesses of financial information ○ Recognising limitations and uncertainty in financial data and its interpretation ○ Considering the reliability and comparability of financial information ○ Identifying areas of strong and weak organisational performance ○ Drawing justified conclusions about organisational financial performance and position
B6 Be able to analyse and calculate financial statement data, cost and contribution information and ratio outputs to compare alternative courses of action, considering both financial and non-financial factors to support organisational decision making	**B6.1** Financial information In addition to financial statements and ratios: **B6.1.1** Cost information: ○ Fixed costs ○ Variable costs ○ Semi-variable costs ○ Direct and indirect costs

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Content outcome	Content detail
	○ Overheads ○ Cost per unit **B6.1.2** Contribution data ○ Selling price per unit ○ Variable cost per unit ○ Contribution per unit ○ Total contribution ○ Contribution-to-sales ratio ○ Break-even point ○ Margin of safety **B6.1.3** Investment appraisal information Where appropriate: ○ Initial investment costs ○ Expected returns ○ Payback period ○ Net cash flows ○ Return on Investment (ROI) **B6.2** Non-financial information and its significance in organisational context and decision-making **B6.2.1** Customers ○ Customer satisfaction ○ Customer loyalty

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Content outcome	Content detail
	○ Brand reputation ○ Product quality ○ Customer demand **B6.2.2** Employees ○ Staff morale ○ Recruitment requirements ○ Training needs ○ Health and safety implications ○ Employee retention **B6.2.3** Operations ○ Capacity constraints ○ Production capabilities ○ Supply chain reliability ○ Availability of resources ○ Technology requirements **B6.2.4** Strategic considerations ○ Long-term business goals ○ Growth plans ○ Sustainability objectives ○ Market positioning ○ Competitive advantage

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Content outcome	Content detail
	B6.2.5 External factors ○ Economic conditions ○ Inflation ○ Interest rates ○ Changes in legislation ○ Competitor activity ○ Social, technological and environmental issues **B6.3** Comparison of alternative courses of action Students should use relevant financial and non-financial information to compare alternative organisational decisions: e.g. • Employing additional staff vs outsourcing services • In-house manufacturing vs outsourcing production • Moving to new premises vs expanding existing sites • Premium pricing vs market pricing • Launching a new product vs improving existing product Students should also consider the costs, benefits, risks and potential implications of each option for organisational performance and objectives
B7 Be able to form and justify reasoned judgements about alternative courses of action using appropriate financial evidence and contextual understanding	**B7.1** Additional contextual information **B7.1.1** Business background ○ Type of organisation ○ Industry sector ○ Size of business

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Content outcome	Content detail
	○ Organisational objectives ○ Current performance ○ Legal structure and liability **B7.1.2** Strategic objectives. For example: ○ Business survival ○ Achieving break-even ○ Business growth ○ Increase market share ○ Improve profitability ○ Reduce costs ○ Expand internationally ○ Improve sustainability **B7.1.3** Market conditions ○ Industry growth rates ○ Competitor actions ○ Consumer trends ○ Market demand **B7.1.4 Operational circumstances** ○ Current staffing levels ○ Skills and capabilities of staff ○ Production capacity

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Content outcome	Content detail
	○ Availability of finance ○ Existing resources **B7.2** Evidence students should use when justifying judgements **B7.2.1** Financial evidence ○ Ratio results ○ Profitability calculations ○ Contribution calculations ○ Break-even analysis ○ Variance analysis ○ Cash flow information ○ Revenue and profit trends **B7.2.2** Contextual evidence ○ Business objectives ○ Economic conditions ○ Industry conditions ○ Resource constraints ○ Risks and opportunities

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Content area C: Organisational financial performance and position, recommendations and communication of financial analysis to stakeholders

Content outcome	Content detail
C1 Know and apply knowledge of how financial statement information and performance indicators are interpreted by different stakeholder groups	**C1.1** Stakeholder-focused reporting Students should recognise how different stakeholder groups may interpret the same financial information differently according to their objectives, interests and financial priorities. Interpretation and presentation of financial information for different stakeholder groups including: **C1.1.1** Senior management. Typically interested in: o Profitability ratios o Cost information o Cash flow o Liquidity ratios o Productivity measures **C1.1.2** Employees. Typically interested in: o Profit levels o Revenue growth o Liquidity o Business stability **C1.1.3** Banks and lenders. Typically interested in: o Current ratio o Acid test ratio

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Content outcome	Content detail
	○ Cash flow forecasts ○ Gearing ratio ○ Profitability **C1.1.4** Government and regulators. Typically interested in: ○ Profitability ○ Revenue ○ Tax liabilities ○ Financial compliance **C1.1.5** Customers. Typically interested in: ○ Financial stability ○ Profitability ○ Long-term viability **C1.1.6** Suppliers. Typically interested in: ○ Liquidity ratios ○ Cash position ○ Trade payables information **C1.1.7** Owners, shareholders and investors. Typically interested in: ○ Profitability ○ Revenue growth ○ Earnings trends ○ Return on Capital Employed (ROCE)

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Content outcome	Content detail
	○ Dividend potential ○ Gearing
C2 Be able to communicate financial analysis clearly and coherently for relevant stakeholder groups, using appropriate formats and terminology	**C2.1** Communicating financial performance. Students should select and present relevant financial information to specific stakeholder groups using: • Appropriate financial terminology • Financial reports • Executive summaries • Briefing papers • Presentations • Dashboards • Tables and charts **C2.2** Clear and accurate communication of financial findings and conclusions • Selection of financial information relevant to stakeholder needs • Appropriate levels of detail and explanation for different audiences • Logical organisation and presentation of financial evidence • Effective use of financial and visual data to support understanding
C3 Know and apply knowledge of the role of financial terminology in ensuring precise and professional communication, including terminology relating to financial statements, accounting transactions, budgeting, costing, profitability, cash flow and financial performance and Be	**C3.1** The purpose of financial terminology • Communicate financial information accurately. • Avoid misunderstandings and ambiguity. • Support professional decision-making.

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Content outcome	Content detail
able to adapt financial explanations and analysis to suit stakeholder groups	• Ensure consistency across financial reports. • Demonstrate credibility and professionalism. • Enable stakeholders to interpret information correctly **C3.2** Specific financial statement terminology **C3.2.1** Statement of Comprehensive Incomes/ Income statement o Revenue o Sales turnover o Cost of sales o Gross profit o Operating profit o Net profit o Expenses o Depreciation o Finance costs **C3.2.2** Statement of Financial Position (Balance Sheet) o Assets o Non-current assets o Current assets o Liabilities o Current liabilities o Non-current liabilities

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Content outcome	Content detail
	○ Equity ○ Capital employed ○ Working capital **C3.2.3** Accounting transaction terminology ○ Debit ○ Credit ○ Double-entry bookkeeping ○ Accruals ○ Prepayments ○ Accounts receivable (trade receivables) ○ Accounts payable (trade payables) ○ Inventory/Stock ○ Capital expenditure ○ Revenue expenditure **C3.2.4** Budgeting terminology ○ Budget ○ Budget holder ○ Forecast (estimates) ○ Variance ○ Favourable variance ○ Adverse variance

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Content outcome	Content detail
	○ Cash budget ○ Flexible budget ○ Budgetary control **C3.2.5** Costing terminology ○ Fixed costs ○ Variable costs ○ Semi-variable costs ○ Direct costs ○ Indirect costs ○ Overheads ○ Unit cost ○ Cost centre **C3.2.6** Cash flow terminology ○ Inflow ○ Outflow ○ Net Cashflow ○ Opening balance ○ Closing balance **C3.3** Adapting financial terminology and explanations for different stakeholders • Select appropriate financial terminology for different stakeholder groups. • Explain financial terms and concepts clearly to non-specialist audiences.

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Content outcome	Content detail
	• Adjust the level of technical detail according to stakeholder knowledge and information needs. • Use relevant financial evidence and examples to support explanations. • Maintain accuracy and professionalism when simplifying complex financial information
C4 Be able to structure financial information logically to support reasoned discussion and recommendations; and to select and use appropriate methods of communication (such as tables, charts or structured written explanations) to present financial information clearly and accurately.	**C4.1** Selection and presentation of relevant financial information Students should select the financial info most relevant to the issue or decision being considered and use appropriate methods to communicate their findings **C4.1.1** Revenue and profit figures, e.g. line graph or column/bar chart supported by written explanation. Reasoning: Graphs clearly show trends and changes over time, making it easier to identify growth or decline in revenue and profit. **C4.1.2** Financial statement extracts, e.g. tables supported by written explanation. Reasoning: tables present financial information in a structured format, allowing stakeholders to identify key figures and compare financial performance and position. **C4.1.3** Ratio analysis, e.g. Summary table and/or bar chart supported by written analysis. Reasoning: Tables display multiple ratios clearly, while bar charts allow stakeholders to compare financial performance across periods or against competitors **C4.1.4** Cost and contribution data, e.g. tables supported by written explanation. Reasoning: cost and contribution calculations often involve several figures that must be shown accurately and logically. Tables make calculations easy to follow.

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Content outcome	Content detail
	C4.1.5 Break-even information, e.g. break-even chart (graph) supported by written explanation. Reasoning: a break-even graph visually demonstrates the relationship between costs, revenue and output levels, making the break-even point and margin of safety easy to identify. **C4.1.6** Cash flow forecasts, e.g. cash flow table supported by line graph and written commentary. Reasoning: tables provide detailed monthly cash inflows, outflows and balances, while graphs highlight periods of surplus or deficit. **C4.1.7** Budget variance, e.g. variance table supported by written explanation and bar chart. Reasoning: tables clearly show budgeted versus actual figures and variance values, while charts quickly highlight favourable and adverse variances
C5 Provide evidence-based recommendations and communicate financial analysis to stakeholders	**C5.1** Comparison of alternative courses of action/ recommendations using appropriate formats Students should organise financial information logically, ensuring that the methods selected support clear interpretation and evidence-based recommendations. **C5.1.1** Recommendations should be based on: o Ratio analysis o Trend analysis o Cash flow analysis o Variance analysis o Organisational objectives o Stakeholder priorities o Relevant contextual info **C5.1.2** Recommendations may relate to:

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Content outcome	Content detail
	○ Improving profitability ○ Managing liquidity ○ Improving efficiency ○ Reducing financial risk ○ Supporting growth ○ Improving financial sustainability ○ Enhancing resource allocation Students should justify recommendations using relevant financial evidence and organisational context, considering the potential benefits, risks and implications for different stakeholders. **C5.2** Evaluating the communication and presentation of financial information • Potential bias in reporting • Selective presentation of information • Transparency and accountability • Communicating uncertainty and limitations • Accuracy and clarity of financial info presented and suitability of communication methods for different stakeholder groups Students should evaluate how effectively financial information is communicated, recognising how its presentation may influence stakeholder understanding and decision-making.

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Transferable skills

Students are expected to develop the following transferable skills through the learning and assessment activities for this unit:

- Professional communication tailored to specialist and non-specialist audiences.
- Risk awareness when evaluating financial, organisational and regulatory implications
- Professional responsibility in the handling, presentation and communication of financial information
- Professional judgement when evaluating financial information, assumptions and organisational decisions
- Information literacy through identifying, selecting, interpreting and using relevant financial and accounting information to support conclusions and recommendations
- Numerical reasoning through the application and interpretation of financial calculations and quantitative information
- Critical thinking and problem solving through the interpretation and evaluation of accounting and finance information in organisational contexts
- Digital literacy through the use, interpretation and communication of information generated by digital systems and technologies
- Analysing, evaluating and decision making when assessing alternative courses of action, performance outcomes and financial risks
- Communicating financial and accounting information clearly and appropriately to different audiences, including non-specialists
- Decision making informed by financial and non-financial evidence within organisational contexts
- Clarity and precision in the use of technical terminology.
- Acting with responsibility with an awareness of organisational accountability and the impact of financial decisions on relevant stakeholder groups
- Reflection on the reliability, validity and presentation of information when forming conclusions and recommendations
- Adaptability when applying financial and accounting knowledge to different organisational contexts and scenarios

The qualification Delivery Guide suggests ways for centres to help students develop these transferable skills.

Assessment summary

The NEA for this unit consists of two tasks.

- In response to Task 1, students will review organisational financial information, carry out relevant financial calculations and produce a Financial Overview Plan, before interpreting their findings in a stakeholder briefing presentation appropriate to the intended audience.
- In response to Task 2, students will produce a Financial Health Report in which they analyse financial information and trends, draw justified conclusions about the organisation's financial performance and position, and formulate balanced recommendations supported by relevant financial and contextual evidence.

The assessment will take 13 supervised hours to complete

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The NEA is set by Pearson and will be marked by centres and moderated by Pearson. A new NEA for this unit will be released each September through the secure area of our website. Students must use the assessment to provide the required evidence to achieve this unit.

A sample assessment is provided on the Pearson website.

Marking the NEA

You will make assessment decisions for the NEA using the marking grid provided below. Before making assessment decisions, you should refer to the guidance on using the marking grid provided in the *Pearson V Levels Supplementary Specification,* available on our website. A glossary of terms used in the marking grid is provided in *Appendix 1*.

Further information on managing NEAs is provided in the *Pearson V Levels Supplementary Specification,* available on our website.

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Marking grid

Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3
Task 1a: Financial Overview Plan– Planning using data			
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**
No rewardable material	**Basic** application of financial knowledge and understanding to complete the financial overview plan. Evidenced through: • **limited** completion of a financial overview plan with significant omissions • figures used may be i**nconsistent** and **limited** with little relevance to decision making • **limited** or **partial** accuracy in completion of financial calculations	**Competent** application of financial knowledge and understanding to complete the financial overview plan. Evidenced through: • **mostly** relevant and **logical** completion of a financial overview plan • **mostly** consistent**,** and appropriate figure shown with some relevance to decision making • **clear**, effective and largely accurate financial calculations with minor errors	**Effective** application of financial knowledge and understanding to complete the financial overview plan. Evidenced through: • **effective** and **sustained** completion of a full financial overview plan • fully **comprehensive** and relevant figures that are relevant to decision making • **comprehensive** and consistent accuracy in financial calculations and clear logical working

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
Task 1b: Stakeholder Briefing Presentation- Presenting and Interpreting Financial Information				
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**	**10 – 12 marks**
No rewardable material	**Tentative** application of knowledge and understanding to interpret and present financial information. Evidenced through: • missing or **inconsistent** interpretation of financial information using inappropriate or generic financial terminology • **limited** interpretation of financial information with weak or unclear links	**Competent** application of knowledge and understanding to interpret and present financial information. Evidenced through: • **partially** developed interpretation of financial information using mainly appropriate language • **basic** links to potential decision making but lack may lack detail	**Effective** application of knowledge and understanding to interpret and present financial information. Evidenced through: • **effective**, developed interpretation of financial information using appropriate language • **pertinent** links to the scenario and additional information relating to organisational decision making	**Comprehensive** application of knowledge and understanding to interpret and present financial information. Evidenced through: • **sophisticated**, well-developed interpretation of financial information using fully appropriate language • **comprehensive** consideration of the scenario and additional information to support decision making

Task 2: Errors carried forward from earlier tasks should not be penalised again where the student uses the resulting figure consistently and demonstrates valid analysis, conclusions or recommendations. Any additional errors in the use or interpretation of that figure should be assessed under the relevant marking-grid descriptors.

