

LIBF Level 2 Certificate in Financial Education (CeFE)

Qualification Specification



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Purpose of the qualification

Why study the Certificate in Financial Education?

As a Technical Award, the Level 2 Certificate in Financial Education (CeFE) is primarily designed for students aged 14–16 and provides an introduction to, and preparation for, further study through developing an understanding of the economy, financial management skills, employability and enterprise.

CeFE introduces the student to the impact of finance on the economy and encourages them to consider how this can affect business and the individual. Through this, it develops knowledge and a valuable range of applied and transferable skills and provides a foundation for further study in business and finance-related disciplines, as well as a wide range of other fields that are encapsulated in programmes of study related to social enterprise and vocational professional development (eg self-employed hairdressers, taxi drivers, garden landscapers).

The content covered, and skills developed, within the qualification ensure that it is a valuable part of a broad programme of study at Key Stage 4, particularly complementing GCSEs in Mathematics, Citizenship, and Business Studies. Beyond Key Stage 4, it can also complement A Level programmes or vocational programmes at Level 2 or 3 as an additional course of study that broadens and deepens understanding of the financial context of other content areas.

Objective

To provide students with the skills and knowledge to manage their money well and make sound financial decisions.

Topic content

- Public finance and the economy, including how these relate to:
 - social, political and cultural factors;
 - political institutions and processes;
 - impacts on individuals, businesses and society.
- Financial management, including:
 - personal financial planning;
 - budgeting and financial management tools for managing money;
 - spending and borrowing.

- Employability, enterprise and business, including how these relate to:
 - business financial management;
 - benefits to, and consequences for, businesses, individuals and society.

Learning outcomes

Unit 1

- Understand the role of the citizen in the UK and the relationship between society and the individual.
- Understand the difference between money and income.
- Understand tax.
- Understand the contribution of individuals and organisations to the economy of a country.
- Understand the external factors that can impact on personal financial plans.
- Understand the concept of foreign exchange.
- Understand the concept of the personal life cycle.

Unit 2

- Understand the concept of financial planning.
- Understand the key features of, and behaviours associated with, a balanced personal budget.
- Understand the link between personal financial budgets and spending choices.
- Understand the tools used in managing money.
- Understand documentation for pay and pay calculations.
- Understand the true cost of spending.
- Understand borrowing products.

Unit 3

- Understand skills for success.
- Recognise the characteristics of a successful entrepreneur.
- Understand how a business manages their money.
- Understand the impact of an individual on a business.
- Understand the impact of a business on an individual.
- Understand how business decisions have an impact on society.
- Understand the impact of an individual's employment and consumer choices on society.

Key skills

The qualification will enable students to:

- develop an understanding of the key content areas and how they relate to each other;
- identify, understand and use information from a range of sources;
- use appropriate tools to manage a personal budget and apply these concepts to business enterprise;
- apply the concept of financial planning and make informed financial decisions to enhance financial literacy;
- demonstrate numeracy skills, including the ability to manipulate financial and other numerical data (such as calculating the costs of borrowing and spending) to reflect the conceptual activity of financial maths;
- communicate ideas and arguments clearly both verbally through classroom discussion and in writing.

Entry requirements

There are no entry requirements although students are expected to be able to study at a level appropriate to Level 2 in maths and English.

Recognition of prior learning

There is no recognition of prior learning associated with this qualification however, students who have previously studied level 1 courses with a focus on financial capability will be prepared for this course. Students who have successfully completed the Award in Financial Education (AIFE) will have already completed Units 1 and 2 of this qualification.

Progression and preparation for further study

The financially related content and skills of this qualification provide an initial foundation for continued study within accountancy, finance and business-related qualifications at Level 3. The transferable skills of research, communication and independent study developed through this course are also valuable for further study in many unrelated disciplines. This qualification is not a professional qualification and does not constitute a licence to practice.

Apprenticeships

CeFE is primarily designed to provide a solid foundation in personal finance which underpins employment in any field of endeavour; this foundation is across a wider range of opportunities than would be found within a single apprenticeship standard.

Although CeFE does not form a mandatory element within a recognised apprenticeship standard, employers strongly recommend that apprentices should take one of a selection of qualifications as part of their Financial Services Customer Adviser Standard to ensure robust knowledge and contribute to raising standards of professionalism across the sector.

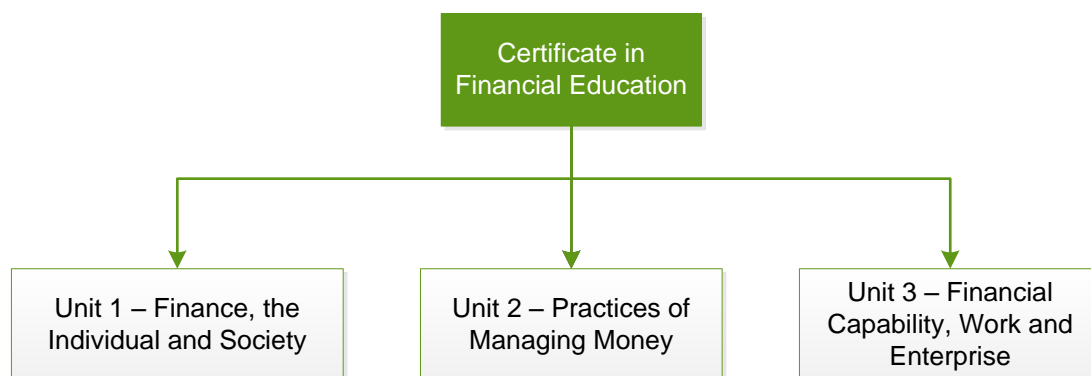
CeFE and its smaller sister qualification, the Award in Financial Education (AiFE) are both recognised as appropriate qualifications.

