

SPECIFICATION



BTEC Tech Award in ENTERPRISE Level 1/Level 2

First teaching September 2018 | First certification July 2020

ISSUE 5

2 Structure

Total Qualification Time

For all regulated qualifications, Pearson specifies a total number of hours that it is estimated learners will require to complete and show achievement for the qualification: this is the Total Qualification Time (TQT). Within TQT, Pearson identifies the number of Guided Learning Hours (GLH) that we estimate a centre delivering the qualification might provide. Guided learning means activities such as lessons, tutorials, online instruction, supervised study and giving feedback on performance that directly involve teachers and assessors in teaching, supervising and invigilating learners. Guided learning includes the time required for learners to complete external assessment under examination or supervised conditions.

In addition to guided learning, other required learning directed by teachers or assessors will include private study, preparation for assessment and undertaking assessment when not under supervision, such as preparatory reading, revision and independent research.

The Pearson BTEC Level 1/Level 2 Tech Award in Enterprise has:

- Total Qualification Time: 150 hours
- Guided Learning Hours: 120 hours.

Centres should take note of these hours in planning their programme but should also use their professional judgement to determine the provision of guided learning and study time across the components.

Components

Learners are required to complete and achieve all the components included in the qualification.

Pearson BTEC Level 1/Level 2 Tech Award in Enterprise				
Component number	Component title	GLH	Level	How assessed
1	Exploring Enterprises	36	1/2	Internal
2	Planning for and Pitching an Enterprise Activity	36	1/2	Internal
3	Promotion and Finance for Enterprise	48	1/2	External Synoptic

The qualification has three components that focus on the assessment of knowledge, skills and practices. These are all essential to developing a basis for progression and therefore learners need to demonstrate attainment across all components in order to achieve the qualification.

The components are strongly interrelated and they are best seen as part of an integrated whole rather than totally distinct study areas. Normally, learners will take this qualification over a two-year period or longer. This means that they must be given the opportunity to build their confidence in understanding the sector, vocational contexts and vocational attributes over a long period during the course of study before they are assessed. As the interrelated components are not linked to occupational roles, certification is not available at component level.

Assessment

The qualification consists of three components that give learners the opportunity to develop broad knowledge and understanding of the enterprise sector, and relevant skills such as research, planning, problem solving and communication at Levels 1 and 2.

Internal assessment

Components 1 and 2 are assessed through internal assessment. Internal assessment for these components has been designed to relate to achievement of application of the conceptual underpinning for the sector through realistic tasks and activities. This style of assessment promotes deep learning through ensuring the connection between knowledge and practice. The components focus on:

- the development of core knowledge and understanding, including the range of enterprises and the key features and factors that contribute to an enterprise's level of success
- the development and application of skills such as analysing research, information, planning and financial forecasting, communicating and problem solving
- reflective practice through pitching an idea for an enterprise activity that allows learners to reflect on their own communication skills and the viability of their enterprise activity following feedback

Internal assessment is through assignments that are subject to external standards verification. For setting assignments, we provide authorised assignment briefs and guidance in each component. This means that you can adapt materials to your local contexts and assess assignments that provide the valid and rigorous final summative assessment for each component.

You will make grading decisions based on the requirements and supporting guidance given in the components. For further information on using and assessing through assignments, including resubmissions, see *Section 5*.

External synoptic assessment

There is one external assessment, Component 3, which provides the main synoptic assessment for the qualification. Component 3 builds directly on Components 1 and 2, and enables learning to be brought together and applied to realistic contexts.

Component 3: Promotion and Finance for Enterprise requires learners to analyse and interpret information in relation to an enterprise and to make recommendations on strategies to use to improve the performance of the enterprise.

The external assessment is based on a context that requires learners to demonstrate that they can identify and use effectively an appropriate selection of skills, techniques, concepts, theories and knowledge from across the whole qualification in an integrated way.

The design of this external assessment ensures that there is sufficient stretch and challenge, enabling the assessment of knowledge and understanding at the end of the learning period.