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
Task 2a: Creating the Financial Health Report– Interpretation of Financial Information for Analysis*				
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**	**10 – 12 marks**
No rewardable material	**Basic** application of knowledge and understanding to analyse the financial information in the report. Evidenced through: • a **basic** analysis of financial information in the financial health plan • **partial** selection and use of relevant financial evidence, with significant errors or omissions in figures and/or financial terminology • **basic** explanation of financial trends and their causes with limited or no reference to the supporting information	**Competent** application of knowledge and understanding to analyse the financial information in the report. Evidenced through: • a **competent** generally supported analysis of financial information in the financial health plan • **mostly** appropriate selection and use of relevant financial evidence with mostly accurate figures and terminology, although some errors or omissions remain • **sound** explanation of financial trends and their causes with some reference to the supporting information	**Effective** application of knowledge and understanding to analyse the financial information in the report Evidenced through: • an **effective** analysis of the financial information in the financial health plan • **reasoned** selection and accurate use of relevant financial evidence with appropriate figures and terminology • **assured** explanations of financial trends with only minor errors or omissions showing a good understanding of the supporting information.	**Comprehensive** application of knowledge and understanding to analyse the financial information in the report. Evidenced through: • a **comprehensive** consistently well-supported analysis of the financial information in the financial health plan • **perceptive** selection and consistently accurate use of relevant financial evidence with precise figures and terminology • **fluent** explanations of trends creating and establishing links fully considering all relevant information with **sophisticated** links to the supporting information.

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3
Task 2b: Creating the Financial Health Report– Drawing conclusions through data			
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**
No rewardable material	**Basic** conclusions and evaluation of financial information in the report to make judgements and draw conclusions about the organisation's financial performance and decisions Evidenced through: • **limited,** missing or often inaccurate use of financial data to support judgements in the report • **basic** or partially supported conclusions in the report relevant to organisational decision making	**Competent** conclusions and evaluation of financial information in the report to make judgements and draw conclusions about the organisation's financial performance and decisions Evidenced through: • generally **coherent** use of relevant and mostly accurate financial data to support judgements although some inconsistencies remain • **mostly r**elevant, supported conclusions to inform organisation's decision-making	**Effective** conclusions and evaluation of financial information in the report to make judgements and draw conclusions about the organisation's financial performance and decisions Evidenced through: • **proficient** use of financial data to justify judgements • **pertinent** well-supported and balanced conclusions that inform the organisation's decision-making
Making conclusions using appropriate formats and structure			
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**
No rewardable material	**Basic** communication of judgements and conclusions in the report Evidenced through: • **limited** use of relevant figures, tables or other visual information to communicate findings	**Competent** communication of judgements and conclusions in the report Evidenced through: • **sound**, relevant figures, tables or other visual information to communicate findings	**Effective** communication of judgements and conclusions in the report Evidenced through: • **effective** use of relevant clearly presented figures, tables or other visual information to communicate findings

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3
	• **inconsistent** use of financial terminology with limited explanation of specialist terms	• **clear** and **mostly** accurate terminology with some explanation of specialist terms used	• **pertinent** and appropriate use of financial terminology with clear explanations of specialist terms

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3
Task 2c: Creating the Financial Health Report– Formulating recommendations			
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**
No rewardable material	**Basic** application of financial analysis and evaluation to make recommendations for the organisation Evidenced through: • **limited** use of financial evidence to support recommendations • **basic** partially justified recommendations in recommendations section and executive summary with limited evaluation of their likely impact • little or no balance present	**Competent** application of financial analysis and evaluation of the financial information to make recommendations for the organisation Evidenced through: • **coherent** use of financial evidence to support recommendations • **mostly clear,** relevant, generally justified recommendations in recommendations section and executive summary with some evaluation of their likely impact • balance present but may be inconsistent	**Effective** application of financial analysis and evaluation of the financial information to make recommendations for the organisation Evidenced through: • **effective** use of financial evidence to justify recommendation **comprehensive** well-developed justified recommendations in recommendations section and executive summary with clear evaluation of their likely impact • balance is well developed throughout

Please refer to *Pearson V Levels Supplementary Specification* for further guidance on NEAs, including how to apply the marking grids to student evidence.

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Resource requirements

For this unit, students must have access to:

1. spreadsheet software capable of performing financial calculations and presenting data using tables, charts and graphs
2. word-processing software for producing a structured financial health report
3. presentation software for producing a stakeholder briefing presentation with speaker notes
4. a calculator

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Unit 3: Business Finance Decisions

Assessment type: Non-exam assessment (NEA)
Unit type: Mandatory
Guided learning hours: 72

Introduction

Students develop essential knowledge and practical skills in financial analysis, cost classification, risk evaluation, and professional presentation. Through structured organisational scenarios, students investigate how to analyse financial data, compare strategic options, and communicate justified recommendations to stakeholders.

Financial decision-making lies at the heart of every successful business operation. Whether launching a new product, controlling operational budgets, or evaluating long-term capital investments, managers must rely on accurate financial evidence to guide their strategic choices. Throughout this unit, students assume the professional role of a financial analyst, investigating how commercial enterprises, public sector bodies, and social enterprises track cost structures, manage cash flow balances, and evaluate strategic alternatives under operational and resource constraints.

Students look beyond raw numerical outputs to weigh risk exposures, economic uncertainties, and non-financial factors before formulating fully justified strategic recommendations. These competencies equip students with the high-level numerical, analytical, and professional presentation capabilities valued by employers, higher education institutions, and professional apprenticeship providers.

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Teaching content

Content area A: Financial Data and Optional Appraisal

Content outcome	Content detail
A1 Be able to analyse budgeting data, cost information and investment appraisal calculations within structured organisational scenarios	**A.1.1 Scope of budgeting, cost information, and investment appraisal**: **A1.1.1** Reconciling pre-calculated budget variance reports for sales revenue and direct operating cost categories, classifying variances as favourable or adverse. **A1.1.2** Cost classification principles: fixed costs, variable costs, semi-variable costs, direct costs, and indirect costs. **A1.1.3** Extracting, formatting, and structuring non-discounted investment appraisal metrics, including supplied payback periods (exact years and months) and Accounting Rate of Return (ARR %) figures for competing expansion options. **A1.2 Why analysis of budgeting and costs occurs** **A1.2.1** Evaluating the financial viability, cash recovery speed, and operational feasibility of capital and operational projects. **A1.2.2** Allocating scarce organisational resources efficiently under operational and financial constraints. **A1.3 How the purpose changes in different contexts** **A1.3.1** Shifting analytical focus when moving from short-term operational cost control and variance review to long-term capital investment selection across commercial, public, and third-sector organisations. **A1.4 What tensions and judgements exist**

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Content outcome	Content detail
	A1.4.1 Reconciling quantitative financial return metrics against qualitative operational constraints, capacity limits, and non-financial organisational objectives.

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Content outcome	Content detail
	A1.5 How this analysis supports decision-making **A1.5.1** Supplying structured numerical evidence to evaluate operational efficiency, investigate budget variances, and assess project feasibility.
A2 Be able to compare alternative financial options using contribution, margin, and basic appraisal techniques	**A2.1 Scope of alternative financial options comparison** **A2.1.1** Structuring supplied marginal costing metrics, including unit contribution, total annual contribution, break-even output, and margin of safety into comparative decision matrices. **A2.1.2** Comparing non-discounted investment appraisal outputs across competing project options. **A2.1.3** Document key baseline figures and operational assumptions that affect financial decisions. **A2.2 Why alternative options are compared** **A2.2.1** Assessing capital recovery speeds and determining relative product or service profitability. **A2.2.2** Identifying optimal operational choices under limiting factors or resource bottlenecks. **A2.3 How the purpose changes in different contexts** **A2.3.1** Transitioning from short-term special pricing orders and make-or-buy decisions to multi-year strategic project selection. **A2.4 What tensions and judgements exist** **A2.4.1** Balancing the speed and simplicity of non-discounted appraisal methods against their inability to account for the time value of money.

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Content outcome	Content detail
	A2.5 How comparison supports decision making **A2.5.1** Supplying structured comparative financial metrics to justify whether to accept, reject, or modify alternative strategic business options.

Content area B: Risk, Environmental, Social, and Governance (ESG) and Strategic Evaluation

Content outcome	Content detail

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B1 Be able to evaluate the financial and non-financial implications of different courses of action using structured financial evidence and organisational context	**B1.1 Scope of financial and non-financial evaluation** **B1.1.1** Comparing quantitative financial metrics against qualitative non-financial indicators. **B1.1.2** Evaluating Environmental, Social, and Governance (ESG) sustainability factors, including energy efficiency, waste reduction, local employment creation, and corporate stewardship. **B1.2 Why financial and non-financial evaluation occurs** **B1.2.1** Ensuring strategic decision-making incorporates holistic performance parameters rather than relying solely on short-term numerical profits. **B1.3 How the purpose changes in different contexts** **B1.3.1** Modifying evaluation criteria when assessing internal operational restructuring proposals versus external strategic expansion or subcontracting projects **B1.4 What tensions and judgements exist** **B1.4.1** Managing conflicts between immediate financial returns and long-term ethical, environmental, or social value creation **B1.5 How evaluation supports decision-making**: **B1.5.1** Establishing a balanced baseline that reconciles competing operational, financial, and ethical priorities.

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Content outcome	Content detail
B2 Be able to consider the impact of risk, uncertainty, and assumptions when forming financial judgements	**B2.1 Scope of risk, uncertainty, and assumptions**: **B2.1.1** Identifying risk exposure, operational supply chain dependencies, and market volatility. **B2.1.2** Reviewing key baseline assumptions, data quality limitations, and potential forecast biases **B2.2 Why risk and uncertainty analysis occurs** **B2.2.1** Testing how financial forecasts cope with economic shocks, raw material cost inflation, or demand fluctuations. **B2.3 How the purpose changes in different contexts** **B2.3.1** Adjusting risk tolerance levels and contingency provisions when operating in stable, regulated sectors versus volatile commercial markets **B2.4 What tensions and judgements exist** **B2.4.1** Navigating the tension between optimistic growth projections and prudent risk management exposure **B2.5 How risk consideration supports decision making** **B2.5.1** Establishing measurable KPI risk-monitoring triggers and concrete contingency strategies to protect financial plans

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Content outcome	Content detail
B3 Be able to justify financial recommendations using structured financial evidence, calculations where appropriate, and contextual reasoning.	**B3.1 Scope of financial recommendations and justification** **B3.1.1** Formulating strategic recommendations based on synthesised quantitative appraisal outputs and qualitative operational factors **B3.1.2** Synthesising evidence into formal decision papers, stakeholder briefings, or board proposals **B3.2 Why justification occurs** **B3.2.1** Presenting an auditable, transparent rationale that proves why a specific strategic course of action is superior to alternative options **B3.3 How the purpose changes in different contexts** **B3.3.1** Tailoring the depth and rigour of justification when seeking executive board approval for capital allocation versus operational management adjustments **B3.4 What tensions and judgements exist** **B3.4.1** Synthesising contradictory quantitative appraisal metrics and qualitative risk factors into a singular, cohesive recommendation **B3.5 How justification supports decision making** **B3.5.1** Providing decision-makers with a defensible, risk-adjusted course of action supported by structured evidence and an explicit rejection rationale for alternative options.

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Content area C: Presenting Financial Evidence

Content outcome	Content detail
C1 Be able to present financial statement extracts, budget summaries and performance indicators clearly and coherently using accurate financial terminology relevant to the financial information being communicated	**C1.1 Scope of financial statement extracts, budgets and indicators** **C1.1.1** Applying standard professional layouts for financial statement extracts, profit and loss summaries, cash flow summaries, and budget summaries **C1.1.2** Presenting Key Performance Indicators (KPIs) using accurate UK financial and accounting terminology **C1.2 Why clear presentation occurs** **C1.2.1** Ensuring complex financial data is transparent, accessible, and free from misleading structural ambiguities **C1.3 How the purpose changes in different contexts** **C1.3.1** Adapting presentation detail when preparing internal management accounts versus external stakeholder reporting packs **C1.4 What tensions and judgements exist** **C1.4.1** Balancing strict technical accounting accuracy with visual clarity and ease of reader comprehension **C1.5 How presentation supports decision making** **C1.5.1** Delivering clean, structured financial baseline data that underpins accurate interpretation and decision-making

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Content outcome	Content detail
C2 Be able to structure financial information logically to support reasoned discussion and recommendations	**C2.1 Scope of logical structuring** **C2.1.1** Organising financial evidence from raw inputs through analytical processing to strategic conclusions **C2.1.2** Structuring executive summaries, narrative sequencing, and logical argument mapping **C2.2 Why logical structuring occurs** **C2.2.1** Building a coherent narrative arc that guides the reader step-by-step from financial analysis to recommended action **C2.3 How the purpose changes in different contexts** **C2.3.1** Reordering evidence structures when constructing forward-looking investment proposals versus historical performance reviews. **C2.4 What tensions and judgements exist** **C2.4.1** Deciding the optimal balance between comprehensive supporting data and concise, executive-level synthesis **C2.5 How structuring supports decision making** **C2.5.1** Enabling stakeholders to evaluate complex financial arguments efficiently without losing structural focus

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Content outcome	Content detail
C3 Be able to select and use appropriate methods of communication (such as tables, charts or structured written explanations) to present financial information clearly and accurately	**C3.1 Scope of communication methods** **C3.1.1** Designing comparative data tables, visual charts (including break-even graphs), and performance reports. **C3.1.2** Matching communication formats to the specific nature and complexity of the financial data **C3.2 Why varied communication methods occur** **C3.2.1** Matching presentation formats to the technical understanding, role, and information needs of different stakeholder groups **C3.2.2** Presenting key financial metrics and trends clearly so that decision-makers can easily interpret performance **C3.3 How the purpose changes in different contexts** **C3.3.1** Selecting concise visual summaries for executive board members versus detailed numerical data tables for operational finance teams **C3.4 What tensions and judgements exist** **C3.4.1** Avoiding chart clutter or selective visual framing that distorts underlying financial trends **C3.5 How communication methods support decision making** **C3.5.1** Facilitating rapid stakeholder pattern recognition and variance identification through fit-for-purpose visual tools