Preparation for employment

This qualification is not a professional qualification. It develops initial knowledge, skills and understanding of financial management and enterprise, which are valued in most organisations, particularly the financial services sector, and are especially valuable in terms of self-employment, but it does not qualify students for direct entry to a particular occupational role.

Structure

CeFE is made up of **three mandatory units** which need to be successfully completed in order for the student to achieve the certificate:



The detailed unit profiles are available at Appendix 4, 5 and 6 to this document and latest versions are always available through our course website.

Total Qualification Time (TQT)

CeFE is primarily considered as a taught qualification with planned examination sessions.

Guided Learning Hours	130 hours
Other hours	50 hours
Total Qualification Time	180 hours

Total Qualification Time (TQT) is a prediction of the total time the typical student may need to complete the course. TQT consists of two elements, Guided Learning (GLH) and all other hours:

- GLH is time spent studying under the immediate guidance or supervision of a teacher.
- All other hours include hours spent unsupervised in research, learning, e-learning, e-assessment, completing coursework, completing homework, exam preparation, and formal assessment.

Learning resources

Students are provided with the following learning resources:

- online access via MyLIBF- www.myLIBF.com to a complete set of learning materials, including course texts, activities to consolidate learning, and to KnowledgeBank (virtual library);
- unit syllabuses;
- study tips;
- specimen, past papers and exemplars.

What to do before the assessment

Students must be registered to sit the exam session. This is typically performed by the centre on behalf of the student.

To prepare for the assessment, students should make use of all learning resources and study guides as part of their revision for the course exams. They should also review and consider the pre-released case studies in the context of the course learning materials and case study information.

Assessment

All components and units are mandatory and assessed. Each unit is assessed via the following method:

- i. Unit 1: 20 stand-alone multiple-choice questions and 5 sets of stimulus material each with 3 associated questions (total marks 35);
- ii. Unit 2: 15 stand-alone multiple-choice questions and 5 sets of stimulus material each with 4 associated questions (total marks 35).
- iii. Unit 3: pre-release case study requiring written responses (total marks 27).
- iv. Spelling, punctuation and grammar to be marked through the written responses (total marks 3)

For the multiple choice assessment for Unit 1 and Unit 2, each item will require students to choose the correct answer (key) from a choice of four possible answers.

The assessment component for Unit 3 will test students' ability to integrate the skills, concepts and knowledge from the unit. Unit 2 builds upon Unit 1 and the content of Unit 3 has been designed to combine concepts, skills, techniques and factual content from across the units in order to enable students to demonstrate an integrated understanding of concepts, theories, and knowledge from across the syllabus. Appendix 3 provides detail of component weighting.

To achieve a pass for Unit 1 and Unit 2, learners are required to achieve 17/35 for each unit.

For Unit 3, learners are required to achieve 50% of the UMS available for that unit; in Unit 3 the grade boundaries are set following the grade award meeting outcome.

The structure of the assessment ensures that all aspects of the course content are subject to external examination. No teacher-set or teacher-marked tasks or assignments will contribute to students' marks and all assessment will be under strict examination conditions.

Qualification grading

The qualification is graded A*-C. Achievement of a pass in all three units leads to the achievement of the award. The London Institute of Banking & Finance uses the Uniform Mark Scheme (UMS) to provide a comparison between sessions. Raw marks are converted into UMS marks which are used to determine the final grade classification.

The overall qualification grade bands in terms of UMS across the three units are as follows:

Grade	Grade bands (UMS mark)
Fail	0-99

C	100 - 119
B	120 - 139
A	140 - 159
A*	160 - 200

Whilst units themselves are not graded, component-related raw grade boundaries are set in order to calculate the UMS (see appendix 2).

Re-sit attempts

Students are allowed one resit attempt for each unit in accordance with the published qualification regulations. Students and teachers should be aware that the resit opportunity will contain different questions and case studies as appropriate. The result that gives the student the highest mark in terms of UMS is used.

Full terms and conditions are available on our website.

Appendix 1 – Regulation detail

This document describes the regulation detail that is applicable to the qualification.

Qualification title	LIBF Level 2 Certificate in Financial Education (CeFE)
Ofqual qualification number	601/1239/6
Qualification level	2
European Qualifications Framework (EQF) level	3
Guided learning hours	130
Total qualification time	180
Total credits	18
Sector subject area	14.1 Foundations for Learning and Life 15.1 Accounting and Finance
Overall grading type	A*-C
Assessment methods	Multiple choice and written examination
Offered in	England, Wales and Northern Ireland
Qualification for ages	14 - 16 ; 16+
Operational start date	1 September 2014
Qualification description	The Certificate in Financial Education consists of three mandatory units. A total credit value of 18 must be obtained for achievement of the qualification.