The external assessment takes the form of a set task/external assessment taken under supervised conditions, which is then marked and a grade awarded by Pearson. Learners are permitted to resit the external assessment once during their programme by taking a new assessment. The external assessment comprises 40 per cent of the total GLH of the qualification and is weighted accordingly in the calculation of the overall qualification grade. This component should be delivered and assessed at the end of the course of study.

Component	Description of assessment	Availability
Component 3:	<ul style="list-style-type: none"> • External assessment set and marked by Pearson, completed under supervised conditions. • The assessment must be completed in 2 hours. • 60 marks 	February/May First assessment 2019

Language of assessment

Assessment of the internal and external components for these qualifications will be available in English. All learner work must be in English. A learner taking the qualifications may be assessed in British Sign Language where it is permitted for the purpose of reasonable adjustment. For information on reasonable adjustments see *Section 9*.

Grading of the qualification

This qualification has a grading scale that fully encompasses achievement at Levels 1 and 2 of the Regulated Qualifications Framework. This enables learners of all abilities to receive appropriate recognition of their achievement and will motivate them to improve and progress during their period of learning and formative assessment. This grading scale also gives clearer information for progression providers on the capability of learners to succeed in post-16 study programmes.

Internally-assessed components are assessed using a grading scale ranging from Level 1 Pass to Level 2 Distinction. Centres report outcomes at five grade points. Please see *Section 5* for guidance on how to assess. Each component has detailed information on how to assess across the grades.

The externally-assessed component is marked and awarded on a continuum using grading descriptors set at Level 1 Pass, Level 2 Pass and Level 2 Distinction. The outcome is reported at six grade points from Level 1 Pass to Level 2 Distinction. Learners will also receive a points score.

The difference in the grade scale for internal and external components reflects how the final component discriminates performance more fully. This is because of the synoptic nature of the assessment in which a Level 1 Distinction grade is one where there is evidence at Level 2 in part but does not draw consistently on content across the breadth of the qualification.

The qualification is graded over seven grades from Level 1 Pass to Level 2 Distinction*. Learners must achieve all components at Level 1 Pass or above in order to be awarded a qualification. The overall grade is a direct aggregation of performance across individual components, with each component weighted according to GLH. Please see *Section 8* for more information on the approach we are using to grade qualifications.

The relationship between qualification grading scales and component grades will be subject to regular review as part of Pearson's standards monitoring processes. Reviews are carried out on the basis of learner performance and in consultation with key users of the qualification.

Component 1: Exploring Enterprises

Levels: **1** and **2**

Assessment type: **Internal**

Guided learning hours: **36**

Component in brief

Learners will examine different local enterprises to develop their knowledge and understanding of the characteristics of enterprises and the skills needed by entrepreneurs.

Introduction

In this component, you will have the opportunity to develop knowledge and understanding of the different types of enterprise and their ownership, looking at the characteristics of small and medium enterprises (SMEs) and entrepreneurs with reasons for levels of success. You will understand the importance of having a clear focus on the customer and the importance of meeting their needs. Enterprises can struggle if they do not carry out market research. It is important for you to develop relevant skills in market research and to analyse and be able to interpret your findings to support your understanding of customers and competitors.

You will explore why enterprises are successful, looking at the impact of factors both inside and outside the control of the enterprise, and investigate ways in which situational analysis can be used to support decision making. You will discover how success can be monitored in an SME.

This component will give you an understanding of the factors that contribute to a successful enterprise. You will develop transferable skills, such as research and data analysis, which will support your progression to Level 2 or 3 vocational or academic qualifications.

Learning aims

- A** Examine the characteristics of enterprises
- B** Explore how market research helps enterprises to meet customer needs and understand competitor behaviour
- C** Investigate the factors that contribute to the success of an enterprise.

Teaching content

Learning aim A: Examine the characteristics of enterprises

Learners examine local SMEs that would provide contact beyond desk based research. For more details on types of SMEs to include, see *Suggestions for delivery* on page 11.

A1 What is an enterprise?

