



National Unit specification: general information

Unit title: Finance and E-Business

Unit code: FJ3H 12

Superclass: AE

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Summary

This Unit is designed to enable candidates to identify a range of sources of funding for a new business, and to gain an understanding of the importance of the accurate management of finance within a business. It will enable them to practise skills in basic financial book-keeping and forecasting, and to be aware of a range of financial options available to a new business including use of secure payments through the Internet. Candidates will identify sources of financial advice available to a new business.

This Unit will be of benefit to candidates currently studying a business or finance-related topic at school or college, candidates involved in proposing the start-up of their own business, or those candidates who may be re-training for employment.

Outcomes

- 1 Identify sources of finance and financial advice for an agreed business idea.
- 2 Explain the importance of budgeting and prepare a cash flow forecast for an agreed business idea.
- 3 Explain the meaning of Profit and Loss and the tax obligations of a business.
- 4 Investigate a range of Internet resources which can be used for reaching and transacting with customers and suppliers.

Recommended entry

While entry is at the discretion of the centre, it would be beneficial if candidates have attained one of the following, or equivalent:

- ◆ *Business and Finance: An Introduction (F5G8 10)*

General information (cont)

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Credit points and level

1 National Unit credit at SCQF level 6: (6 SCQF credit points at SCQF level 6*)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

Core Skills

Opportunities to develop aspects of Core Skills are highlighted in the support notes of this Unit specification.

There is no automatic certification of Core Skills or Core Skills components in this Unit.

National Unit specification: statement of standards

Unit title: Finance and E-Business

Acceptable performance in this Unit will be the satisfactory achievement of the standards set out in this part of the Unit specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

Outcome 1

Identify and describe sources of finance and financial advice for an agreed business idea.

Performance Criteria

- (a) Identify and describe sources of finance available for an agreed business idea.
- (b) Explain the advantages and disadvantages of different sources of finance.
- (c) Identify and describe sources of financial advice for a new business.

Outcome 2

Explain the importance of budgeting and prepare a cash flow forecast for an agreed business idea.

Performance Criteria

- (a) Explain the importance of budgeting within a business.
- (b) Explain the purpose of a cash flow forecast within a business.
- (c) Identify and describe issues which may be identified from analysis of a cash flow forecast.
- (d) Prepare a cash flow forecast for an agreed business idea.

Outcome 3

Explain the meaning of Profit and Loss and the tax obligations of a business.

Performance Criteria

- (a) Define Profit and Loss within a business context.
- (b) Explain the function of a Trading, Profit and Loss Account.
- (c) Explain the legal obligations of a business in terms of taxes.

Outcome 4

Investigate a range of Internet resources which can be used for reaching and transacting with customers and suppliers.

Performance Criteria

- (a) Describe Internet services which can be used to purchase or sell goods.
- (b) Explain the features and advantages of Internet banking.
- (c) Describe appropriate security measures in the use of e-commerce resources.

National Unit specification: statement of standards (cont)

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Evidence Requirements for this Unit

Written and/or recorded oral evidence must be produced to demonstrate that the candidate has achieved all of the Outcomes and Performance Criteria.

Candidates will use an identified business idea of their own or an idea provided for them to generate the necessary evidence.

Candidates are required to produce a folio of evidence.

A holistic approach is recommended for assessment of this Unit.

Outcome 1 — Written and/or oral evidence

Candidates are required to show that they can identify and describe sources of finance and advice for an agreed business idea. This will consist of:

- ◆ A description of three available sources of finance for the agreed business idea.
- ◆ An explanation of an advantage and disadvantage of each of the three sources.
- ◆ A description of two sources of financial advice available to a new business and how this benefits the business.

Outcome 2 — Written and/or oral evidence

- ◆ Explain the importance of budgeting within a business in relation to:
 - debt
 - costs
 - changes in demand
 - growth
- ◆ Explain the purpose of a cash flow forecast and how it assists a business in managing income and expenditure.
- ◆ Produce a cash flow forecast for an agreed business idea covering a 6-week period. The cash flow forecast should include:
 - Income and Total Income
 - Expenditure and Total Expenditure
 - Balance Carried Forward
- ◆ Identify two possible issues arising from the cash flow forecast.

National Unit specification: statement of standards (cont)

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Outcome 3 — Written and/or oral evidence

- ◆ Explain the use of a Trading, Profit and Loss Account within a business including:
 - the difference between Gross and Net Profit
 - how profit and loss are calculated
 - how a Trading, Profit and Loss Account can highlight areas where costs are too high compared to sales revenue

- ◆ Explain the obligations a business has in terms of taxes including:
 - VAT
 - Income Tax
 - National Insurance

Outcome 4 — Written and/or oral evidence

Written, oral and/or product evidence is required which demonstrates that the candidate has achieved all Performance Criteria. This should include the following:

- ◆ A description of two websites which can be used to buy and sell goods and services, including their main features selling mechanisms, registration requirements, business services and ease of navigation. An explanation should be provided as to which of the two sites is superior based on the features described.
- ◆ A description of the key features of one online service which can be used to carry out financial transactions.
- ◆ A description of three advantages of the use of Internet banking and one disadvantage of using this service.
- ◆ A description of the key security measures which should be taken when buying or selling on the Internet.

National Unit specification: support notes

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This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

This Unit is mandatory within the National Progression Award in Enterprise and Business at SCQF level 6 and can also be taken as a freestanding Unit. The Unit is intended for candidates interested in enterprise and entrepreneurship possibly with a view to setting up their own business or enterprise.

The Unit focuses on introducing candidates to the importance of accurate management and control of finance within a business, and to a range of sources of financial advice available to business. This Unit provides knowledge and skills complementary to other Units within the NPA in Enterprise. Candidates will be able to build on the basic knowledge given through this Unit using the sources of advice highlighted and the skills they are introduced to.