Appendix 2 - Grade descriptors

Overarching grade performance descriptors to describe the expected performance that will be demonstrated within each grade.

The grade descriptors that examiners will use in setting the marking approach and grade boundaries for the Unit 3 assessment papers of CeFE are described in the table below.

All grades above C/Pass indicate that the student has met the learning outcomes and, in addition to that, has reached a further level of achievement based on the quality and consistency of their performance in relation to the assessment criteria.

GRADE	DESCRIPTION
A*	<ul style="list-style-type: none">○ The student has an excellent depth and breadth of understanding of the syllabus and is able to demonstrate that all learning outcomes have been met.
A	<ul style="list-style-type: none">○ The student has a good depth and breadth of understanding of the syllabus and is able to demonstrate that all learning outcomes have been met.
B	<ul style="list-style-type: none">○ The student has a reasonable depth of understanding of the syllabus beyond that expected of a pass at Level 2 and is able to demonstrate achievement across the full range of learning outcomes.
C	<ul style="list-style-type: none">○ The student shows a basic understanding of the main features of the syllabus and is able to demonstrate that all learning outcomes have been met.

Appendix 3 – Qualification weighting detail

This document describes the different weighting for units in terms of the specific unit level descriptors

The written components support the learners in:

- taking an application-focused approach from the outset
- integrating knowledge and skills incrementally throughout the course
- preparing themselves to apply the full range of their skills and understanding in tackling the case study assessment
- gaining sufficient practice in explaining, justifying and evaluating in clear written English.

Students are allowed one resit attempt for each component of the unit in accordance with the published qualification regulations. The highest mark gained from both sittings will count.

KS for Assessment

Unit assessment criteria testing key skills:

	Unit 1	Unit 2	Unit 3
Knowledge descriptor (the holder)	1.1 / 1.2 / 1.3 / 1.4 2.1 / 2.2 / 2.3 / 2.4 3.1 / 3.2 / 3.3 / 3.4 4.1 / 4.2 5.1 / 5.2 / 5.3 / 5.4 / 5.7 6.1 7.1	1.1 / 1.2 / 1.3 / 1.4 / 1.5 4.1 / 4.2 5.1 / 5.2 / 5.3 6.1 / 6.2 / 6.4 / 6.5 7.1 / 7.3 / 7.4 / 7.5	1.1 2.1 / 2.2 3.1 / 3.2 6.1
Skills descriptor (the holder can)	4.3 / 4.4 5.5 / 5.6 6.2 7.2	2.2 / 2.3 / 2.4 3.1 / 3.2 / 3.3 5.4 6.3 7.2	1.2 2.3 3.3 / 3.4 4.1 / 4.2 5.1 6.2 / 6.3 7.1

Appendix 4 – Unit 1 – Finance, the Individual and Society (FIS)

A description of Unit 1 (FIS) that provides detail on syllabus content, learning outcomes and assessment criteria, and specific unit level descriptors.

Finance, the Individual and Society (Unit 1)

Unit narrative

In this unit, students will understand the role of the citizen in the UK, the values held by citizens, and the impact they have on personal finance. The unit will also provide students with an understanding of the contribution of an individual to the economy of a country and the impact of external factors on personal financial plans.

Unit profile

Unit title	Unit 1: Finance, the Individual and Society (FIS)
Ofqual unit reference number	R/505/4681
Unit level	2
Unit credit value	6
Typical study hours	60

Unit 1 assessment methodology

This unit is assessed by 20 stand-alone multiple-choice questions and 5 sets of stimulus material each with 3 associated questions (total marks 35). This component of the examination is to be completed in forty five minutes.

Unit 1 learning outcomes / assessment criteria

Learning outcome	Assessment criteria
A learner when awarded credit for this unit will:	Assessment of this learning outcome will require a learner to demonstrate that they can :
1. Understand the role of the citizen in the UK and the relationship between society and the individual.	1.1 Define the term citizen. 1.2 Outline the role and duties of a citizen in society in the UK. 1.3 Describe how government policies influence personal finance. 1.4 Describe the impact of different types of values held by UK citizens on personal finance choices.
2. Understand the difference between money and income.	2.1 Define money. 2.2 Outline the sources and features of money. 2.3 Define income. 2.4 Outline the sources and features of income.
3. Understand tax.	3.1 Define tax. 3.2 Describe the features and purposes of tax. 3.3 Describe the different types of tax. 3.4 Describe the impact of changes in tax.