- Enterprises carry out one or more activities, such as being involved with goods, services or both.
- Most enterprises face some kind of competition.
- Enterprises need to attract and keep customers happy and often face difficulties in capturing and retaining customers.
- The role of customer service in attracting new customers, securing repeat purchase, customer loyalty and an improved reputation.
- Enterprises use creativity and innovation to meet customers' needs by identifying gaps in the market for goods or services, or by identifying a market for new goods or services.
- Reasons why some enterprises fail.

A2 Types and characteristics of SMEs

- Definition of SMEs to include all of the following:
 - micro – up to 10 people
 - small – between 11–49 staff
 - medium – between 50–249 staff.
- Characteristics of SMEs:
 - run by a single individual or small team of people
 - small number of employees
 - type of ownership – sole trader, partnership, ltd.
 - physical location and/or operate online.

A3 The purpose of enterprises

- Aims such as making a profit, surviving, expanding, maximising sales, providing a voluntary or charitable service, being environmentally friendly, being ethical.
- Objectives that can provide challenges and targets over a defined period of time.
- How social and political pressures can influence enterprises to consider wider ethical responsibilities.
- Range of the types of products and services provided by enterprises, e.g. cleaning, fitness instruction, IT consultancies, financial consultancies, selling products, for example a food stall, newsagent, artists selling work online.

A4 Entrepreneurs

- Reasons for starting own enterprise – to be your own boss, to pursue a hobby, flexibility.
- Characteristics of entrepreneurs: focus, passion, motivated and dedicated, inventive or innovative, proactive, confident, flexible and adaptable, resilient, having vision and the capacity to inspire.
- Skills for success: knowledge of industry/sector, technical skills, interpersonal communication skills, planning, time management, negotiation, prioritising tasks, problem solving, managing risk.

Learning aim B: Explore how market research helps enterprises to meet customer needs and understand competitor behaviour

B1 Customer needs

- The importance of anticipating and identifying customer needs.
- Identifying customer expectations:
 - good-value products
 - rapid response to enquiries
 - clear and honest information.
- After-sales service.
- The ways in which different products can be linked to different kinds of customers according to age, gender, income, lifestyle and location.

B2 Using market research to understand customers

- Qualitative research – based on individual customer responses, open-ended questions.
- Quantitative research – based on numerical and statistical data.
- Primary research – research carried out directly with potential customers.
- Types of primary research, e.g.:
 - questionnaires - using a set of qualitative and quantitative questions, e.g. face-to-face, telephone, post, on a website/social media site
 - visits or observation – looking at and recording how people behave in situations in a structured way
 - interviews or focus groups – talking to people to find out their views and experiences
 - surveys – a quantitative method that involves asking people to fill in paper or online questionnaires.
- Secondary research – using existing research from third parties.
- Sources of secondary research, e.g.:
 - online research, internet searches, websites
 - company materials
 - market reports
 - government reports.

B3 Understanding competitors

- The main features which make products competitive:
 - price
 - quality
 - availability
 - unique features and selling points (USP).
- Identifying competitors.
- How products stand out from similar products in the market.

COMPONENT 1: EXPLORING ENTERPRISES

Learning aim C: Investigate the factors that contribute to the success of an enterprise

Learners will investigate why enterprises are successful, looking at the impact of factors both inside and outside the control of the enterprise, and investigate ways in which SWOT and PEST analysis can be used to support decision making.

C1 Internal factors

- Factors within the control of the enterprise that can impact positively or negatively on costs, to include:
 - understanding the market – who the competition is, what customers want
 - keeping customers satisfied – the ability to meet customer needs better than its competitors on quality, price, features, customer service, availability, convenience
 - effective planning and financing
 - marketing and promoting the enterprise
 - unforeseen human resources costs, e.g. staff illness.

C2 External factors

- Factors outside the control of the enterprise that can impact positively or negatively on costs, to include:
 - changes in the cost of energy, raw materials, borrowing, premises
 - changes in costs of marketing or selling
 - governmental changes – new regulations, changes in taxation.
- Factors outside the control of the enterprise that can impact positively or negatively on revenues, to include:
 - competitors – new competitors, changes made by existing competitors
 - consumer confidence in the economy – growth/recession, level of employment
 - changing consumer behaviour – social trends, taste
 - changes in consumer legislation, sales and labelling of products the misuse of information.