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Content area D: Stakeholder Financial Communication

Content outcome	Content detail
D1 Be able to communicate financial reasoning clearly for relevant stakeholder groups	**D1.1 Scope of communicating financial reasoning** **D1.1.1** Explaining underlying financial logic and rationale to stakeholders **D1.1.2** Identifying internal and external stakeholder requirements, including managers, board members, investors, lenders, public sector commissioners, and service users **D1.2 Why financial reasoning communication occurs** **D1.2.1** Fostering stakeholder trust, accountability, and organisational alignment around financial decisions **D1.3 How the purpose changes in different contexts** **D1.3.1** Modifying communication tone when addressing internal operational teams versus external funding bodies or commercial creditors **D1.4 What tensions and judgements exist** **D1.4.1** Balancing full disclosure and transparency against commercial confidentiality and competitive sensitivity **D1.5 How reasoning communication supports decision making** **D1.5.1** Aligning diverse stakeholder expectations to gain buy-in for recommended financial strategies

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Content outcome	Content detail
D2 Be able to adapt financial explanations and analysis to suit stakeholder groups as defined within this subject content	**D2.1 Scope of adapting explanations** **D2.1.1** Tailoring depth, tone, and format for specialist versus non-specialist audiences **D2.1.2** Translating technical accounting concepts (such as ARR, contribution margins, and break-even points) into plain business language **D2.2 Why adaptation occurs** **D2.2.1** Making financial insights accessible to non-specialist board members while retaining technical accuracy for finance specialists **D2.3 How the purpose changes in different contexts** **D2.3.1** Shifting from technical financial reports for executive boards to simplified operational summaries for department managers **D2.4 What tensions and judgements exist** **D2.4.1** Simplifying technical accounting concepts without oversimplifying or omitting material operational risks **D2.5 How adaptation supports decision making** **D2.5.1** Empowering non-specialist decision-makers to contribute meaningfully to strategic financial evaluations

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Content outcome	Content detail
D3 Be able to communicate financial judgements in a way that demonstrates awareness of limitations and uncertainty	**D3.1 Scope of communicating limitations and uncertainty** **D3.1.1** Disclosing data gaps, estimation techniques, model assumptions, and forecasting constraints explicitly **D3.1.2** Including risk disclaimers, confidence ranges, sensitivity qualifiers, and appropriate caveats in speaker notes and reports **D3.2 Why limitation communication occurs** **D3.2.1** Upholding professional integrity, promoting responsible financial communication, and preventing over-reliance on static projections **D3.3 How the purpose changes in different contexts** **D3.3.1** Increasing the prominence of uncertainty disclaimers when presenting long-term strategic forecasts compared to short-term historical reviews **D3.4 What tensions and judgements exist** **D3.4.1** Maintaining recommendation persuasiveness while candidly disclosing underlying analytical uncertainties **D3.5 How limitation awareness supports decision making** **D3.5.1** Protecting organisations from unforeseen risks by prompting contingency planning, stress-testing, and risk-monitoring KPI triggers

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Transferable skills

Students are expected to develop the following transferable skills through the learning and assessment activities for this unit:

- Analytical reasoning (processing figures and evaluating investment options)
- Numerical precision (applying cost classifications, contribution formulas, and break-even metrics accurately)
- Critical thinking and evaluation (synthesising quantitative outputs with operational risks and market uncertainty)
- Ethical and sustainable awareness (evaluating ESG factors and balancing commercial returns against long-term social value)
- Data Literacy (structuring raw figures into clear management reports and summaries)
- Visual Communication (selecting and designing appropriate data tables, break-even charts, and performance summaries)
- Professional Communication (tailoring financial explanations for specialist and non-specialist audiences)
- Stakeholder Awareness and Risk Disclosure (explaining accounting assumptions, data gaps, operational risks, and uncertainties transparently).

The qualification Delivery Guide suggests ways for centres to help students develop these transferable skills.

Assessment summary

The NEA for this unit consists of five tasks.

- In response to Task 1, students will review budgeting data, process cost information, and compare alternative financial options within a structured organisational scenario.
- In response to Task 2, students will evaluate financial and non-financial implications, consider risks and uncertainties, and structure professional financial evidence and reasoned recommendations for relevant stakeholder groups.
- In response to Task 3, students will evaluate broader operational risks, raw material cost sensitivity, and Environmental, Social, and Governance (ESG) sustainability factors.
- In response to Task 4, students will synthesise financial and contextual evidence to formulate and justify a definitive strategic recommendation for the Board of Directors, incorporating risk management triggers.
- In response to Task 5, students will produce and adapt professional financial communication outputs, translating technical accounting concepts into accessible business language for specified stakeholder groups.

The assessment will take approximately 10 supervised hours to complete.

The NEA is set by Pearson and will be marked by centres and moderated by Pearson. A new NEA for this unit will be released each September through the secure area of our

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website. Students must use the assessment to provide the required evidence to achieve this unit.

A sample assessment is provided on the Pearson website.

Marking the NEA

You will make assessment decisions for the NEA using the marking grid provided below. Before making assessment decisions, you should refer to the guidance on using the marking grid provided in the *Pearson V Levels Supplementary Specification,* available on our website. A glossary of terms used in the marking grid is provided in *Appendix 1*.

Further information on managing NEAs is provided in the *Pearson V Levels Supplementary Specification,* available on our website.

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Marking grid

Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
Task 1: Financial Techniques Analysis				
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**	**10 – 12 marks**
No rewardable material	**Basic** financial decision-support techniques and data processing calculations. Evidenced through: • **Some** processing of budgeting data, unit contribution, break-even thresholds, payback period, and ARR showing a **basic** understanding • Identification of **some** financial factors and operational parameters baseline calculation factors and parameters that are partially accurate with **obvious errors** or **omissions**.	**Sound** financial decision-support techniques and data processing calculations. Evidenced through: • **Adequate** processing of budgeting data, unit contribution, break-even thresholds, payback period, and ARR showing a **sound** understanding • identification of **most** baseline financial factors and operational parameters baseline calculation factors and parameters that are mostly accurate with few errors or omissions **few errors** or **omissions.**	**Detailed** financial decision-support techniques and data processing calculations. Evidenced through: • **Effective** processing of budgeting data, unit contribution, break-even, payback period, and ARR showing a **clear** understanding • Identification of the **majority** of baseline financial calculation factors and operational parameters.	**Thorough** financial decision-support techniques and data processing calculations. Evidenced through: • **Comprehensive** processing of budgeting data, unit contribution, break-even thresholds, payback period, and ARR showing an **in-depth** understanding • Identification of **all** baseline financial calculation factors, operational assumptions, and parameters.

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
Task 2: Financial Options Evaluation				
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**	**10 – 12 marks**
No rewardable material	**Basic** evaluation of financial options. Evidenced through: • **some** interpretation of financial information showing a **basic** understanding of the requirements of financial performance • **simplistic** recommendations relating to financial information with **partial** justifications.	**Sound** evaluation of financial options. Evidenced through: • **coherent** comparison of expansion options showing a **sound** understanding of initial capital outlays, liquidity impacts, and accounting returns • **relevant** analysis of unit contribution margins and cost structures with **appropriate** justifications	**Detailed** evaluation of financial options. Evidenced through: • **developed** comparison of expansion options showing a clear understanding of outlays, liquidity, and returns • **effective** analysis of unit contribution margins and cost structures with **considered** justifications.	**Thorough** evaluation of financial options. Evidenced through: • **comprehensive** comparison of expansion options showing a **detailed** understanding of initial capital outlays, liquidity impacts, and accounting returns • **developed** analysis of unit contribution margins and cost structures with **sophisticated** justifications.

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
Task 3: Operational, Risk and ESG Review				
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**	**10 – 12 marks**
No rewardable material	**Basic** evaluation of operational and sustainability factors. Evidenced through: • **some** review of operational quality risks, BRCGS food safety standards, and raw material cost sensitivity showing a **basic** understanding • **simplistic** evaluation of environmental, social, and governance (ESG) drivers with **partial** reasoning.	**Sound** evaluation of operational and sustainability factors. Evidenced through: • **coherent r**eview of operational quality risks, BRCGS food safety standards, and raw material cost sensitivity showing a **sound** understanding • **relevant** evaluation of environmental, social, and governance (ESG) drivers with **appropriate** reasoning	**Detailed** evaluation of operational and sustainability factors. Evidenced through: • **developed** review of operational quality risks, BRCGS food safety standards, and raw material cost sensitivity showing a **clear** understanding • **effective** evaluation of environmental, social, and governance (ESG) drivers with **considered** reasoning.	**Thorough** evaluation of operational and sustainability factors. Evidenced through: • **comprehensive** review of operational quality risks, BRCGS food safety standards, and raw material cost sensitivity showing a **detailed** understanding • **developed evaluation of environmental,** social, and governance (ESG) drivers with **sophisticated** reasoning.

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
Task 4: Board Recommendation Report				
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**	**10 – 12 marks**
No rewardable material	**Basic** formulation of strategic recommendations. Evidenced through: • **some** business case combining quantitative financial outputs and qualitative ESG drivers to recommend a strategic expansion route • **simplistic** rejection rationale and risk-monitoring triggers with **partial** justifications.	**Sound** formulation of strategic recommendations. Evidenced through: • **coherent** business case combining quantitative financial outputs and qualitative ESG drivers to recommend a strategic expansion route • **relevant** rejection rationale and risk-monitoring triggers with **appropriate** justifications.	**Detailed** formulation of strategic recommendations. Evidenced through: • **developed** business case combining quantitative financial outputs and qualitative ESG drivers to recommend a strategic expansion route • **effective** rejection rationale and risk-monitoring triggers with considered justifications.	**Thorough** assessment of strategic recommendations. Evidenced through: • **comprehensive** business case combining quantitative financial outputs and qualitative ESG drivers to recommend a strategic expansion route • **fully articulated** rejection rationale and risk-monitoring triggers with **sophisticated** justifications.

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Mark Band 0	Mark Band 1	Mark Band 2	Mark Band 3	Mark Band 4
Task 5: Stakeholder Communication Portfolio				
0 marks	**1 – 3 marks**	**4 – 6 marks**	**7 – 9 marks**	**10 – 12 marks**
No rewardable material	**Basic** stakeholder communication portfolio . Evidenced through: • **some** presentation of strategic recommendations using key financial metrics, comparative summary tables, and break-even visualisations • **partial** evaluation of data quality limitations, underlying model assumptions, and forecast uncertainties • **simplistic** explanation of technical financial concepts with **limited** presentation structure and audience adaptation across slides and speaker notes.	**Sound** stakeholder communication portfolio . Evidenced through: • **coherent** presentation of strategic recommendations using appropriate financial metrics, comparative summary tables, and break-even visualisations • **clear** evaluation of data quality limitations, underlying model assumptions, and forecast uncertainties • **appropriate** translation of technical financial concepts into accessible business commentary with **adequate** presentation structure and audience adaptation across slides and speaker notes.	**Detailed** stakeholder communication portfolio . Evidenced through: • **developed** presentation of strategic recommendations using clear financial metrics, comparative summary tables, and break-even visualisations • **Reasoned** evaluation of data quality limitations, underlying model assumptions, and forecast uncertainties • **effective** explanation of technical financial concepts in accessible language while preserving technical precision, with **considered** presentation structure and audience adaptation across slides and speaker notes.	**Thorough** stakeholder communication portfolio . Evidenced through: • **Comprehensive** presentation of strategic recommendations using detailed financial metrics, comparative summary tables, and break-even visualisations • **sophisticated**, critical evaluation of data quality limitations, underlying model assumptions, and forecast uncertainties • **fluent** translation of technical financial concepts into accessible executive commentary while retaining full technical rigour, with **insightful** presentation structure and audience adaptation across slides and speaker notes.

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Please refer to *Pearson V Levels Supplementary Specification* for further guidance on NEAs, including how to apply the marking grids to student evidence.

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Resource requirements

For this unit, students must have access to:

- Computer workstations equipped with spreadsheet software
- Scientific calculators or digital calculation tools.
- Financial case study data packs and organisational scenario briefs.
- Professional report templates and financial statement extract layouts.
- Centre-approved guidance materials and moderation exemplars.

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Unit 4: Strategic Finance and Performance

Assessment type: Examined assessment

Unit type: Mandatory

Guided learning hours: 144

Introduction

This unit develops the knowledge and understanding required to explore key principles and practices within accounting and finance. It supports the development of numerical, analytical and problem-solving skills, alongside the ability to interpret and communicate financial information effectively.

Students develop practical skills in applying accounting and financial concepts to relevant contexts, while building accuracy, attention to detail, professional judgement and an awareness of ethical and regulatory considerations.

Post-16 study in accounting and finance provides students with the opportunity to develop a broad understanding of financial principles, accounting practices and the role of finance within different types of organisations. The subject combines theoretical knowledge with practical application, supporting the development of numerical, analytical and problem-solving skills. Students explore how financial information is prepared, interpreted and used to support planning, decision-making and the effective management of resources.

The programme also develops an understanding of the wider responsibilities associated with accounting and finance, including professional ethics, regulation, digital systems and the importance of accurate and reliable financial information. Through the application of knowledge to realistic business and financial contexts, students can develop confidence in analysing information, communicating findings and making informed judgements.

The combination of technical knowledge, digital awareness and transferable skills supports students in preparing for the changing requirements of the financial and business environment.

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Teaching content

Content area A: Financial Reporting Foundations, Systems and Reliability

Content outcome	Content detail
A1 Know and understand the purpose and broad structure of financial statements and supporting financial information, including their role in supporting transparency, accountability, governance and organisational oversight	When assessing the purpose, structure and organisational use of financial statements and supporting financial information, students must draw on content from Unit 1 sections A1–A2 and Unit 2 sections A1 and A3, which detail financial information sources, organisational contexts, stakeholder information needs and the purposes of financial communication. **A1.1** Users of financial statements: owners and shareholders; potential investors; lenders; suppliers; customers; employees; government and tax authorities; management; the local community. **A1.2** Links between the statements: profit for the year changes equity in the statement of financial position, owners drawings and cash flow information explain the movement in cash. **A1.3** Reported figures depend on choices covering depreciation methods, inventory valuation and the timing of revenue recognition. **A1.4** Reporting differs by sector: private sector organisations report to owners and lenders, public sector bodies report on the use of public funds and third sector organisations report on the use of donations and grants. **A1.5** Reliability, comparability, materiality, completeness and timeliness as characteristics affecting the interpretation of financial statements. Reliability: free from material error and bias; comparability: consistent across periods and organisations; materiality: whether an omission or misstatement would influence users; completeness: all relevant items reported; timeliness: available in time to influence decisions.