<p>4. Understand the contribution of individuals and organisations to the economy of a country.</p>	<p>4.1 Explain the nature and role of money in society.</p> <p>4.2 Describe the different ways a business and other organisations including charities can contribute to the economy of a country.</p> <p>4.3 Describe how good personal finance choices have an impact on society.</p> <p>4.4 Describe how poor personal finance impacts on society.</p>
<p>5. Understand the external factors that can impact on personal financial plans.</p>	<p>5.1 Define inflation.</p> <p>5.2 Describe the features of inflation.</p> <p>5.3 Define interest.</p> <p>5.4 Describe the features of interest.</p> <p>5.5 Explain the impact of inflation and interest on investment and loans.</p> <p>5.6 Outline the short and long-term effects of economic cycles.</p> <p>5.7 Understand the impact of demographic changes on personal finance.</p>
<p>6. Understand the concept of foreign exchange.</p>	<p>6.1 Define foreign exchange.</p> <p>6.2 Describe the impact of exchange rates on countries, society and individuals.</p>
<p>7. Understand the concept of the personal life cycle.</p>	<p>7.1 Outline the nature and stages of the personal life cycle and linked key events.</p> <p>7.2 Identify changes in attitude towards risk and responsibility throughout the personal life cycle.</p>

Unit 1 syllabus

UNIT 1 SYLLABUS	
LOs / ACs	
LO1:	Understand the role of the citizen in the UK and the relationship between society and the individual
AC1.1	Define the term citizen. <ul style="list-style-type: none">• What does citizen mean• Who decides who becomes a citizen• Society norms• Multi-cultural citizens and society
AC1.2	Outline the role and duties of a citizen in society in the UK. <ul style="list-style-type: none">• Political rights and responsibilities• Legal rights and responsibilities• Economic rights and responsibilities• Employment• Spending• Saving
AC1.3	Describe how government policies influence personal finance. <ul style="list-style-type: none">• Public spending• Bank of England economic policy• National debt• Recession / austerity• Growth / boom• How UK is governed• UK political system• How a UK citizen participates actively in the UK democratic system of government
AC1.4	Describe the impact of different types of values held by UK citizens on personal finance choices. <ul style="list-style-type: none">• Budgeting and financial planning• Saving, spending, borrowing• Employment and contribution to society• Debt

LO2:	Understand the difference between money and income
AC2.1	<p>Define money.</p> <ul style="list-style-type: none"> • What is money: gold; coins; notes • Origins of the term money • Bartering • Purposes of money: transfer value from one person to another • History of banking • Current accounts • The bank account in modern life
AC2.2	<p>Outline the sources and features of money.</p> <ul style="list-style-type: none"> • Who makes money: Royal Mint; Bank of England; De la Rue; production of bank notes in Scotland and Northern Ireland • Sources of money: employment; state benefits; investments; gifts; inheritance • Features of money: easily recognised by everyone; easy to carry around; available in different amounts; always worth the same amount; hard-wearing (lasting) • Counterfeiting • Electronic and online services • Cashless society • Local currencies • Bitcoin
AC2.3	<p>Define income.</p> <ul style="list-style-type: none"> • What is income: flow of cash earned from employment and benefits
AC2.4	<p>Outline the sources and features of income.</p> <ul style="list-style-type: none"> • Earnings: wages; pocket money; gifts • Benefits • Features: payslips; gross / net pay; working hours; minimum wage
AC2.5	Describe the difference between money and income
LO3:	Understand tax
AC3.1	<p>Define tax.</p> <ul style="list-style-type: none"> • Compulsory contribution paid to the state
AC3.2	<p>Describe the features and purposes of tax.</p> <ul style="list-style-type: none"> • Funds state expenditure and national systems

	<ul style="list-style-type: none"> • Compulsory • Fluctuates • Levied on all areas of life: eg employment; housing; food; fuel
AC3.3	<p>Describe the different types of tax.</p> <ul style="list-style-type: none"> • VAT • Individual taxes: income taxes, council tax • Taxes on businesses
AC3.4	<p>Describe the impact of changes in tax.</p> <ul style="list-style-type: none"> • Government expenditure on services • Citizens receive more/less services and this may change their lifestyle or finances • Work versus reward • Increase in income tax: less incentive to work / work overtime • Increase in taxes: less money • Decrease in tax / tax relief: increase in money • Increase in borrowing / decrease in spending • Negative economic activity
LO4:	Understand the contribution of individuals and organisations to the economy of a country
AC4.1	<p>Explain the nature and role of money in society.</p> <ul style="list-style-type: none"> • Money as an 'enabler' • Cycle of money: increases/decreases in spending linked to increases/decreases in employment, which are linked to increases/decreases in earnings
AC4.2	<p>Describe the different ways a business and other organisations including charities can contribute to the economy of a country.</p> <ul style="list-style-type: none"> • Corporate tax • Income tax paid by employees • Business investment • Employee training • Increase in national wealth through increased employment / proportionate drop in welfare claimants • Improvement in the government's deficit • Industry sectors; private, public, charity • Corporate social responsibility