C3 Situational analysis

- Using situational analysis to identify how internal and external factors might affect an enterprise, to include:
 - SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis – draws together everything that could affect the success of an enterprise, including competitive advantage and disadvantage, usually presented in the form of a table with bulleted points
 - PEST (Political, Economic, Social and Technological) analysis – identifies all political, economical, social and technological factors that might affect an enterprise, usually presented in the form of a table with bulleted points.

C4 Measuring the success of an SME

- Measures of success of SMEs – how far they meet business aims – surviving, breaking even, making a profit, meeting customer needs.
- Reasons for the success of SMEs:
 - skills, hard work, determination, resilience and the ability of the entrepreneur
 - ability to develop/motivate/train employees
 - level of customer service/satisfaction and the ability to meet customer needs
 - years of experience operating in this or similar markets.
- Methods of measuring success, e.g.:
 - surviving
 - making a living
 - sales volume/value
 - market share
 - profit
 - customer satisfaction/reputation.

Assessment criteria

The assessment criteria determine the standard required to achieve the component.

Level 1 Pass	Level 1 Merit	Level 2 Pass	Level 2 Merit	Level 2 Distinction
Learning aim A: Examine the characteristics of enterprises				
A.1P1 Identify the purpose, activities and aims of two contrasting local enterprises.	A.1M1 Outline in detail how the activities and aims meet the purpose of two contrasting local enterprises.	A.2P1 Compare the purpose, activities and aims of two contrasting local enterprises.	A.2M1 Analyse how entrepreneurial characteristics and skills support the purpose of a selected local enterprise.	A.2D1 Assess how successful a selected local enterprise has been in achieving its main purpose.
A.1P2 Identify entrepreneurial characteristic and skills demonstrated in each selected local enterprise.	A.1M2 Outline how entrepreneurial characteristics and skills support the purpose of each selected local enterprise.	A.2P2 Describe the entrepreneurial characteristic and skills demonstrated in each selected local enterprise.		
Learning aim B: Explore how market research helps enterprises meet customer needs and understand competitor behaviour				
B.1P3 Identify how two local selected enterprises use market research to meet customer needs and understand competitor behaviour.	B.1M3 Outline how two local selected enterprises use market research to meet customer needs and understand competitor behaviour.	B.2P3 Explain how two selected enterprises use market research to meet customer needs and understand competitor behaviour.	B.2M2 Discuss how market research methods are designed to meet customer needs and understand competitor behaviour in two selected enterprises.	B.2D2 Assess the effectiveness of the market research methods used to meet customer needs and understand competitor behaviour in a selected enterprise.

COMPONENT 1: EXPLORING ENTERPRISES

Learning aim C: Investigate the factors that contribute to the success of an enterprise				
C.1P4 Identify some ways in which internal factors are important for business success.	C.1M4 Outline ways in which internal factors are important for business success.	C.2P4 Explain ways in which internal factors are important for business success.	C.2M3 Analyse how the internal and external factors determine the success of a selected enterprise.	C.2D3 Evaluate the most significant internal and external factors currently affecting a selected enterprise.
C.1P5 Identify some ways in which external factors are important for business success.	C.1M5 Outline ways in which external factors are important for business success.	C.2P5 Explain ways in which external factors are important for business success.		

Level 1 Pass	Level 1 Merit	Level 2 Pass	Level 2 Merit	Level 2 Distinction
Overall component grade				
Learner evidence satisfies all Level 1 Pass criteria.	Learner evidence satisfies either: all Level 1 Merit criteria or all Level 1 Pass criteria and C.2P4, C.2P5.	Learner evidence satisfies all Level 2 Pass criteria.	Learner evidence satisfies either: all Level 2 Merit criteria or all Level 2 Pass criteria and C.2D3.	Learner evidence satisfies all Level 2 Distinction criteria.

To be given a unit grade, a learner must complete assignments for all learning aims. Please refer to *Section 5* for further guidance on internal assessment including how to apply criteria to evidence at Level 1 and Level 2.