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Content outcome	Content detail
A2 Know and understand how financial and accounting information is generated, processed and communicated within organisations, including the conceptual role of digital systems in producing structured financial information	When assessing how financial and accounting information is generated, processed and communicated, students must draw on content from Unit 1 section A4 and Unit 2 section A2, which detail digital accounting systems, data quality, information security and the verification of financial information. **A2.1** The flow of financial data from source information through capture, validation, processing, storage and communication. **A2.2** Relationships between data quality, system rules, human oversight and the reliability of outputs, including outputs from AI-supported systems. **A2.3** Opportunities associated with automation, consistency, speed, pattern recognition and access to timely information. **A2.4** Risks associated with unauthorised access, confidentiality, bias, inaccurate inputs, inappropriate reliance and system failure. **A2.5** The need for proportionate professional judgement where technological outputs are incomplete, uncertain or context dependent.
A3 Know and understand the role of accounting principles, assumptions, estimates and professional judgement in the preparation and interpretation of financial statement information	**A3.1** The use of assumptions and estimates where exact financial values are not available. Internal and external factors affect accounting estimates and reported outcomes. **A3.2** How professional judgement influences recognition, classification, measurement and presentation of financial information. **A3.3** The distinction between accounting assumptions, estimates and professional judgements with examples of when each may be required **A3.4** The impact of estimates and judgements on stakeholder interpretation. **A3.5** Limitations arising from estimation and incomplete information. Limitations arise when estimates or judgements are not disclosed, applied inconsistently or influenced by incentives to present a particular outcome.

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Content outcome	Content detail
A4 Know and understand the purpose, characteristics and limitations of different types of financial information, including financial statement extracts, budget summaries, performance indicators and cost information	**A4.1** Purpose of each type: statement extracts show performance or position; budget summaries show plans against targets; performance indicators track progress; cost information supports pricing and control. **A4.2** how different types of financial info can be used together to provide a better understanding of business performance, position and progress against objectives. **A4.3** How costs are classified between cost of sales, distribution costs and administrative expenses changes gross profit and operating profit, so extracts are read with their classifications in mind. **A4.4** Differences in information use across organisational contexts. **A4.5** Application of qualitative characteristics when interpreting statement extracts, budget summaries, performance indicators and cost information. **A4.6** Limitations affecting interpretation of accounting information.
A5 Know and understand core financial and accounting terminology and measures used to describe financial performance, position and activity, including revenue, expenses, profit, assets, liabilities, equity, cash flow, contribution, margin and ratios	**A5.1** Meaning of liquidity (ability to meet short-term obligations as they fall due), solvency (ability to meet long-term obligations), profitability and efficiency. **A5.2** Relationships: gross profit = revenue less cost of sales; operating profit = gross profit less operating expenses; contribution = selling price less variable cost; equity = assets less liabilities. **A5.3** Using the same units, the same reporting period and a stated level of rounding when measures are compared and showing deductions with the correct sign. **A5.4** Interpretation: stating whether a measure has risen or fallen, by how much and what that suggests against the previous period and the organisation's objectives. **A5.5** Limitations: a single measure ignores context, benchmarks may not be comparable between organisations, year-end timing can distort figures, and accounting policies can differ.

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Content outcome	Content detail
A6 Know and understand the conceptual basis of double entry bookkeeping, including the dual effect of transactions on assets, liabilities, equity, income and expenditure, and how these relationships are reflected in financial statements. Students must apply this understanding within work-related purposes by interpreting how transactions are reflected in financial information and using structured financial data to analyse and evaluate organisational performance and position, using calculations to demonstrate and interpret the impact on financial performance and position	**A6.1** Each transaction starts from source information, is recorded in a reporting period and produces financial information for users. **A6.2** The role of the dual effect in checking the accuracy of records: equal and opposite effects mean that an imbalance signals an error. **A6.3** Classifying an item as an asset, liability, equity, income or expense determines where its dual effect appears and which statement is affected. **A6.4** How the dual effect of different transaction types (revenue, expense, purchase of assets and financing) is reflected in the statement of financial performance and the statement of financial position. **A6.5** Limitations arising from errors, omissions and misclassification.
A7 Know and understand the role and importance of reporting periods, transaction dates and cut-off points in financial information, including how timing affects the interpretation and comparison of financial performance and position	**A7.1** Reporting periods: monthly; quarterly; annual. The reporting date is the point at which financial position is measured. **A7.2** Timing affects profit and cash differently: a sale on credit increases revenue in the period of sale but increases cash only when payment is received. **A7.3** How recording a transaction in the wrong period, before or after the cut-off date, misstates revenue, expenses and profit and distorts comparison between periods. **A7.4** Effects of cut-off and timing errors on information quality and interpretation. **A7.5** Limitations arising from incorrect cut-off treatment.

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A8 Know and understand risks associated with digital systems, including cyber security threats, data integrity and confidentiality in financial information	**A8.1** Cyber security threats to financial information: unauthorised access (entering systems or data without permission); malware (software designed to damage systems or steal data); phishing (deceptive messages that trick users into revealing information or opening harmful links); ransomware (malware that locks data until payment is demanded); social engineering (manipulating people into breaking security procedures). **A8.2** Risks associated with inaccurate, incomplete or manipulated financial data: input errors; missing records or transactions; deliberate alteration of figures. How each reduces the reliability of reported information and of decisions based on it. **A8.3** Consequences of system disruption, data loss or system failure for organisational operations: inability to process transactions, pay suppliers or staff, or produce reports on time; loss of financial records; financial loss; damage to customer and supplier confidence. **A8.4** Confidentiality, privacy and protection of sensitive financial information: bank details; payroll data; customer and supplier records; unpublished financial results. The harm caused by disclosure: fraud; identity theft; loss of competitive advantage. The role of data protection law in requiring organisations to protect personal financial data (detailed provisions are not required). **A8.5** Controls: authentication (confirming identity before access is granted); access rights (limiting what each user can view or change to what their role requires); monitoring (reviewing activity to detect unusual or unauthorised use); backups (keeping copies of data so it can be restored); recovery procedures (planned steps to restore systems and data after failure or attack); validation (checking that data entered meets set rules); audit trails (a record of who changed what and when); reconciliation (agreeing records to each other or to external evidence); review (independent checking of outputs). How each control reduces a specific risk from A8.1–A8.3. Technical detail of how controls are built or configured is not required. **A8.6** Responsibilities in maintaining secure financial information systems. Organisations: providing secure systems; setting and enforcing policies; training staff; assigning access

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Content outcome	Content detail
	rights; protecting data; responding to breaches. Users: following procedures; protecting login details; reporting errors and suspicious activity; handling information confidentially.

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Content outcome	Content detail
A9 Know and understand the impact of emerging technologies, including artificial intelligence, on accounting and finance practices, including opportunities and risks associated with their use	**A9.1** The impact of emerging technologies, covering artificial intelligence, on accounting and finance practices. **A9.2** Applications of artificial intelligence and automation in financial analysis, reporting, forecasting and transaction processing. **A9.3** Opportunities arising from increased efficiency, accuracy, scalability and insight generation. **A9.4** Risks associated with bias, transparency, explainability and over-reliance on automated outputs. **A9.5** The importance of data quality and human oversight when using AI-supported systems. **A9.6** Information quality considerations when using AI and emerging technologies. **A9.7** Limitations and risks associated with AI-generated information.
A10 Know and apply the application and interpretation of profit, cost and cash flow calculations and how these link to and are derived from the accounting concepts identified within this subject content and the dual effect of common business transactions, including sales, purchases, operating expenditure, receipts and payments, in order to interpret financial performance and position	**A10.1** Calculation of gross profit (revenue less cost of sales) and operating profit (gross profit less operating expenses). **A10.2** Relationships: sales increase revenue and receivables or cash; purchases increase inventory and payables or reduce cash; operating expenditure reduces profit; receipts and payments change cash but not always profit. **A10.3** Calculating all figures for the same period and in the same units, showing costs as deductions and rounding only at the final step. **A10.4** Interpretation: explaining a change in profit, cost or cash flow by comparing with the previous period and identifying the transactions that explain the movement. **A10.5** Limitations: profit depends on accounting policies and estimates, cash flow is affected by timing, and neither measure alone shows overall performance.

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Content outcome	Content detail
A11 Know and apply how accounting principles, concepts and conventions influence the measurement and presentation of financial information within financial statements, including the role of double entry bookkeeping in generating financial information. Students must apply this understanding when interpreting how transactions are reflected in financial information and how this informs organisational performance and position.	**A11.1** How accounting principles, concepts and conventions influence the measurement and presentation of financial information within financial statements. **A11.2** Users rely on consistent measurement and presentation to support accountability. **A11.3** How accounting principles influence the recognition, measurements and classification of transactions in financial statements **A11.4** Principles determine when income and expenses are recognised and at what value, so a different principle or classification changes reported profit and asset values. **A11.5** Application across private, public and third sector contexts recognising differences in measurement bases and presentation requirements. **A11.6** Effects of accounting treatments on the quality and interpretation of financial information. **A11.7** Limitations affecting interpretation of financial statement extracts.

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Content outcome	Content detail
A12 Know and apply the assumptions, estimates, professional judgements and limitations that underpin financial and accounting information, including their impact on reliability, comparability and decision making	**A12.1** Distinctions between measurable risk, wider uncertainty, explicit assumptions, estimates and professional judgement in financial information. Risk involves outcomes whose likelihood or impact can be estimated; uncertainty arises where these cannot be estimated reliably; an estimate is a calculated approximation; a judgement is a decision made where evidence is incomplete. **A12.2** The relationship between likelihood, impact, time horizon, risk appetite and organisational resilience for financial information. Likelihood and impact are considered together: an unlikely event with a high impact can matter more than a likely event with a small impact, and resilience is the ability to absorb its effect. **A12.3** The quality, source and consistency of evidence supporting assumptions and estimates in financial information. Evidence is stronger when it is independent, recent and consistent, and weaker when it relies on opinion or a single data point. **A12.4** Sensitivity of financial information to changes in key assumptions or circumstances. How far profit, cash flow or a decision change when one assumption covering price, volume or cost is changed. **A12.5** The degree of confidence, qualification, contingency and further information appropriate to a judgement about financial information. Confidence is expressed through qualifying statements, ranges, contingency allowances and a statement of what further information is needed.

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Content outcome	Content detail
A13 Know and apply the purpose and structure of: statements of financial performance; statements of financial position; summarised cash flow information	**A13.1** Structure of the statement of financial position: non-current assets; current assets; current liabilities; non-current liabilities; equity. Current liabilities: trade and other payables; accruals; short-term borrowings; bank overdrafts; current tax payable. **A13.2** Applying relationships between profit, assets, liabilities, equity and cash movements to interpret changes in a business's financial performance and position. **A13.3** Presentation of financial information for organisational purposes. **A13.4** Limitations: statements show the past and depend on estimates and policies.
A14 Know and apply how accounting principles and concepts (including accruals, prudence, consistency, materiality and going concern) influence financial performance, position and the interpretation of financial results	**A14.1** Accruals: income and expenses matched to the period in which they arise; prudence: Caution when making judgements under uncertainty without deliberate overstatement or understatement; consistency: the same methods each period; materiality: Information is material if omitting or misstating could influence users' decisions going concern: the organisation is assumed to continue operating. **A14.2** The influence of accounting concepts on reported outcomes: principles determine when income and expenses are recognised and at what value, so a different principle or classification changes reported profit and asset values. Users rely on consistent measurement and presentation to support accountability. **A14.3** Context changes interpretation: going concern is harder to support when funding is uncertain, and prudence matters more when future conditions are uncertain. **A14.4** Concepts involve judgement, so users consider the disclosed basis of preparation.

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Content outcome	Content detail
A15 Know and apply the impact of estimates, professional judgement, accounting choices and limitations on the reliability and interpretation of financial information	**A15.1** The impact of estimates, professional judgement, accounting choices and limitations when drawing conclusions about financial performance and position. **A15.2** Application of assumptions, estimates and professional judgement when preparing and interpreting financial information. **A15.3** How internal and external factors affect accounting estimates and reported outcomes. **A15.4** The effect of accounting assumptions and judgements on reported outcomes. **A15.5** Application of evidence when supporting accounting estimates and judgements. **A15.6** Evaluation of accounting information where uncertainty exists. **A15.7** Limitations that may arise when estimates or judgements are not disclosed, applied inconsistently or influenced by incentives to present a particular outcome.
A16 Know and apply how the dual effect of transactions influences financial statement outputs and financial performance	**A16.1** Applying the dual effect of transactions to explain changes in financial statement figures and their implications for financial performance and position **A16.2** Interpreting the effects of revenue, expenses, asset purchases and financing transactions on assets, liabilities, equity, profit and cash. **A16.3** Interpretation of transaction impacts using structured financial information. **A16.4** Limitations where financial information is incomplete, summarised or based on estimates.

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Content outcome	Content detail
A17 Students are not expected to prepare full statutory financial statements	**A17.1** Excluded: producing a full set of statutory financial statements from a trial balance or raw transaction data. Students are not required to know the detailed disclosure and layout rules. **A17.2** In scope: interpreting provided statements, extracts or summarised statements covering revenue, cost of sales, operating profit, assets, liabilities, equity and borrowings, including the main headings and the information given in the notes. **A17.3** Emphasis: what a figure shows about performance or position and why it has changed. Students recognise that full statutory statements where required are prepared to legal and accounting standard requirements.
A18 Students are not expected to apply procedural double entry bookkeeping, including recording transactions through journal entries or ledger accounts	**A18.1** Excluded: recording transactions through journal entries or ledger accounts, posting entries, balancing ledger accounts and preparing a trial balance. **A18.2** In scope: interpreting the financial effects of transactions from summarised or partially completed information on which figures change, and explaining how double entry supports accuracy. Students recognise that journals, ledgers and trial balances exist to record and check transactions. **A18.3** Emphasis: the effect of a transaction on two elements and on the accounting equation, not on recording entries.