AC4.3	Describe how good personal finance choices have an impact on society. <ul style="list-style-type: none"> • Less bad debt • Less borrowing and increasing spending • Increased savings thus more money available by government to lend • Individual decisions • The cumulative effect
AC4.4	Describe how poor personal finance choices have an impact on society. <ul style="list-style-type: none"> • Increased bad debt • More high risk borrowing • Economy built on debt: unstable economy / recession
LO5:	Understand the external factors that can impact on personal financial plans
AC5.1	Define inflation. <ul style="list-style-type: none"> • Rate of increase in prices for goods and services • Rise in prices relative to money available
AC5.2	Describe the features of inflation. <ul style="list-style-type: none"> • Fluctuates • Influences interest rates • Affects the level of state pensions and benefits • Higher inflation reduces the value of money • Rates of inflation used by businesses to set annual pay rises. • Avoid risk of fluctuation by accepting certain but not so great outcome
AC5.3	Define interest. <ul style="list-style-type: none"> • Cost of using someone else's money
AC5.4	Describe the features of interest. <ul style="list-style-type: none"> • Fluctuates • Reward savings • Affects borrowing and repayments
AC5.5	Explain the impact of inflation and interest on investment and loans. <ul style="list-style-type: none"> • Higher interest means greater returns on savings • Higher / lower cost of borrowing and repayments
AC5.6	Outline the short and long-term effects of economic cycles. <ul style="list-style-type: none"> • Easier short-term planning • Can impact negatively on long-term planning: eg when taking out a mortgage, long-term economic cycles (eg increases in interest rates) not always planned

	for and can result in financial difficulty in later stages of life cycle
AC5.7	<p>Understand the impact of demographic changes on personal finance.</p> <ul style="list-style-type: none"> • Commuter belt: increased population and thus higher living costs • Migration to areas further away from work but will result in increased travel costs • Ageing population
LO6:	Understand the concept of foreign exchange
AC6.1	<p>Define foreign exchange.</p> <ul style="list-style-type: none"> • Currency of other countries • Conversion of one country's currency to another
AC6.2	<p>Describe the impact of exchange rates on countries, society and individuals.</p> <ul style="list-style-type: none"> • Countries: foreign trade (more expensive or cheaper) • Society: fluctuation of costs of imported goods, economic hardship in countries unable to sell their goods • Individuals: impact on holiday costs; costs of goods; impact on trade and thus businesses and employment and income
LO7:	Understand the concept of the personal life cycle
AC7.1	<p>Outline the nature and stages of the personal life cycle and linked key events.</p> <ul style="list-style-type: none"> • Comprises the stages through which we pass • Birth and infancy; childhood; teenager; young adult; mature adult; middle to late age; old age / retirement; death • Events in each stage differ for every person • Likely types of income and expenditure for each stage
AC7.2	<p>Identify changes in attitude towards risk and responsibility throughout the personal life cycle.</p> <ul style="list-style-type: none"> • Physical risks; emotional risks; financial risks • Certain events more likely to happen at certain life stages • Consequences of risks vary in each life stage

Appendix 5 – Unit 2 – Practices of Managing Money (PMM)

A description of Unit 2 (PMM) that provides detail on syllabus content, learning outcomes and assessment criteria, and specific unit level descriptors.

Practices of Managing Money (Unit 2)

Narrative

In this unit, students will understand the concept of financial planning and personal financial budgets. The unit will also provide students with an understanding of the impact on both the individual and society of spending and borrowing.

Unit profile

Unit title	Unit 2: Practices of Managing Money (PMM)
Ofqual unit reference number	F/505/4689
Unit level	2
Unit credit value	6
Typical study hours	60

Unit 2 assessment methodology

This unit will be assessed through 15 stand-alone multiple-choice questions and 5 sets of stimulus material each with 4 associated questions (total marks 35). This component of the examination is to be completed in forty five minutes.

Unit 2 learning outcomes / assessment criteria

Learning outcome	Assessment criteria
A learner when awarded credit for this unit will:	Assessment of this learning outcome will require a learner to demonstrate that they can :
1. Understand the concept of financial planning.	<ul style="list-style-type: none">1.1 Outline the need for financial planning.1.2 Explain the personal factors which influence financial planning.1.3 Identify sources of financial planning information and advice.1.4 Distinguish between short and long-term planning.1.5 Describe the need to review and adjust financial plans linked to the various stages of the personal life cycle.
2. Understand the key features of, and behaviours associated with, a balanced personal budget.	<ul style="list-style-type: none">2.1 Identify the key features of a personal budget.2.2 Outline how an individual can manage budget surpluses and shortfalls.2.3 Calculate the impact of different interest rates on a budget.2.4 Calculate the impact of foreign exchange on a budget.
3. Understand the link between personal financial budgets and spending choices.	<ul style="list-style-type: none">3.1 Use basic calculations when making spending choices.3.2 Demonstrate how spending choices affect a personal financial budget.3.3 Outline the impact of personal spending on society.

