

NOTICE TO CENTRES

EDEXCEL LEVEL 2 BTEC FIRST CERTIFICATE/DIPLOMA IN BUSINESS

REPLACEMENT FOR PAGE 31 IN SPECIFICATION (BF017259)

Learners should now be familiar with the importance of having a profitable business but they also need to understand the importance of the timing of cash inflows and outflows. Cash flow forecasting captures the key information on the size and timing of these inflows and outflows of money in one chart or table. Learners may be able to relate most easily to the use of data from 'seasonal businesses', such as holiday hotels or retailers of seasonal goods. These are particularly good for demonstrating the importance of cash flow, as periods of positive and negative cash flow should be easily identifiable. Learners should create cash flow forecasts over periods of at least six months and eventually over a full yearly cycle. Group work/discussions can then be used to develop learners' understanding of how to improve a specific cash flow scenario. Consideration should be given to introducing the subject of credit control as a means of managing cash flow in a business at this point.

The unit concludes with learners investigating the various means by which businesses record and monitor financial transactions, from order to receipt of goods. Tutors should provide sample documentation, linked to a case study that enables learners to follow sales and purchase data through the entire sequence. Where possible, learners should then choose a company willing to support the development of this area, through which they can investigate the process of purchases and sales, from recording the initial transaction to describing the actions that the company takes in order to prevent, or minimise, the level of fraud that can occur.

Assessment

Learners will be expected to produce evidence that shows their knowledge and understanding of financial control. It may include:

- a presentation which shows learners' understanding of costs, revenue and profit for a business operation
- results of practical exercises demonstrating how businesses use break even analysis
- results of practical exercises demonstrating the use of cash flow forecasts
- an explanation of how financial transactions are recorded.

Where appropriate, evidence for assessment criteria should be generated using practical activities and illustrated using examples based on exercises, case studies or real data.

To achieve a pass grade, learners will need to describe how to calculate net profit and to demonstrate this using revenue and costs (fixed and variable) that are typical in a business of their own choice. This data could be sourced from a suitable local business or through a scenario produced in-house. This scenario can then be extended to give learners the raw data from which to produce a break even chart. To meet the second pass criterion learners should use the data to create a break even chart, either graphically or using computer software, and to annotate this explaining the break even point, profit, loss and the margin of safety. (It is important when using computer software that learners create the spreadsheet themselves to demonstrate that they understand how to calculate break even.)

The third pass criterion allows the learner to demonstrate their ability to create a typical cash flow forecast. This should be based on a cyclical business which would expect to have periods where cash outflows exceed inflows. These can be identified in the cash flow forecast. Finally, learners must explain simple ways of recording financial transactions in the case of a small business, focusing on the effectiveness and security of the methods used.

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REPLACEMENT FOR PAGE 66 IN SPECIFICATION (BF017259)

Unit content

1 Understand the purpose of sales personnel

Purpose of sales personnel: increasing business sales; helping businesses to remain competitive; providing information and services to customers; developing customer care; gathering feedback; benefits eg to the organisation, to employees, to customers

Knowledge and skills: knowing the product; motivation to sell; ability to close sales; keeping up to date; good sales habits; promoting good selling techniques; motivating sales people eg through commissions and bonuses based on sales targets, sales incentives, career development

Legislation affecting personal selling: eg

- Consumer Credit Act 1974 and 2006
- Consumer Protection Act 1987
- Sale of Goods Act 1979 and 1995
- Supply of Goods and Services Act 1982
- Trade Descriptions Act 1968

2 Know how to prepare for personal selling

Identifying and finding potential customers: eg by cold calling, face-to-face, drop in visits, telemarketing

Preparation: identifying potential customer's profile eg buying habits, needs, reasons for buying, income and revenue level; product knowledge; clarifying pricing issues eg discounting, special offers; methods of approaching potential customers; objectives to achieve during a sales call; preparation of the physical environment

3 Be able to demonstrate personal selling skills and processes

Personal selling skills: communicating with customer; types and purpose of communication; making a good impression eg dressing appropriately, positive attitude, good manners, professional, courteous and considerate sales person; personal space; maintaining eye contact; treating customers with respect and consideration

Personal selling processes: greeting and introduction; attracting customers' attention and interest; identifying and meeting/exceeding customers' needs; presenting products/product information; product display; description of the product; product options and availability; associated service