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Content area B: Financial Performance Analysis and Interpretation

Content outcome	Content detail
B1 Know and apply the role of financial and accounting information in supporting decision making within organisational contexts including sole traders, partnerships, limited companies, public sector bodies and third sector organisations, including how financial information informs choices rather than determining outcomes, supported by the application of relevant calculations and accounting principles	**B1.1** Key terms: profit; cash flow; cost; return; risk. Financial information informs a decision but does not make it. **B1.2** Relationships between financial information in decision making, organisational objectives, resources, stakeholders and wider activity. Financial information is considered against the organisation's objectives, available resources and stakeholder expectations before a decision is made. **B1.3** How the objectives, responsibilities and financial risks of different ownership types influence decision-making **B1.4** The time horizon matters: a short-term cash problem and a long-term investment need different evidence, and assumptions are reviewed as circumstances change. **B1.5** Financial and non-financial implications and trade-offs arising from financial information in decision making for organisational decisions. Non-financial implications are weighed with financial ones: staff, reputation, customers and the environment; a trade-off arises where the cheapest option has the weakest non-financial outcome. **B1.6** Limitations of the available information on financial information in decision making and the basis for proportionate, evidence-informed judgement. Limitations: information may be out of date, estimated or incomplete, so decisions are proportionate to the quality of the evidence available.

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Content outcome	Content detail
B2 Know and apply the application and interpretation of variance calculations to compare planned and actual financial performance and support organisational review and decision making	**B2.1** The distinction between calculating a variance and interpreting what it means for organisational performance. **B2.2** How the size and direction (favourable or adverse) of a variance should be judged against its materiality to the organisation. **B2.3** Investigation of possible causes of variances and identification of the cause before action is taken. **B2.4** How a trend in variances across several periods may indicate a recurring issue rather than a single event.
B3 Know and apply the purpose of financial ratio information in supporting the interpretation of organisational performance and decision making	**B3.1** The purpose of financial ratio information in supporting the interpretation of organisational performance and decision making. **B3.2** The importance of using consistent and comparable financial info when interpreting ratios across reporting periods, organisations and benchmarks **B3.3** Interpretation of changes and patterns of financial ratios in relation to organisational objectives and financial position and available contextual information **B3.4** Interrelationships and trade-offs identified through ratio analysis. **B3.5** Limitations of ratio analysis.

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Content outcome	Content detail
B4 Know and apply interpretation of financial information and indicators in identifying patterns and trends	**B4.1** The distinction between an isolated data point, a pattern and a trend. **B4.2** Seasonal and cyclical patterns and their impact on the accounts and trends of the organisation. **B4.3** Implications of trends for organisational performance and decision-making. **B4.4** Recognising when apparent patterns or trends may be affected by seasonality, unusual events or insufficient financial info

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Content outcome	Content detail
B5 Know and apply the calculation and interpretation of financial ratios; profitability; liquidity; efficiency; solvency	When calculating and interpreting financial ratios, students must draw on content from Unit 2 sections B1–B5, which detail financial measures, ratios, trends and the interpretation of financial performance and position. **B5.1** The calculation and interpretation of financial ratios: profitability (gross profit margin; operating profit margin); liquidity (current ratio; quick ratio); efficiency (inventory holding period); solvency (gearing ratio; interest cover). **B5.2** The terms, components, formulas, units and reporting periods underpinning profitability, liquidity, efficiency and solvency ratios. **B5.3** Why inventory is excluded from the quick ratio: it is the least liquid current asset and may not be converted to cash quickly or at its recorded value. A long inventory holding period may indicate slow-moving or excess inventory, increasing storage costs and tying up cash that could be used elsewhere in the organisation. **B5.4** Applying the formulas accurately, using appropriate financial information and expressing results in the correct unit. **B5.5** Interpretation of gearing and interest cover from a lender's perspective: loan conditions (covenants) set as limits on gearing and interest cover, headroom against those limits and the consequences of a breach. Higher gearing indicates greater reliance on borrowing and higher financial risk, including increased interest obligations, reduced financial flexibility and greater vulnerability to changes in trading performance or interest rates. **B5.6** Limitations: year-end figures may be unrepresentative, targets may not be comparable with other organisations, and a ratio does not explain its own cause.

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Content outcome	Content detail
B6 Know and apply the analysis of financial performance over time, including; comparison over time: comparison across reporting periods; trend analysis using consistent timeframes, reporting dates and appropriate cut-off points; the impact of transaction dates and cut-off points on the interpretation and comparison of financial performance and position	**B6.1** Comparing periods requires periods of equal length, the same reporting date each year and information from the same source for the same users. **B6.2** Using comparable financial info from different periods to identify significant changes, assess their importance and support financial analysis **B6.3** Changes in accounting policy, classification or estimates between periods reduce comparability unless earlier figures are restated. **B6.4** Application of qualitative characteristics when interpreting financial information over time.
B7 Be able to apply calculations to support interpretation of financial performance, including the use of ratios, percentage change and simplified variance analysis by: calculating and interpreting financial ratios across the following categories: profitability, liquidity, efficiency and solvency, using structured financial information; calculating margins and percentage changes; analysing simplified variance data; interpreting summarised cash flow information in relation to performance and position	**B7.1** How to select the correct calculation when examining financial performance or position. **B7.2** Relationships: percentage change = (new figure less old figure) ÷ old figure × 100; a margin is a profit measure divided by revenue; a ratio links two figures from the statements. **B7.3** Using calculated results and other financial and contextual information to supported conclusions about organisational performance and position **B7.4** Interpretation: stating the result, its direction and size and what it indicates for performance and position in the organisation's context and against prior periods. **B7.5** Applying calculations without considering whether they are appropriate to the organisational context.

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Content area C: Strategic Planning, Appraisal and Sustainable Decision-making

Content outcome	Content detail
C1 Know and understand the relationship between finance, accounting and wider organisational activity, including how financial information reflects organisational objectives, resource constraints and strategic priorities	**C1.1** Key concepts: objectives; strategic priorities; resource constraints. Financial information reflects each of these. **C1.2** Stakeholder groups with an interest in organisational financial decisions. **C1.3** Finance supports different objectives across organisation types: profit for sole traders, shared returns for partnerships, shareholder return for limited companies, and service delivery or mission for public and third sector bodies. **C1.4** Decisions change with the time horizon, covering short-term cash needs and long-term strategy, with the assumptions used and with changing circumstances. **C1.5** Financial and non-financial implications and trade-offs arising from finance and wider organisational activity for organisational decisions. Strategic priorities create trade-offs: funding one priority limits resources for another, and financial and non-financial implications are weighed together. **C1.6** Limitations of the available information on finance and wider organisational activity and the basis for proportionate, evidence-informed judgement. Limitations: financial information may not capture reputation, relationships or long-term value, so judgement is proportionate to the evidence available.

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Content outcome	Content detail
C2 Know and understand the role of sustainability, environmental, social and governance (ESG) considerations in accounting and finance, including their influence on organisational performance, reporting and decision making	**C2.1** Environmental factors: resource use; emissions; waste management; environmental impacts. **C2.2** Social factors: workforce considerations; customer outcomes; equality; diversity; community impacts. **C2.3** Governance factors: accountability; oversight; risk management; transparency; responsible decision making. **C2.4** How ESG considerations may affect organisational performance, reputation and stakeholder confidence. **C2.5** How ESG reporting supports wider stakeholder accountability. How ESG related information is captured, measured and reported alongside traditional financial information. Differing ESG reporting expectations and requirements across private, public and third sector organisations. **C2.6** Challenges and limitations associated with measuring, interpreting and comparing ESG information. The difficulty of reporting ESG factors consistently without a single agreed measurement basis. Limitations where ESG information is not independently verified, is inconsistent between organisations or involves selective disclosure.

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Content outcome	Content detail
C3 Know and apply the purpose of budgeting in supporting organisational decision making and performance review	When interpreting budgets and analysing variances, students must draw on content from Unit 2 section B3 and Unit 3 section A1, which detail budgets, variances and the comparison of planned and actual performance. **C3.1** Purpose of budgeting: planning; coordination; control; performance review. Components: planned revenue, costs and profit or cash flow for a period. Assumptions: expected volumes, prices and costs. **C3.2** How budgets link activity levels to revenue, fixed and variable costs, contribution, cash flow, capacity and resource needs, so a change in activity changes the other figures. **C3.3** How budget information supports decisions about affordability, resource allocation and financial priorities. **C3.4** Sensitivity: a change in volume, price or cost assumptions changes budgeted profit and cash flow. **C3.5** Limitations: budgets rely on assumptions, may be too optimistic or too tight, and may not capture qualitative effects or longer-term consequences.

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C4 Know and apply the principles of cost behaviour, including fixed, variable and semi-variable costs	When assessing cost behaviour, contribution and break-even, students must draw on content from Unit 3 sections A1–A2, which detail cost classification, contribution, break-even and the comparison of financial options. **C4.1** Identification of costs as fixed, variable or semi-variable from a description or data set. **C4.2** Relationships: fixed costs stay the same within a range of activity; variable costs change in proportion to activity; semi-variable costs have a fixed element and a variable element; total cost = fixed cost + variable cost. **C4.3** Classifying costs on a consistent basis for the same period and range of activity and stating costs per unit or in total. **C4.4** Application of costing information. **C4.5** Limitations: cost behaviour holds only within a relevant range of activity, classification can be uncertain and costs change over time.

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Content outcome	Content detail
C5 Know and apply contribution and margin analysis in evaluating financial options	**C5.1** Formulas: contribution per unit = selling price less variable cost per unit; total contribution = contribution per unit × units; contribution margin = contribution ÷ selling price × 100. **C5.2** The relationship between contribution, fixed costs and the volume needed to justify choosing one option over another. **C5.3** Using the same selling price, variable cost and volume basis for every option compared, rounding only at the final step. **C5.4** Interpretation: an option with a higher contribution per unit or higher total contribution at the expected volume is financially stronger unless fixed costs differ. **C5.5** Trade-offs: a lower price may reduce margin per unit but increase volume and total contribution, and lower variable costs may reduce quality. The analysis is weighed alongside non-financial factors before an option is chosen. **C5.6** Limitations: contribution ignores fixed costs, margins depend on cost classification, and one figure cannot show overall performance.

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Content outcome	Content detail
C6 Know and apply basic investment appraisal techniques including payback period; simple rate of return	When appraising investment options, students must draw on content from Unit 3 sections A1–A2, which detail investment appraisal techniques and the comparison of financial options. **C6.1** Purpose: to judge whether an investment is worthwhile. Components: initial cost, annual cash inflows or profits and useful life. Assumptions: forecast sales, costs and asset life. **C6.2** An investment changes revenue, costs and cash flow over its life and uses capacity and funding. **C6.3** Options are compared over the same time horizon and against the same decision criteria: a maximum payback period and a minimum required return. **C6.4** How investment appraisal results inform judgements about potential returns, recovery of investment costs and financial risk with affordability and other evidence **C6.5** Limitations of investment appraisal techniques. **C6.6** Evaluation of investment appraisal outcomes.

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C7 Know and apply the role of risk, uncertainty and assumptions in financial decision making	When assessing risk, uncertainty and assumptions in financial decision making, students must draw on content from Unit 3 sections B2–B3, which detail risk, uncertainty, assumptions and the evaluation of financial options. **C7.1** Application of risk, uncertainty, assumptions and judgement in financial decisions. **C7.2** Sources of variation affecting financial decisions: demand; price; cost; timing; funding; regulation; technology; stakeholder response. Each source of variation can change forecast sales, costs or cash flow. Risks of relying on a single supplier: supply disruption; price increases; exchange rate movements; reputational and ethical exposure; loss of bargaining power. **C7.3** Assessment of risk characteristics when evaluating financial decisions. **C7.4** Evaluation of evidence supporting financial decisions. **C7.5** Evaluation of uncertainty in financial forecasts and decisions. **C7.6** Communicating confidence and uncertainty when evaluating financial decisions

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Content outcome	Content detail
C8 Know and apply the interaction between financial and non-financial factors in organisational decisions	When evaluating financial and non-financial factors in strategic decision making, students must draw on content from Unit 3 sections B1–B3, which detail stakeholder considerations, organisational objectives, risk and environmental, social and governance factors. **C8.1** Financial factors: cost; return; funding; cash flow. Non-financial factors: people; reputation; customers; supplier relationships; ethics; the environment. **C8.2** Financial information is considered alongside wider organisational factors. **C8.3** The weight given to non-financial factors differs by organisation type, with service and mission carrying more weight in public and third sector bodies. **C8.4** Non-financial factors often have longer-term effects than financial ones, and their importance changes with circumstances and assumptions. **C8.5** Evaluation of strategic options using financial and non-financial evidence. **C8.6** Evaluating strategic options by weighing up financial and non-financial evidence, including costs, funding and cash availability, loan conditions, workforce implications, stakeholder interests and alternative courses of action. Where relevant to the organisation, consideration of earnings per share, dividend policy and share buybacks and their implications for investment decisions

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C9 Know and apply the role of sustainability considerations in financial decision making, including environmental, social and governance (ESG) factors and how these may influence financial performance, risk and long-term value	**C9.1** Terms: sustainability; long-term value. Financial measures: cost savings, taxes and compliance costs linked to environmental impact. **C9.2 H**ow sustainability-related decisions may affect operating costs, investment requirements, cash flow and financial performance **C9.3** Costs and savings are compared over the same period and on the same basis so that annual savings and total investment are comparable. **C9.4** Costs and savings arising from environmental regulation and taxation, and their effect on payback, funding and long-term value. **C9.5** Evaluating short term financial costs against longer term benefits and stakeholder implications when considering sustainability decisions.

Content outcome	Content detail
C10 Be able to calculate contribution and margin	**C10.1** Calculate contribution per unit, total contribution and contribution margin using given financial information. **C10.2** Consistency of source data, bases of calculation, signs, time periods and rounding when comparing contribution and margin calculations. Calculating per unit or in total on a consistent basis, using the same units and period and rounding at the end. **C10.3** Calculated contribution and margin results to explain the relationship between sales volume, variable costs and the amount available to cover fixed costs and contribute to profit. **C10.4** How assumptions about sales volumes, prices and cost classification may affect the reliability of contribution and margin calculations.

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Content outcome	Content detail
C11 Be able to interpret break-even information where provided, including both numerical values and simple graphical representations	**C11.1** Purpose: to show the sales volume at which total revenue equals total cost. Components: fixed costs, variable cost per unit and selling price. Assumptions: constant price and variable cost per unit, and all units produced are sold. Formula: Break-even output = Fixed costs ÷ Contribution per unit, where contribution per unit = selling price less variable cost per unit. **C11.2** Margin of safety (forecast sales above the break-even point) as an indicator of risk. Benefits of break-even analysis before launching a product: showing the minimum volume needed; supporting pricing and cost decisions; informing risk assessment. Formula: Margin of safety = Forecast sales – Break-even sales; Margin of safety (%) = (Forecast sales – Break-even sales) ÷ Forecast sales × 100. **C11.3** Break-even is compared with forecast sales over the same period and on the same assumptions, and chart values are read at the same activity level. **C11.4** Break-even shows how much must be sold to avoid a loss, and so affects affordability, risk and the decision to proceed. On a simple chart students identify the break-even point, the margin of safety and the areas of profit and loss. **C11.5** Sensitivity: a rise in fixed or variable costs or a fall in price raises break-even, and a fall in forecast volume reduces the margin of safety. **C11.6** Limitations: the model assumes constant price and variable cost, ignores capacity limits and demand changes and simplifies fixed costs.