<p>4. Understand the tools used in managing money.</p>	<p>4.1 Compare the different channels for managing money.</p> <p>4.2 Describe the tools used to transfer money and how they are useful in keeping a track of money and spending.</p>
<p>5. Understand documentation for pay and pay calculations.</p>	<p>5.1 Describe the various components of a payslip.</p> <p>5.2 Explain how tax is calculated for the self-employed.</p> <p>5.3 Explain the two tax documents (P45 and P60).</p> <p>5.4 Calculate various payments using a payslip.</p>
<p>6. Understand the true cost of spending.</p>	<p>6.1 Define the term 'value for money'.</p> <p>6.2 Identify and explain hidden charges.</p> <p>6.3 Calculate the true cost of spending.</p> <p>6.4 Describe the consequences of over spending on a personal financial budget.</p> <p>6.5 Describe the consequences of over spending on the economy.</p>
<p>7. Understand borrowing products.</p>	<p>7.1 Explain the features of borrowing products.</p> <p>7.2 Calculate the cost of borrowing.</p> <p>7.3 Describe the consequences of borrowing on a personal financial budget.</p> <p>7.4 Describe the consequences of borrowing on the economy.</p> <p>7.5 Describe the consequences of payment default both on personal finance and society.</p>

Unit 2 syllabus content

UNIT 2 SYLLABUS	
LOs / ACs	
LO1:	Understand the concept of financial planning
AC1.1	<p>Outline the need for financial planning.</p> <ul style="list-style-type: none"> • Make better financial decisions • Avoid unnecessary debt • Help make decisions on savings, spending and progress in reaching goals • Helps show what you have to do to get to where you want to be
AC1.2	<p>Explain the personal factors which influence financial planning.</p> <ul style="list-style-type: none"> • Factors influenced by stage in life cycle • Attitude to risk
AC1.3	<p>Identify sources of financial planning information and advice</p> <ul style="list-style-type: none"> • Advisory services (CAB, Money Advice Service, charities, financial advisers) • Financial service providers (banks, building societies, credit unions)
AC1.4	<p>Distinguish between short and long-term planning.</p> <ul style="list-style-type: none"> • Short-term: monthly • Long-term: planning for retirement; purchase of 'life long' goods ie house/mortgage • Needs and wants
AC1.5	<p>Describe the need to review and adjust financial plans linked to the various stages of the personal life cycle.</p> <ul style="list-style-type: none"> • Priorities change when moving from one stage of life cycle to another • Anticipating foreseen and unforeseen events • Emergency fund • Plan should be fluid
LO2:	Understand the key features of, and behaviours associated with, a balanced personal budget
AC2.1	<p>Identify the key features of a personal budget.</p> <ul style="list-style-type: none"> • What is a budget • Purpose of a budget: part of a financial plan to achieve particular short-term, medium-term and / or long-term goals • Objectives and goals (personal and financial), milestones

	<ul style="list-style-type: none"> • Consequences of not budgeting: overspending; living beyond means; impact on society • Adaptable according to circumstances
AC2.2	<p>Outline how an individual can manage budget surpluses and shortfalls.</p> <ul style="list-style-type: none"> • Tools used to manage a personal financial budget: bank statements; balances; online and telephone banking; keeping track of expenditure; cash flow forecasts • Keeping track of savings • Savings options (deposit accounts, instant access, notice accounts, bonds, Sharia compliant, credit union, ISAs) • Cash flow forecasting • Surplus / deficit • Adjusting for next time • Surpluses may lead to being able to save • Shortfalls may result in borrowing
AC2.3	<p>Calculate the impact of different interest rates on a budget.</p> <ul style="list-style-type: none"> • Fluctuation in costs • Could result in surpluses and shortfalls • Adjust budget accordingly
AC2.4	<p>Calculate the impact of foreign exchange on a budget.</p> <ul style="list-style-type: none"> • Fluctuation in costs • Could result in surpluses and shortfalls • Adjust budget accordingly
LO2:	Understand the link between personal financial budgets and spending choices
AC3.1	<p>Use basic calculations when making spending choices.</p> <ul style="list-style-type: none"> • Simple calculation based on scenario • Spending choices • Borrowing decisions (credit card, loan, store credit)
AC3.2	<p>Demonstrate how spending choices affect a personal financial budget.</p> <ul style="list-style-type: none"> • Build in flexibility to cope with the unexpected • 'Spur of the moment' purchases – review budgets regularly
AC3.3	<p>Outline the impact of personal spending on society.</p> <ul style="list-style-type: none"> • Can stimulate economy • Savings provide investment in economy

	<ul style="list-style-type: none"> • Impacts of increased or reduced consumer spending
LO4:	Understand the tools used in managing money
AC4.1	<p>Compare the different channels for managing money.</p> <ul style="list-style-type: none"> • Paper statements • Internet and telephone banking including statements to mobiles • Branch / face-to-face banking • Electronic statements
AC4.2	<p>Describe the tools used to transfer money and how they are useful in keeping a track of money and spending.</p> <ul style="list-style-type: none"> • Tools: ATM's; faster payments; cheques; direct debit; standing order; CHAPS; bacs; PayPal; mobile apps • Benefits of use: quick; easily accessible; easily monitored
LO5:	Understand documentation for pay and pay calculations
AC5.1	<p>Describe the various components of a payslip.</p> <ul style="list-style-type: none"> • Employee details including national insurance number and tax code • Gross / net pay • Year to date • Deductions: income tax; national insurance; any additional deductions eg; total deductions • Personal allowance and income tax rates
AC5.2	<p>Explain how tax is calculated for the self-employed.</p> <ul style="list-style-type: none"> • Self-assessment calculations via completion of a tax return
AC5.3	<p>Explain the two tax documents (P45 and P60).</p> <ul style="list-style-type: none"> • Common tax documents that must, by law, be given to you • P45: used when employment with a business ceases; record of the taxable income earned during a tax year; should be kept safe as will be required by next employer • P60: summary of pay and the tax deducted in a tax year; provides tax code information and enables check of tax paid
AC5.4	<p>Calculate various payments using a payslip.</p> <ul style="list-style-type: none"> • Simple wage calculation
LO6:	Understand the true cost of spending
AC6.1	<p>Define the term 'value for money'.</p> <ul style="list-style-type: none"> • Paying a fair price for a product • Price comparison websites / shopping around