The aim of Outcome 1 is for candidates to explore the range of financial advice available to those starting out in business and to be fully aware of the range of options available to finance a new business. Candidates may be introduced to Internet sites which provide comprehensive support and information for a new business, and may also use the Internet to research finance options appropriate to their own, or the agreed, business idea.

Outcome 2 introduces candidates to the need to budget and how this could be undertaken within a new business by demonstrating the process of Cash Flow Forecasts. Candidates are required to understand the importance of Cash Flow in a business and to demonstrate their ability to complete a Cash Flow Forecast for an agreed business. It is important that candidates fully understand not only the process of constructing a forecast but also what issues could be highlighted by the forecast.

Outcome 3 explores the significance and meaning of Profit and Loss in a business and the use of a Trading Profit and Loss Account. Candidates are introduced to the legal obligations of VAT and Tax and how these may be managed by a business. This Unit makes candidates aware of a wider range of financial issues that a new business will face.

Outcome 4 looks at E-Commerce and explores the benefits and drawbacks of using e-commerce within a business. The processes of buying and selling online are investigated as well as using the Internet for banking and financial transactions which is becoming increasingly widespread and pervasive in today's business world. Candidates can evaluate the positive aspects of existing real-world websites and why they are effective in comparison to other sites, thus gathering relevant information towards the creation of their own website if required.

National Unit specification: support notes (cont)

Unit title: Finance and E-Business

Guidance on learning and teaching approaches for this Unit

Candidates should be encouraged to relate their learning within this Unit to real business models — their own proposals or an agreed business proposal or model. This could be achieved effectively through the use of a comprehensive case study covering all Outcomes within the Unit.

- ◆ Candidates could also make use of Internet resources when researching the knowledge points covered by each Outcome.

In Outcome 2, use of a spreadsheet will enable candidates to understand the value of using an IT application for record-keeping and financial calculations, and will assist candidates with numeracy skills. However, it is also useful for candidates to understand how to produce a Cash Flow Forecast manually and to understand the layout and appearance of this document.

Throughout the delivery of this Unit, candidates should be encouraged to relate their learning to 'real-life' situations as much as possible through use of the Internet, actual documentation and comparative reference to personal budgeting and finance.

In Outcome 4 candidates have to create a product listing appropriate to their business idea that would be of the necessary standard to be used on a commercial website. If Internet access is an issue candidates could create the listing with all the necessary features in a written or word processed document.

Throughout the delivery of this Unit, practical work and demonstrations could enhance the learning and experience of the candidate although for some subject areas, more detailed explanation and tutoring may be required from the teacher/lecturer, if some candidates are unfamiliar with financial documents, procedures and terminology.

Candidates should be encouraged to conduct independent research using available resources either online or from actual banks/e-commerce sites, etc to consolidate the subject matters studied.

Opportunities for developing Core Skills

Candidates have the opportunity to expand their knowledge and skills relating to:

- ◆ *Use of Information Technology* (SCQF level 5)
- ◆ *Numeracy* (SCQF level 5)
- ◆ *Problem Solving* (SCQF level 5)

Through simple calculations, use of spreadsheets to perform calculations, and an understanding of the use of ICT for transacting and communicating with customers and suppliers.

National Unit specification: support notes (cont)

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In Outcome 1, research of the available methods of finance and advice is required by the candidate and their evaluation of the suitability of the sources available in relation to an agreed business idea. This should promote critical thinking and evaluation skills.

Outcome 4 encourages the candidate to develop their use of the Internet as a business tool and the use of the Internet for research purposes is encouraged throughout the Unit introducing candidates to the advantages and disadvantages of research in this way. Practical skills are required from candidates in Outcomes 2 and 4 and the use of ICT here will help to develop candidates' familiarity with ICT as a business tool, and their own range of ICT skills.

There is no automatic certification of Core Skills in this Unit.

Guidance on approaches to assessment for this Unit

Both written and oral assessment may be appropriate for Outcomes 1, 3 and 4. Written/ ICT-based assessment is recommended for Outcome 2 where the candidates' ability to construct a Cash Flow Forecast must be demonstrated and similarly in Outcome 4 where candidates are required to produce a product listing. Assessment is likely to be conducted on an ongoing basis as the Unit progresses and candidates should be encouraged to maintain all assessment evidence in a folio.

To satisfy the Performance Criteria within this Unit, candidates must demonstrate their understanding of the subject areas studied and justification of the choices they have made. Where this is the case, candidates may provide this by way of oral or written means. Oral evidence could take the form of a discussion with the candidate, evaluated by the teacher/ lecturer, or evidence saved through use of a Pod Cast or other audio/visual media. Written evidence could take the form of descriptive statements produced manually or using ICT-word processor or presentation software. Candidates should be encouraged to strengthen their skills through use of oral, visual and written evidence as well as evidence produced using ICT.

Teachers and lecturers should maintain assessment checklists of oral and written evidence for each candidate.

Opportunities for the use of e-assessment

E-assessment may be appropriate for some assessments in this Unit. By e-assessment we mean assessment which is supported by *Information and Communications Technology* (ICT), such as e-testing or the use of e-portfolios or e-checklists. Centres which wish to use e-assessment must ensure that the national standard is applied to all candidate evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. Further advice is available in *SQA Guidelines on Online Assessment for Further Education (AA1641, March 2003)*, *SQA Guidelines on e-assessment for Schools (BD2625, June 2005)*.

National Unit specification: support notes (cont)

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Disabled candidates and/or those with additional support needs

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments, or considering whether any reasonable adjustments may be required. Further advice can be found on our website www.sqa.org.uk/assessmentarrangements.

History of changes to Unit

Version	Description of change	Date

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