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Content outcome	Content detail
C12 Be able to calculate payback period and simple rate of return using structured data	**C12.1** Calculation of payback period (initial investment ÷ annual net cash inflow) and of accounting rate of return (average annual accounting profit as a percentage of the investment). **C12.2** Relationships: payback depends on investment cost and annual cash inflows, and ARR depends on average profit and the investment, so higher inflows shorten payback and raise ARR. **C12.3** Using the same time horizon for both measures and comparing payback with the maximum acceptable period and ARR with the minimum required return. **C12.4** Results show whether an investment is recovered quickly enough and whether the return meets the required level, and so whether it is affordable. **C12.5** How changes in forecast cash inflows affect payback and how changes in forecast accounting profits affect accounting. **C12.6** Limitations: payback ignores cash after the payback period and the time value of money; ARR uses accounting profit rather than cash and rests on forecasts.
C13 Be able to analyse simplified budget variance information	**C13.1** Definitions: variance = difference between actual and budget; favourable variance = costs lower or revenue higher than budget; adverse variance = costs higher or revenue lower than budget. **C13.2** Relationships: favourable and adverse variances contribute to the overall difference between budgeted and actual financial performance. **C13.3** How variance analysis is used to identify areas requiring review and consider appropriate management responses. **C13.4** Limitations: variances depend on how realistic the budget was and on up-to-date, complete information; they show what differs but not why, and net totals can hide offsetting variances.

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Content outcome	Content detail
C14 Be able to interpret and complete structured or partially prepared budget information	**C14.1** Completing a partially prepared budget requires understanding of the components, covering revenue, cost lines and totals, and of the assumptions behind them. **C14.2** Totals and subtotals link the line items, and a change in activity affects revenue, variable costs and cash flow. **C14.3** Missing figures are completed for the same period and using the same cost categories as the figures provided. **C14.4** Budget figures are interpreted for affordability, timing of cash, expected return and priorities funded. **C14.5** Sensitivity: changing an assumption in the budget changes the completed totals. **C14.6** Limitations: a partially prepared budget may omit items and completing it does not test whether the assumptions are realistic.
C15 Students are not expected to construct full budgets from raw data, including multi-step budget preparation	**C15.1** Excluded: building a budget from raw sales and cost data through several linked steps or producing the forecasts behind it. **C15.2** In scope: reading completed or partially completed budgets (revenue, cost lines and totals), explaining line items, completing missing figures and judging what a budget shows. **C15.3** Emphasis: what a budget means for a decision, not the steps used to build it.
C16 Students are not expected to perform complex financial modelling, including discounted cash flow techniques, multi-variable forecasting models and scenario-based financial modelling	**C16.1** Excluded: building complex financial models, covering discounted cash flow techniques, multi-variable forecasting models and scenario-based financial modelling. **C16.2** In scope: interpreting provided model outputs such as simple tables of results. Students recognise that models rely on assumptions and that discounted cash flow allows for the time value of money. **C16.3** Emphasis: what the output means for a decision, not how the model is built.

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Content outcome	Content detail
C17 Students are not expected to undertake advanced discounted cash flow modelling, including detailed net present value (NPV) and internal rate of return (IRR) calculations, beyond simple interpretation of investment information	**C17.1** Excluded: calculating NPV, IRR or discount factors, or any advanced discounted cash flow modelling. **C17.2** In scope: interpreting provided investment summaries (cost, annual inflows, asset life) and assessing payback and ARR results against decision criteria. Students recognise that NPV and IRR exist to allow for the time value of money. **C17.3** Emphasis: whether an investment meets the criteria, not calculating NPV or IRR.

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Content area D: Ethics, Governance and Accountable Financial Reporting

Content outcome	Content detail
D1 Know and understand the ethical, governance and risk considerations associated with the production, use and communication of financial and accounting information in organisational contexts	**D1.1** The role of ethical behaviour in supporting trustworthy and reliable financial information. **D1.2** Professional responsibilities within accounting and finance functions. **D1.3** Risks arising from bias, conflicts of interest, misrepresentation and inappropriate use of information. **D1.4** The responsibilities of individuals and organisations when producing, using and communicating financial information. **D1.5** Consequences of weak governance, poor ethical practice and ineffective controls for organisations and stakeholders. **D1.6** Maintaining stakeholder confidence through responsible reporting.

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Content outcome	Content detail
D2 Know and apply the purpose of the fundamental ethical principles in accounting and finance: integrity; objectivity; professional competence and due care; confidentiality; professional behaviour	When assessing ethical issues and professional responsibilities, students must draw on content from Unit 1 sections C1–C6, which detail ethical principles, ethical threats, professional judgement and stakeholder impacts **D2.1** The ethical principles and governance purposes that support trustworthy financial information and responsible organisational behaviour, including the fundamental principles: integrity; objectivity; professional competence and due care confidentiality; and professional behaviour **D2.2** Relationships between integrity, objectivity, competence and due care, confidentiality, professional behaviour and stakeholder confidence, in relation to the fundamental ethical principles. A breach of integrity or objectivity reduces stakeholder confidence in the information, and a breach of confidentiality damages trust with clients and suppliers. **D2.3** How the influence of incentives, conflicts of interest, bias, pressure, estimates and selective presentation on ethical risk, in relation to the fundamental ethical principles. Pressure to meet targets, bonuses linked to profit, personal relationships and the wish to show favourable results can lead to biased estimates and selective presentation. **D2.4** How professional and organisational safeguards, including authorisation, oversight and accountability support compliance with the ethical principles. **D2.5** Understanding that compliance with laws, regulations and professional requirements does not necessarily resolve every ethical issue. **D2.6** Consequences of breaches of the fundamental ethical principles for decisions, reputation, accountability, stakeholder trust and organisational sustainability. Unethical conduct can lead to poor decisions, loss of reputation, loss of stakeholder trust, sanctions and reduced organisational sustainability. **D2.7** Limitations of ethical decision-making.

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Content outcome	Content detail
D3 Know and apply the role of governance mechanisms in supporting trust in financial reporting, including internal controls, oversight and transparency	When assessing governance and responsible financial reporting, students must draw on content from Unit 1 sections D2–D7, which detail governance, internal controls, transparency and responsible financial communication. **D3.1** Governance mechanisms: internal controls; internal audit; audit committee and non-executive oversight; whistleblowing procedures; related party transaction policies and disclosure. **D3.2** Governance mechanisms support the reliability of performance, position and cash flow information because controls reduce the risk of error and fraud. **D3.3** Appropriate governance checks to reduce risks to the accuracy, completeness, transparency and reliability of financial information **D3.4** The role of governance mechanisms in supporting the quality of financial information. **D3.5** Limitations of governance arrangements.
D4 Know and apply the purpose of financial reporting requirements in supporting accountability and stakeholder confidence	**D4.1** Reporting requirements set what is reported, to whom and when, supporting accountability to owners, lenders and regulators. **D4.2** Required disclosures link performance, position and cash flow so that users can see the full picture. **D4.3** External reporting and assurance requirements appropriate to organisation. **D4.4** The contribution of reporting requirements to information quality and stakeholder confidence. **D4.5** Limitations of reporting and assurance requirements

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Content outcome	Content detail
D5 Know and apply the potential consequences of unethical, misleading or biased financial reporting for organisations and stakeholders	**D5.1** The consequences of unethical, misleading or biased financial reporting for different stakeholders. **D5.2** How misleading information leads to poor stakeholder decisions. **D5.3** How the consequences of unethical reporting can extend beyond the immediate financial impact to longer-term reputational and relationship damage. **D5.4** How the scale and severity of a misstatement affect the severity of its consequences across private, public and third sector contexts. **D5.5** The effects of unethical reporting on information quality and stakeholder confidence. **D5.6** Limitations in identifying unethical financial behaviour.
D6 Know and apply the role of assumptions, estimates and judgement in creating ethical risk within financial information	**D6.1** Factors influencing ethical judgements and estimates. **D6.2** The importance of evidence when supporting ethical judgements. **D6.3** Professional scepticism when evaluating ethical judgements. **D6.4** Limitations affecting ethical judgements and estimates.

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Content outcome	Content detail
D7 Know and apply the distinction between ethical reasoning and technical compliance	**D7.1** The distinction between ethical reasoning and technical compliance. **D7.2** Application of ethical principles to organisational situations. **D7.3** How professional codes and organisational policies support ethical reasoning. **D7.4** The role of governance mechanisms in supporting ethical decision-making. **D7.5** Responding to ethical dilemmas where rules alone do not provide an answer. **D7.6** Limitations of ethical decision-making.
D8 Know and apply the conceptual meaning and purpose of the fundamental ethical principles in accounting and finance, including how conflicts of interest, bias and misrepresentation may arise in organisational contexts	**D8.1** The conceptual meaning and purpose of the fundamental ethical principles in accounting and finance, covering how conflicts of interest, bias and misrepresentation may arise in organisational contexts. **D8.2** Relationships between integrity, objectivity, competence and due care, confidentiality, professional behaviour and stakeholder confidence, in relation to the management of conflicts of interest. A conflict of interest threatens objectivity, which in turn threatens integrity and stakeholder confidence. **D8.3** The influence of incentives, conflicts of interest, bias, pressure, estimates and selective presentation on ethical risk, in relation to the management of conflicts of interest. Related party relationships as a source of conflict of interest, and the need to declare and disclose them. **D8.4** Governance mechanisms relevant to the management of conflicts of interest: internal controls; segregation of duties; authorisation; oversight; transparency; accountability. Declaration of interests, authorisation of related party arrangements and independent oversight limit conflicts of interest. **D8.5** The distinction between technical compliance and ethical reasoning where rules do not resolve competing responsibilities in a conflict of interest. Where no rule resolves a conflict of interest, ethical reasoning requires disclosure, declining to take part in the decision, or escalation. **D8.6** Limitations in managing conflicts of interest.

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Transferable skills

Students are expected to develop the following transferable skills through the learning and assessment activities for this unit:

- Analytical reasoning when interpreting and comparing financial and accounting information.
- Evaluative judgement when considering assumptions, context, limitations and uncertainty
- Decision making informed by financial and accounting evidence
- Professional communication of financial information - WRP5 embedded
- Numerical reasoning when calculating and interpreting financial ratios and other financial measures
- Analytical evaluation when identifying and interpreting financial performance and position trends
- Critical judgement when assessing the reliability, relevance and limitations of financial information
- Decision making informed by structured analysis of financial evidence
- Professional communication when presenting financial analysis to stakeholder groups
- Communication of financial analysis to stakeholders - WRP5 embedded
- Decision making informed by structured financial analysis and evidence
- Numerical reasoning when calculating and interpreting cost, investment and financial data
- Evaluative judgement when considering options, risk, uncertainty and long-term value
- Problem solving when assessing financial choices within organisational constraints
- Professional communication when presenting and justifying financial recommendations
- Communication and justification of recommendations – WRP5 embedded
- Ethical reasoning when evaluating financial decisions and professional practice
- Critical evaluation of governance, regulatory and reporting requirements
- Judgement when considering ethical, regulatory and professional issues under conditions of uncertainty and ambiguity
- Responsible professional communication when presenting financial information and recommendations
- Reflective evaluation of the wider organisational and societal implications of financial decisions
- Responsible communication of financial information and decisions - WRP5 embedded

The qualification Delivery Guide suggests ways for centres to help students develop these transferable skills.

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Assessment summary

The examined assessment for this unit takes the form of a written examination worth 110 marks. The duration of the written examination is 2 hours and 30 minutes and it must be taken under supervised conditions.

Students will be assessed through a scenario-based assessment in which students will respond to a range of calculation, short- and long-answer questions. The questions will assess knowledge and understanding of accounting and finance concepts, alongside the ability to apply knowledge to financial information, interpret data, analyse evidence and make justified judgements and recommendations. The assessment will include a synoptic case study requiring students to consider a range of financial, organisational, stakeholder, ethical and strategic factors within a realistic context. An information booklet containing the scenario and financial information is provided with the paper.

Sample assessment materials will be available on our website to help centres prepare students for the assessment.

The assessment is available in May/June each academic year. The first assessment is May/June 2029.

Resource requirements

Students must have the following equipment for the assessment for this unit:

- pencil
- eraser
- non-programmable scientific calculator.

A command word taxonomy for externally-assessed units is provided in *Appendix 2*.

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4 Planning your programme

Is there a student entry requirement

There are no formal entry requirements. Students are expected to study this qualification alongside other vocational qualifications, A levels or English and/or maths qualifications. Centres are responsible for ensuring that students make reasonable progress and achieve at this level. Achievement can be supported by highlighting links between this qualification and other qualifications.

What level of sector knowledge is needed to teach this qualification

We do not set any requirements for teachers but recommend that centres review the skills and knowledge of the teaching team to ensure they remain relevant and up to date. This will help ensure that students benefit from teaching that reflects current sector practice and from programmes that support progression.

What resources are required to deliver this qualification

As part of your centre approval, you will need to show that the necessary resources and workspaces are available to deliver the qualification. For some units, specific resources are required; please refer to individual units.

What makes good vocational teaching

Effective vocational teaching is rooted in the application of knowledge, understanding and skills within the sector. Teaching and learning should be contextualised through realistic vocational activities, scenarios and projects that help students connect what they learn with how the sector operates in practice. Through opportunities to apply their learning, supported by practice, feedback and reflection, students can develop their understanding and skills over time and build confidence in applying their learning in different contexts. To support this, we provide delivery guidance for the qualification and CPD to support effective delivery.

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5 Final grading and awarding

Awarding and reporting for the qualification

V Level qualifications are graded on a seven-grade scale from A* to E, and P (Pass). Students who do not meet the minimum requirements for a qualification grade will be recorded as Unclassified (U) and will not be certificated.

Individual units will be graded on the same grade scale. Individual unit results will be reported.

Grade boundaries are set for each unit in the series in which it is offered through a process known as awarding. Awarding is used to set grade boundaries and ensure that standards are maintained over time. This ensures that students have the same opportunity to achieve regardless of the assessment opportunity.

Students' unit 'raw' marks will be converted to a Uniform Mark Scale (UMS). The UMS is used to convert students' unit raw marks into uniform marks. This is done to standardise marks across assessment series. Further details of the UMS are provided below in the section 'Calculation of a Qualification Grade'.

The awarding and certification of the qualification will comply with the requirements of the Office of Qualifications and Examinations Regulation (Ofqual).