AC6.2	<p>Identify and explain hidden charges.</p> <ul style="list-style-type: none"> • Online shopping / teleshopping additional charges: postage and packing; booking fees; service charges • Total price may not appear to be the bargain it seems to be
AC6.3	<p>Calculate the true cost of spending.</p> <ul style="list-style-type: none"> • Government tax levied on goods and services: buyer pays seller's price plus tax • VAT: standard rate; reduced rate; zero rate • Basic calculation of cost of spending
AC6.4	<p>Describe the consequences of over spending on a personal financial budget.</p> <ul style="list-style-type: none"> • Overdraft interest / bank charges etc • Debt / increased borrowing • Solutions to overspending
AC6.5	<p>Describe the consequences of over spending on the economy.</p> <ul style="list-style-type: none"> • Less money available to lend eg mortgage rates increase
LO7:	Understand borrowing products
AC7.1	<p>Explain the features of borrowing products.</p> <ul style="list-style-type: none"> • Mortgage, personal loan, credit card, store card, payday loan, credit union • Good debt/bad debt • Wants and needs
AC7.2	<p>Calculate the cost of borrowing.</p> <ul style="list-style-type: none"> • Simple calculation based on scenario • Using calculation tools
AC7.3	<p>Describe the consequences of borrowing on a personal financial budget.</p> <ul style="list-style-type: none"> • Informed decision • Poor decisions result in paying too much • Irresponsible borrowing • Overdrafts • Consolidating loans • Checking affordability • Budget flexibility due to changes in external factors eg interest rates
AC7.4	<p>Describe the consequences of borrowing on the economy.</p> <ul style="list-style-type: none"> • Could give false impression of growth • Could cause economic meltdown eg through defaulting on loans • Borrowing to spend on capital goods can stimulate growth / employment

	<ul style="list-style-type: none">• Economic cycle• Future economy• Consumer debt
AC7.5	<p>Describe the consequences of payment default both on personal finance and society.</p> <ul style="list-style-type: none">• Increased bank / other charges• Legal consequences (CCJ, IVA, bankruptcy, debt relief order)• Impact on credit worthiness• Society could end up supporting individuals (welfare state) eg lose home and need government housing

Appendix 6 – Unit 3 – Financial Capability, Work and Enterprise (FCWE)

A description of Unit 3 (FCWE) that provides detail on syllabus content, learning outcomes and assessment criteria, and specific unit level descriptors.

Financial Capability, Work and Enterprise (Unit 3)

Unit narrative

This unit has been designed to provide learners with an understanding of how businesses manage money and the relationship between personal money management and business money management. The unit will also provide knowledge on the inter-relationship between the individual and business.

Unit profile

Unit title	Unit 3: Financial Capability, Work and Enterprise (FCWE)
Ofqual unit reference number	F/505/4692
Unit level	2
Unit credit value	6
Typical study hours	60

Unit 3 assessment methodology

This unit is assessed via a written examination. The examination is based on a pre-release case study requiring written response (total marks 27). This unit will also assess spelling, punctuation and grammar (SPAG) through the written responses (total marks 3). This component of the examination is to be completed in 1 hour.

Unit 3 learning outcomes / assessment criteria

Learning outcome	Assessment criteria
A learner when awarded credit for this unit will:	Assessment of this learning outcome will require a learner to demonstrate that they can :
1. Understand skills for success.	1.1 Describe what makes a business successful 1.2 Explain what makes a selected business stand out from others.
2. Recognise the characteristics of a successful entrepreneur.	2.1 Define the term 'entrepreneur'. 2.2 Outline the main skills and behaviours that are needed to be a successful entrepreneur. 2.3 Describe the importance of these skills for a thriving economy.
3. Understand how a business manages their money.	3.1 Outline the tools a business uses to manage money. 3.2 Identify the key features of a business budget. 3.3 Describe the impact on a business of fraud and theft. 3.4 Outline the impact of tax on a business and ways of managing tax.
4. Understand the impact of an individual on a business.	4.1 Describe the impact on business of individual behaviours. 4.2 Explain how the performance of an individual impacts on customers and thus on a business.
5. Understand the impact of a business on an individual.	5.1 Describe the impact a successful business has on the individual.