Eligibility for an award

In order to be awarded a qualification, a student must achieve an outcome for all units and achieve the minimum number of overall uniform marks at a qualification grade threshold.

There are no 'must-pass' units within the qualification. A unit result of Unclassified is considered an outcome for the purposes of aggregating a final award.

Subject to eligibility, Pearson will automatically calculate the qualification grade for your students when the qualification claim is made.

In order to meet the terminal assessment requirement, a student must take the examined assessment unit in their final series, that is, the one in which the final award is claimed. If a student retakes the examined assessment, only the result from the final attempt will be used towards the qualification grade, even if an earlier attempt achieved a higher result.

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Calculation of the qualification grade

The final qualification grade represents an aggregation of a student's performance across all units. Stronger performance in some units may be balanced by lower performance in others.

The UMS converts students' unit 'raw' marks into uniform marks. This is done to standardise marks across different assessment series. For example, a student who achieves an E in a unit one year will receive the same uniform mark as a student achieving the same grade in a later series, regardless of their raw marks.

The minimum uniform marks required for each grade for each unit

Units 1, 2 and 3

Unit Grade	A*	A	B	C	D	E	P
Maximum UMS = 80	72	64	56	48	40	32	24

Students who do not achieve the standard required for a P will receive a uniform mark in the range 0–23.

Unit 4

Unit Grade	A*	A	B	C	D	E	P
Maximum UMS = 160	144	128	112	96	80	64	48

Students who do not achieve the standard required for a P will receive a uniform mark in the range 0–47.

Qualification level results: the minimum uniform marks required for each grade

Qualification Grade	A*	A	B	C	D	E	P
Maximum UMS = 400	360	320	280	240	200	160	120

Students who do not achieve the standard required for a P grade will receive a uniform mark in the range 0–119.

Results issue

Results are issued in line with the published dates shown in the 'Key dates' section of the *Information Manual*, available on our website.

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6 Resources and support

We provide a range of resources and professional development opportunities to support the delivery of V Levels. These are available on our website.

Support for setting up your course and preparing to teach

Delivery Guide

The Delivery Guide provides an overview of the qualification units and assessments. It includes a broad scheme of work, with guidance on delivery, teaching approaches, assessment preparation and additional resources.

Support for teaching and learning

Pearson provides a range of resources to support the teaching and learning of vocational qualifications. Details of Pearson's own resources and all endorsed support materials are available on our website.

Resources may also be available from other publishers.

Support for assessment

Sample assessment materials (SAMs) for examined units

Sample assessment materials are available for the examined unit and can be downloaded from the Pearson Qualifications website. An additional set of materials will also be available prior to the first live assessment, allowing your students further opportunities for practice.

Sample NEAs

Sample NEAs are available for the non-exam units and can be downloaded from the Pearson Qualifications website.

Centre standardisation materials for NEA units

Marked examples of student work will be provided to support the centre marking and standardisation process.

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Training and support from Pearson

Training and professional development

We provide a range of training and professional development events to support the introduction, delivery, assessment, quality assurance and administration of V Levels. These sector-specific events are developed and delivered by subject specialists.

People to talk to

There are many people who can support you and give you advice and guidance on delivering your V Levels. They include:

- Subject Advisors – they are available for all sectors. They have expertise across Pearson qualifications within their sector and can answer queries on planning, teaching, learning and assessment.
- Customer Services – the 'Support for You' section of our website explains how to contact us for general queries. For specific queries, our service teams will direct you to the relevant person or department.
- Pearson Quality Advisors – they can support centres with the quality assurance aspects of programme delivery.

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Appendix 1

Glossary of terms used for NEA marking grids

Level-based descriptor	Generic Level 3 NEA evidence definition
Accomplished	Evidence demonstrates highly developed and well-controlled knowledge, understanding or skill, producing a polished and effective outcome.
Accurate	Evidence is correct and precise, with few or no substantive errors in the knowledge, reasoning, processes or outcomes presented.
Adequate	Evidence meets the essential requirements of the task but may lack breadth, depth, precision or consistency.
Appropriate	Evidence is relevant and suitably matched to the task, context, purpose or intended outcome.
Arbitrary	Evidence shows choices, statements or actions that are not supported by a clear rationale or relevant evidence.
Articulate	Evidence communicates complex ideas or reasoning clearly, fluently and with well-chosen vocational language.
Assured	Evidence demonstrates secure control and confidence, with decisions, reasoning or skills applied consistently and effectively.
Authoritative	Evidence demonstrates confident and secure command of relevant knowledge, understanding or practice, supported by precise detail.
Balanced	Evidence gives proportionate consideration to relevant factors, viewpoints, strengths and limitations before reaching a judgement.
Basic	Evidence addresses straightforward aspects of the task but shows only elementary knowledge, reasoning, control or development.
Clear	Evidence is readily understood, relevant points are expressed directly, and the relationship between ideas, actions or outcomes is apparent.
Coherent	Evidence is logically connected and forms a consistent line of reasoning, process or response.

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Level-based descriptor	Generic Level 3 NEA evidence definition
Cohesive	Evidence is integrated into a unified whole, with individual elements working together effectively to support the purpose or outcome.
Competent	Evidence demonstrates a sound and dependable standard of knowledge, understanding or skill sufficient to meet the task requirements.
Comprehensive	Evidence covers the relevant aspects of the task in substantial breadth and depth, with few significant omissions.
Concise	Evidence communicates the required information economically and precisely without unnecessary material.
Confident	Evidence shows secure and purposeful application, with decisions or skills carried out with limited hesitation or uncertainty.
Considered	Evidence shows that relevant information, alternatives or implications have been deliberately examined before choices or conclusions are made.
Consistent	Evidence maintains an appropriate standard across the response, process or outcome, with limited variation in quality or control.
Convincing	Evidence presents well-supported reasoning or outcomes that provide a strong basis for accepting the conclusion, choice or judgement.
Critical	Evidence examines assumptions, evidence and alternatives closely rather than accepting information at face value, leading to a well-supported judgement.
Detailed	Evidence includes specific and relevant information that develops the response beyond general or outline statements.
Developed	Evidence extends ideas, reasoning or work sufficiently, showing progression and purposeful elaboration.
Disengaged	Evidence shows little purposeful involvement with the task, context, process or intended audience.

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Level-based descriptor	Generic Level 3 NEA evidence definition
Dynamic	Evidence demonstrates energetic, responsive and effective control, adapting purposefully as the work or performance develops.
Effective	Evidence achieves the intended purpose or outcome and is supported by relevant, well-applied knowledge, reasoning or skill.
Elementary	Evidence demonstrates only introductory knowledge, understanding or skill and addresses the task at a simple level.
Emerging	Evidence shows early signs of the required knowledge, reasoning or skill, but these are not yet secure or consistently demonstrated.
Focused	Evidence remains closely directed towards the task, purpose or intended outcome and avoids significant irrelevant material.
Formulaic	Evidence follows a predictable or prescribed approach with limited adaptation, independence or responsiveness to context.
Fluent	Evidence is produced smoothly, accurately and with sustained control, with ideas or skills integrated naturally.
Fully	Evidence demonstrates the required quality, coverage or application across all relevant aspects of the task.
General	Evidence is broadly relevant but lacks the specific detail, contextual application or precision needed for a stronger response.
Imbalanced	Evidence gives disproportionate attention to some factors or viewpoints and does not weigh relevant considerations fairly.
Inconsistent	Evidence varies noticeably in relevance, accuracy, control or quality across the response or outcome.
In-depth	Evidence explores relevant aspects with substantial detail, explanation and sustained reasoning.

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Level-based descriptor	Generic Level 3 NEA evidence definition
Independent	Evidence shows self-directed and purposeful decision-making, with ideas or actions adapted rather than simply reproduced.
Indiscriminate	Evidence does not distinguish sufficiently between relevant and irrelevant information, sources, methods or options.
Inaccurate	Evidence contains errors or misconceptions that weaken the response, process or outcome.
Inappropriate	Evidence is poorly matched to the task, context, purpose, audience or intended outcome.
Insightful	Evidence demonstrates a strong and perceptive understanding of significance, relationships or implications that may not be immediately obvious.
Irrelevant	Evidence does not address the task, purpose or context in a meaningful way.
Isolated	Evidence consists of separate points, examples or actions that are not connected into a developed response or process.
Limited	Evidence demonstrates a restricted range, depth, accuracy or control and addresses only some aspects of the task.
Literal	Evidence deals mainly with explicit or surface meaning and shows little interpretation of wider significance, relationships or implications.
Logical	Evidence follows a valid and orderly sequence in which conclusions, decisions or outcomes arise from the information presented.
Mature	Evidence demonstrates well-developed judgement, control and awareness appropriate to the vocational context and purpose.
Mostly	Evidence demonstrates the stated quality across the greater part of the response or outcome, although some noticeable weaknesses remain.
Nuanced	Evidence recognises subtle distinctions, qualifications or competing factors and reflects these in the reasoning or judgement.

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Level-based descriptor	Generic Level 3 NEA evidence definition
Obvious	Evidence identifies readily apparent features or choices but does not explore less immediate relationships, implications or alternatives.
Occasionally	Evidence demonstrates the stated quality at some points, but not frequently or consistently enough to characterise the response overall.
Partial	Evidence addresses only part of the task or demonstrates the required quality incompletely, with important gaps or undeveloped areas.
Perceptive	Evidence identifies and explains important meanings, relationships or implications with a high degree of discernment.
Pertinent	Evidence is directly relevant and makes a purposeful contribution to the task, reasoning or outcome.
Proficient	Evidence demonstrates well-developed, reliable and controlled knowledge, understanding or skill in completing the task.
Reasoned	Evidence uses connected reasons and relevant support to explain decisions, conclusions or judgements.
Relevant	Evidence relates appropriately to the task, context, issue or intended outcome.
Reliable	Evidence demonstrates dependable reasoning, processes or outcomes that are sufficiently accurate and consistent for the intended purpose.
Secure	Evidence demonstrates firmly established knowledge, understanding or skill, applied with consistent control and few significant weaknesses.
Sensitive	Evidence responds carefully and appropriately to subtle requirements, contextual factors, feedback or intended audience needs.
Simplistic	Evidence reduces an issue or task to basic points and overlooks relevant complexity, relationships or competing factors.
Skilful	Evidence demonstrates effective technical or practical control, with techniques selected and applied purposefully.

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Level-based descriptor	Generic Level 3 NEA evidence definition
Sophisticated	Evidence demonstrates highly developed, integrated and discerning knowledge, reasoning or skill, handled with precision and subtlety.
Sound	Evidence demonstrates a generally secure and credible standard, supported by relevant knowledge, reasoning or skill, despite some limitations.
Straightforward	Evidence presents an uncomplicated and generally relevant response but shows limited complexity, depth or development.
Suitable	Evidence is appropriate for a particular purpose
Sufficient	Evidence provides enough relevant coverage, support or control to meet the task requirements, though it may not be extensive.
Superficial	Evidence addresses surface features but lacks explanation, analysis, development or engagement with underlying significance.
Supported	Evidence is backed by relevant examples, findings, sources, observations or reasoning rather than assertion alone.
Sustained	Evidence maintains the stated quality, line of reasoning or level of control across the response, process or outcome.
Tentative	Evidence shows uncertainty or limited confidence, with choices, reasoning or skills not yet applied securely.
Thoughtful	Evidence shows purposeful consideration of relevant information, implications, alternatives or feedback.
Thorough	Evidence addresses the relevant aspects of the task carefully and in substantial breadth and depth, with strong supporting detail and few omissions.
Tenuous	Evidence shows weak or uncertain links between information, reasoning, decisions or outcomes.
Unbalanced	Evidence does not give proportionate consideration to relevant factors, viewpoints, strengths or limitations.
Unclear	Evidence is difficult to follow because ideas, decisions, processes or relationships are insufficiently expressed or organised.

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Level-based descriptor	Generic Level 3 NEA evidence definition
Undefined	Evidence lacks a clear meaning, position, structure or intended outcome.
Underdeveloped	Evidence contains relevant beginnings but ideas, reasoning, skills or outcomes are not extended sufficiently.
Unfocused	Evidence lacks clear direction and includes material or activity that does not contribute purposefully to the task.
Unrefined	Evidence remains rough or insufficiently improved, with weaknesses that could have been addressed through testing, review or adjustment.
Unresolved	Evidence identifies issues, gaps or alternatives but does not address them sufficiently or reach a workable conclusion or outcome.
Unsupported	Evidence makes claims, choices or judgements without relevant examples, findings, sources or reasoning.
Unsubstantiated	Evidence presents assertions or conclusions without adequate supporting information or justification.
Unstructured	Evidence lacks an effective sequence or organisation, making the reasoning, process or outcome difficult to follow.
Uneven	Evidence varies in quality or control, with stronger and weaker aspects across the response or outcome.

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Appendix 2

Command word taxonomy for examined assessment

This is a summary of the key terms that may be used in examined assessments. This is a summary of the key terms that may be used in external assessment. Please note, the list below will not necessarily be used in every paper/session and is provided for guidance only.

Command word	Simplified definition
Calculate	Use mathematical methods to work out an answer.
Compare	Examine the similarities and differences between two or more things, including relevant reasons. A conclusion is not required.
Complete	Add the required information to a table, diagram or other given format.
Describe	Give an account of something or set out the stages of a process. Include relevant detail, but reasons or justification are not required.
Discuss	Consider different aspects of an issue, situation, problem or argument in detail and explain how they relate to each other. A conclusion is not required.
Draw/write	Create a visual or written representation of information.
Evaluate	Review relevant information and evidence, consider strengths, weaknesses or alternatives, and reach a supported judgement. Where required, make an appropriate recommendation.
Explain	Give a relevant point and a linked reason that shows why or how something occurs.
Identify	Select the required relevant information, usually from a stimulus or resource.
State/give/name	Recall and provide the required piece or pieces of information.
State what is meant by	Give the accepted definition of a term.

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Appendix 3

Mapping between Department for Education (DfE) subject content and Pearson content and Pearson Level 3 V Level in Accounting and Finance

DfE Subject Content Mapping	Pearson Qualification
DfE Accounting and Finance V Level subject content statement	**DfE Accounting and Finance V Level subject content statement**
WRP1: Be able to interpret financial and accounting information to support organisational decision making	
The role of financial and accounting information in supporting decision making within organisational contexts including sole traders, partnerships, limited companies, public sector bodies and third sector organisations, including how financial information informs choices rather than determining outcomes, supported by the application of relevant calculations and accounting principles	Unit 4: B1.1-B1.6; Unit 2: A1.1-A1.4
The application and interpretation of profit, cost and cash flow calculations and how these link to and are derived from the accounting concepts identified within this subject content and the dual effect of common business transactions, including sales, purchases, operating expenditure, receipts and payments, in order to interpret financial performance and position	Unit 4: A10.1-A10.5; Unit 4: A16.1-A16.4
The application and interpretation of variance calculations to compare planned and actual financial performance and support organisational review and decision making	Unit 4: B2.1-B2.4; Unit 4: C13.1-C13.4; Unit 2: B3.2
The assumptions, estimates, professional judgements and limitations that underpin financial and accounting information, including their impact on reliability, comparability and decision making	Unit 4: A12.1-A12.5; Unit 4: A15.1-A15.7; Unit 2: A2.5-A2.6

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DfE Subject Content Mapping	Pearson Qualification
How financial statement extracts, budget summaries and performance indicators are interpreted in relation to organisational objectives, strategic priorities and stakeholder expectations across private, public and third sector organisations	Unit 4: A4.1-A4.6; Unit 4: B1.2-B1.6; Unit 2: A1.2-A1.4
Apply appropriate financial and accounting calculations to produce information that supports financial analysis, interpretation and organisational decision making	Unit 1: B1.1-B1.5; Unit 4: B7.1-B7.5
Interpret financial statement extracts, budget summaries and performance indicators, including those generated through digital accounting systems and spreadsheet tools, within structured organisational scenarios	Unit 1: A1.1-A1.6; Unit 2: A2.1-A2.6; Unit 4: A13.1-A13.4
Analyse financial information and outputs to compare alternative courses of action, considering both financial and non-financial factors	Unit 2: B6.1-B6.3; Unit 4: C8.1-C8.6
Evaluate the implications of financial information for short- and medium-term organisational decisions	Unit 1: B2.1-B2.5
Form and justify reasoned judgements using appropriate financial evidence and contextual understanding	Unit 1: B3.1-B3.5; Unit 2: B7.1-B7.2
Communicate financial interpretations clearly and coherently to stakeholder groups defined within this subject content	Unit 1: D4.1-D4.5; Unit 2: C2.1-C2.2
WRP2: Be able to analyse and evaluate organisational financial performance and position	
The purpose and structure of statements of financial performance, statements of financial position and summarised cash flow information	Unit 4: A13.1-A13.4; Unit 2: A2.3
The calculation and interpretation of financial ratios: profitability, liquidity, efficiency and solvency	Unit 4: B3.1-B3.5; Unit 4: B5.1-B5.6; Unit 2: B2.1-B2.4

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DfE Subject Content Mapping	Pearson Qualification
The analysis of financial performance over time, including comparison across reporting periods; trend analysis using consistent timeframes, reporting dates and appropriate cut-off points; and the impact of transaction dates and cut-off points on the interpretation and comparison of financial performance and position	Unit 4: B6.1-B6.4; Unit 2: B3.1-B3.5
How accounting principles and concepts, including accruals, prudence, consistency, materiality and going concern, influence financial performance, position and the interpretation of financial results	Unit 4: A14.1-A14.4
The impact of estimates, professional judgement, accounting choices and limitations on the reliability and interpretation of financial information	Unit 4: A15.1-A15.7; Unit 2: A2.5-A2.6
How financial statement information and performance indicators are interpreted by different stakeholder groups	Unit 2: C1.1; Unit 2: A3.1
How the dual effect of transactions influences financial statement outputs and financial performance	Unit 4: A16.1-A16.4
Apply calculations to support interpretation of financial performance, including ratios, percentage change and simplified variance analysis, and interpret summarised cash flow information in relation to performance and position	Unit 4: B7.1-B7.5; Unit 2: B2.1-B2.4; Unit 2: B3.1-B3.3
Students are not expected to prepare full statutory financial statements	Unit 4: A17.1-A17.3
Students are not expected to apply procedural double entry bookkeeping, including recording transactions through journal entries or ledger accounts	Unit 4: A18.1-A18.3
Analyse financial statement extracts, performance indicators and digitally generated financial information to assess organisational performance and financial position	Unit 2: B2.1-B2.4; Unit 2: B4.1-B4.3

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DfE Subject Content Mapping	Pearson Qualification
Calculate and interpret financial ratios across profitability, liquidity, efficiency and solvency, using structured financial information	Unit 2: B2.1-B2.4; Unit 4: B5.1-B5.6
Compare financial performance and position across reporting periods using percentage change and trend analysis, recognising how reporting periods, transaction dates and cut-off points influence interpretation and comparison	Unit 2: B3.1-B3.5; Unit 4: B6.1-B6.4
Analyse movements in key financial indicators and evaluate possible explanations using contextual information	Unit 2: B4.1-B4.3
Form reasoned judgements about organisational performance and position	Unit 2: B5.1
Communicate financial analysis clearly and coherently for relevant stakeholder groups	Unit 2: C2.1-C2.2; Unit 2: C3.1-C3.3; Unit 2: C4.1
WRP3: Be able to evaluate financial decision making in organisational contexts	
The purpose of budgeting in supporting organisational decision making and performance review	Unit 4: C3.1-C3.5; Unit 3: A1.1-A1.5
The principles of cost behaviour, including fixed, variable and semi-variable costs	Unit 4: C4.1-C4.5; Unit 3: A1.1
Contribution and margin analysis in evaluating financial options	Unit 4: C5.1-C5.6; Unit 4: C10.1-C10.4; Unit 3: A2.1-A2.5
Basic investment appraisal techniques, including payback period and simple rate of return	Unit 4: C6.1-C6.6; Unit 4: C12.1-C12.6; Unit

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DfE Subject Content Mapping	Pearson Qualification
	3: A1.1-A1.5; Unit 3: A2.1-A2.5
The role of risk, uncertainty and assumptions in financial decision making	Unit 4: C7.1-C7.6; Unit 3: B2.1-B2.5
The interaction between financial and non-financial factors in organisational decisions	Unit 4: C8.1-C8.6; Unit 3: B1.1-B1.5
The role of sustainability considerations in financial decision making, including environmental, social and governance factors and how these may influence financial performance, risk and long-term value	Unit 4: C9.1-C9.5; Unit 3: B1.1-B1.5
Analyse budgeting data, cost information and investment appraisal calculations within structured organisational scenarios	Unit 3: A1.1-A1.5
Compare alternative financial options using contribution, margin and basic appraisal techniques	Unit 3: A2.1-A2.5
Evaluate the financial and non-financial implications of different courses of action using structured financial evidence and organisational context	Unit 3: B1.1-B1.5
Consider the impact of risk, uncertainty and assumptions when forming financial judgements	Unit 3: B2.1-B2.5
Justify financial recommendations using structured financial evidence, calculations where appropriate, and contextual reasoning	Unit 3: B3.1-B3.5
Communicate financial reasoning clearly for relevant stakeholder groups	Unit 3: D1.1-D1.5

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DfE Subject Content Mapping	Pearson Qualification
Consider how sustainability factors may influence financial decisions and organisational outcomes	Unit 3: B1.1-B1.5; Unit 4: C9.1-C9.5
Students are not expected to construct full budgets from raw data, including multi-step budget preparation	Unit 4: C15.1-C15.3
Students are not expected to perform complex financial modelling, including discounted cash flow techniques, multi-variable forecasting models and scenario-based financial modelling	Unit 4: C16.1-C16.3
Students are not expected to undertake advanced discounted cash flow modelling, including detailed net present value and internal rate of return calculations, beyond simple interpretation of investment information	Unit 4: C17.1-C17.3
WRP4: Be able to evaluate the ethical and regulatory context of accounting and finance within organisational settings	
The purpose of the fundamental ethical principles in accounting and finance: integrity; objectivity; professional competence and due care; confidentiality; professional behaviour	Unit 4: D2.1-D2.7; Unit 1: C3.1-C3.5
The role of governance mechanisms in supporting trust in financial reporting, including internal controls, oversight and transparency	Unit 4: D3.1-D3.5; Unit 1: C1.1-C1.5
The purpose of financial reporting requirements in supporting accountability and stakeholder confidence	Unit 4: D4.1-D4.5; Unit 1: C2.1-C2.5
The potential consequences of unethical, misleading or biased financial reporting for organisations and stakeholders	Unit 4: D5.1-D5.6; Unit 1: C4.1-C4.5
The role of assumptions, estimates and judgement in creating ethical risk within financial information	Unit 4: D6.1-D6.4; Unit 1: C1.1-C1.5

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DfE Subject Content Mapping	Pearson Qualification
The distinction between ethical reasoning and technical compliance	Unit 4: D7.1-D7.6; Unit 1: C5.1-C5.5
The conceptual meaning and purpose of the fundamental ethical principles in accounting and finance, including how conflicts of interest, bias and misrepresentation may arise in organisational contexts	Unit 4: D8.1-D8.6; Unit 1: C1.1-C1.5; Unit 1: C3.1-C3.5
Analyse organisational scenarios involving ethical issues in financial reporting and decision making	Unit 1: C1.1-C1.5
Evaluate how regulatory expectations influence organisational behaviour and financial communication	Unit 1: C2.1-C2.5
Apply the fundamental ethical principles when analysing organisational scenarios involving financial reporting and decision making	Unit 1: C3.1-C3.5
Assess the potential impact of ethical and regulatory issues on different stakeholder groups	Unit 1: C4.1-C4.5
Justify conclusions using structured ethical and financial reasoning rather than technical-rule application alone, recognising the role of context, assumptions and professional judgement	Unit 1: C5.1-C5.5
Communicate ethical considerations clearly within financial contexts	Unit 1: C6.1-C6.5
WRP5: Be able to communicate and present financial and accounting information in organisational contexts	
The purposes of financial communication within a range of organisational contexts including sole traders, partnerships, limited companies, public sector bodies and third sector organisations	Unit 1: A1.1-A1.6; Unit 2: A1.1-A1.4

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DfE Subject Content Mapping	Pearson Qualification
The differing information needs of stakeholder groups, including managers, investors or funders, regulators, service users and internal decision makers, as referenced throughout this subject content	Unit 1: A2.1-A2.5; Unit 1: D1.1-D1.5; Unit 2: A3.1
The importance of clarity, accuracy and transparency in presenting financial statement information and performance data	Unit 1: D2.1-D2.5
The role of financial terminology in ensuring precise and professional communication, including terminology relating to financial statements, accounting transactions, budgeting, costing, profitability, cash flow and financial performance	Unit 2: C3.1-C3.3
How digital systems, for example accounting software and spreadsheet tools, are used within organisations to generate, process and present structured financial information, including the outputs they produce and how these support analysis and decision making	Unit 2: A2.1-A2.4; Unit 4: A2.1-A2.5
The importance of data security, confidentiality and cyber security in the storage, processing and communication of financial information	Unit 1: A4.1-A4.5; Unit 4: A8.1-A8.6
The role of emerging technologies, including artificial intelligence, in supporting the generation, analysis and communication of financial information within organisations	Unit 4: A9.1-A9.7
The risks associated with miscommunication, selective presentation or misinterpretation of financial information	Unit 1: D3.1-D3.5
Present financial statement extracts, budget summaries and performance indicators clearly and coherently using accurate financial terminology relevant to the financial information being communicated	Unit 1: D4.1-D4.5; Unit 2: B1.1-B1.3; Unit 3: C1.1-C1.5
Adapt financial explanations and analysis to suit stakeholder groups as defined within this subject content	Unit 1: D5.1-D5.5; Unit 2: C3.3; Unit 3: D2.1-D2.5

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DfE Subject Content Mapping	Pearson Qualification
Structure financial information logically to support reasoned discussion and recommendations	Unit 2: C4.1; Unit 3: C2.1-C2.5
Select and use appropriate methods of communication, such as tables, charts or structured written explanations, to present financial information clearly and accurately	Unit 2: C4.1; Unit 3: C3.1-C3.5
Critically evaluate how financial information may be framed, simplified or selectively presented	Unit 1: D6.1-D6.5; Unit 2: C5.2
Communicate financial judgements in a way that demonstrates awareness of limitations and uncertainty	Unit 1: D7.1-D7.5; Unit 3: D3.1-D3.5
Core Knowledge and Understanding	
The purpose and broad structure of financial statements and supporting financial information, including their role in supporting transparency, accountability, governance and organisational oversight	Unit 4: A1.1-A1.5
How financial and accounting information is generated, processed and communicated within organisations, including the conceptual role of digital systems in producing structured financial information	Unit 4: A2.1-A2.5
The role of accounting principles, assumptions, estimates and professional judgement in the preparation and interpretation of financial statement information	Unit 4: A3.1-A3.5
The ethical, governance and risk considerations associated with the production, use and communication of financial and accounting information in organisational contexts	Unit 4: D1.1-D1.6
The relationship between finance, accounting and wider organisational activity, including how financial information reflects organisational objectives, resource constraints and strategic priorities	Unit 4: C1.1-C1.6

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DfE Subject Content Mapping	Pearson Qualification
The purpose, characteristics and limitations of different types of financial information, including financial statement extracts, budget summaries, performance indicators and cost information	Unit 4: A4.1-A4.6
Core financial and accounting terminology and measures used to describe financial performance, position and activity, including revenue, expenses, profit, assets, liabilities, equity, cash flow, contribution, margin and ratios	Unit 4: A5.1-A5.5
The conceptual basis of double entry bookkeeping, including the dual effect of transactions on assets, liabilities, equity, income and expenditure, and how these relationships are reflected in financial statements. Students must apply this understanding within work-related purposes by interpreting how transactions are reflected in financial information and using structured financial data to analyse and evaluate organisational performance and position, using calculations to demonstrate and interpret the impact on financial performance and position	Unit 4: A6.1-A6.5
The role and importance of reporting periods, transaction dates and cut-off points in financial information, including how timing affects the interpretation and comparison of financial performance and position	Unit 4: A7.1-A7.5
The role of sustainability, environmental, social and governance considerations in accounting and finance, including their influence on organisational performance, reporting and decision making	Unit 4: C2.1-C2.6
Risks associated with digital systems, including cyber security threats, data integrity and confidentiality in financial information	Unit 4: A8.1-A8.6
The impact of emerging technologies, including artificial intelligence, on accounting and finance practices, including opportunities and risks associated with their use	Unit 4: A9.1-A9.7

Mapping between work-related purposes and Pearson assessments

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DfE Accounting and Finance V Level subject work-related purpose (WRP)	Unit in which WRP is assessed
WRP1: Be able to interpret financial and accounting information to support organisational decision making	Unit 1 and 2
WRP 2: Be able to analyse and evaluate organisational financial performance and position	Unit 2
WRP 3: Be able to evaluate financial decision making in organisational contexts	Units 3
WRP 4: Be able to evaluate the ethical and regulatory context of accounting and finance within organisational settings	Unit 1
WRP 5: Be able to communicate and present financial and accounting information in organisational contexts	Unit 1, 2 and 3

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