<p>6. Understand how business decisions have an impact on society.</p>	<p>6.1 Define the term 'ethics'. 6.2 Explain the impact of ethical and unethical business actions on society. 6.3 Describe the consequence of ethical and unethical conduct on business revenue.</p>
<p>7. Understand the impact of an individual's employment and consumer choices on society.</p>	<p>7.1 Explain how an individual can have an impact on society through employment, enterprise and consumer choices.</p>

Unit 3 syllabus

UNIT 3 SYLLABUS	
LOs / ACs	
LO1:	Understand skills for success
AC1.1	<p>Describe what makes a business successful.</p> <ul style="list-style-type: none"> • Define a business (to include social enterprise and charities) • Business objectives and business types • What businesses set out to achieve • Why people start their own business
AC1.2	<p>Describe what makes a selected business stand out from others.</p> <ul style="list-style-type: none"> • Unique selling point • Customer service • Marketing • Successful / forward thinking / innovative / competitive advantage • Employees • Social value eg charities • Brand image • Pricing
LO2:	Recognise the characteristics of a successful entrepreneur
AC2.1	<p>Define the term 'entrepreneur'.</p> <ul style="list-style-type: none"> • What does the term 'entrepreneur' mean • Intrapreneurs • Risk and reward
AC2.2	<p>Explain the main skills and behaviours that are needed to be a successful entrepreneur.</p> <ul style="list-style-type: none"> • Focus; change management • Drive to succeed; optimising risk • Forward / progressive thinking • Self-confidence; personal and social responsibility
AC2.3	<p>Describe the importance of these skills in supporting a thriving economy through innovation.</p> <ul style="list-style-type: none"> • Avoid stagnation in both goods and services through developing new products and opportunities • Employment/unemployment • Business demography

	<ul style="list-style-type: none"> • GDP • Financial effects of innovation and change: increased sales, economic cycle
LO3:	Understand how a business manages their money
AC3.1	<p>Outline the tools a business uses to manage money.</p> <ul style="list-style-type: none"> • Receiving and making payments • Banking – electronic / telephone • Card payments / transfers • Cash flow forecasts / budgeting • Financial planning
AC3.2	<p>Identify the key features of a business budget.</p> <ul style="list-style-type: none"> • Keeping track and record keeping • How profit is calculated • Flexible – affected by external (eg government) factors • Income • Unforeseen circumstances • Money available for expansion / investment in both goods and employees / training
AC3.3	<p>Describe the impact on a business of fraud and theft.</p> <ul style="list-style-type: none"> • Illegal activities: types of fraud and theft • Costs of illegal activities: investigation costs/ loss of goods / increased costs / reduced service and reputation • Impact of these costs: passed on to customer or taxpayer / economising in the business (including redundancies and changes to employee benefits)
AC3.4	<p>Outline the impact of tax on a business and ways of managing tax.</p> <ul style="list-style-type: none"> • Income tax, NI, VAT, corporation tax and business rates • Impact of tax on businesses • Reducing tax liability • Accountants employed to manage tax • Tax avoidance • Tax evasion • The tax gap
LO4:	Understand the impact of an individual on a business
AC4.1	<p>Describe the impact on business of individual behaviours.</p> <ul style="list-style-type: none"> • Effects of good work ethics: productivity / progression / income

	<ul style="list-style-type: none"> • Effects of poor work ethics: lower productivity / cost to business eg abuse of sickness policies
AC4.2	<p>Explain how the performance of an individual impacts on customers and thus on a business.</p> <ul style="list-style-type: none"> • Customer service: positive and negative • Reputation: positive and negative • Success: increased turnover; increase in number of employees; economic cycle • Employees reap benefits of good performance • Poor performance costs businesses
LO5:	Understanding the impact of a business on an individual
AC5.1	<p>Describe the impact a successful business has on the individual.</p> <ul style="list-style-type: none"> • Economic cycle • Creates and sustains employment • Income • Development and progression • Employee ownership and share plans
LO6:	Understand how business decisions have an impact on society
AC6.1	<p>Define the term 'ethics'.</p> <ul style="list-style-type: none"> • What does the term 'ethics' mean in the context of business conduct
AC6.2	<p>Explain the impact of ethical and unethical business actions on society</p> <ul style="list-style-type: none"> • Decreased taxes paid / effect on public services/ effect of reduced services or higher taxes on individuals • Employees • Discrimination • Fair trade • Transparent sales • Diet and health • Environmental damage and sustainability • Local impacts • Tax avoidance • The role of pressure groups • Ethics, reputation and the media
AC6.3	<p>Describe the consequence of ethical and unethical conduct on business revenue</p> <ul style="list-style-type: none"> • Unethical behaviour may result in loss of sales due to impact on corporate

	<p>reputation and consumer choices eg media reports of tax approach of Google / Starbucks in 2013; mis-selling</p> <ul style="list-style-type: none"> • Ethical behaviour may have higher costs that reduce revenue and/or are passed on to the consumer, which may result in a loss of sales • Businesses may make decisions based on their ethical values or the values of their customers.
LO7:	Understand the impact of an individual's employment and consumer choices on society
AC7.1	<p>Explain how an individual can have an impact on society through employment, enterprise and consumer choices</p> <ul style="list-style-type: none"> • Consumer choices: support ethical/unethical businesses; local economy; fair trade, globalisation • Entrepreneurship contributes to economy and employment • Employment contributes through taxes, business success and the work done
Study skills and exam practice	
<ul style="list-style-type: none"> • Exam techniques • Evaluation and analysis skills • Importance of spelling, punctuation and grammar 	