Component 2: Planning for and Pitching an Enterprise Activity

Levels: **1** and **2**

Assessment type: **Internal**

Guided learning hours: **36**

Component in brief

Learners will individually select an idea for a micro-enterprise activity to plan and pitch. They will individually pitch their business plan for their idea to an audience and then use the feedback to review their plan and pitch.

Introduction

If you are going to succeed as an entrepreneur or as an innovator in business, you need to have great ideas and plan how you are going to put them into practice. Any enterprise needs to plan how it will succeed through working out how it can harness physical, financial and human resources – which means the skills that you and others bring. An entrepreneur will also have to pitch their ideas to an audience in order to secure funding.

In this component, you will use the research knowledge gained from Component 1 to consider a number of ideas before developing a plan for a realistic micro-enterprise activity. You will have the opportunity to plan how best to set up the chosen enterprise and how to fund it. You will need to take responsibility for creating and then delivering a pitch for your developed idea to an audience using your knowledge of business, and demonstrating entrepreneurial characteristics, qualities and skills. In the final part of the component you will use feedback to review your plan and pitch for the micro-enterprise activity, reflecting on your plan, your pitch and the skills you demonstrated when pitching.

Developing your planning and research, presentation, communication and self-reflection skills will help you to progress to Level 2 or Level 3 vocational and academic qualifications.

Learning aims

- A** Explore ideas and plan for a micro-enterprise activity
- B** Pitch a micro-enterprise activity
- C** Review own pitch for a micro-enterprise activity.

Teaching content

Learning aim A: Explore ideas and plan for a micro-enterprise activity

Learners will develop their knowledge and understanding of the skills required to plan for a micro-enterprise activity.

A1 Generating ideas for a micro-enterprise activity

Learners will use their experience from exploring enterprises to independently generate ideas and choose one idea for a realistic micro-enterprise.

- Ideas could involve:
 - innovation of products/services
 - provision of products/services in new contexts
 - provision of products/services to new markets.
- Factors to be considered when selecting final idea, e.g.:
 - resources available
 - financial forecasts
 - costing and pricing
 - methods of communication and promotion
 - potential customers.
- A skills audit by learners, to consider:
 - leadership, personal and communication skills required
 - technical and practical skills required.

A2 Plan for a micro-enterprise activity

Learners will draw on their exploration of enterprises to draw up an implementation plan for their chosen idea, to include:

- Aims of the micro-enterprise:
 - financial aims, e.g. to make a profit, to break-even
 - non-financial aims, e.g. customer satisfaction, social aims such as meeting a need in the community.
- Product or service to be sold, including:
 - features, benefits and unique selling points
 - selling price
 - cost
 - competitors.
- Identifying the target market:
 - market segment
 - appeal to target market
 - how product or service will reach market, e.g. selling direct, online or both
 - establishing and sustaining sales to the target customers.
- Methods of communication with the customer:
 - selection of methods, e.g. advertising, use of social media
 - cost effectiveness
 - design of promotional materials, i.e. appropriate content (accuracy, completeness and clarity of information/message) and appropriate appearance (e.g. use of colour, visual features, images, logos, text).

- Resources required:
 - physical resources, including location, materials, equipment, fixtures and fittings, information technology, stock
 - financial resources, including sources of finance, start-up costs, running costs, production costs/cost of sales
 - human resources, e.g. skills and roles, possible training and development needs.
- Risk assessment, and contingency plans, e.g.:
 - lack of skills
 - competitors and their actions
 - unexpected costs of production
 - sourcing resources, e.g. financial resources, suppliers of materials/stock
 - quality control issues
 - lack of customer interest.

Learning aim B: Pitch a micro-enterprise activity

Learners will demonstrate own skills by pitching an individual summary of the final plan to an audience.

B1 Pitching a micro-enterprise activity

- Pitching: presenting key elements of a business plan logically.

B2 Presenting a business pitch

- Presentation skills:
 - professional behaviour and conduct of presenter
 - positive attitude
 - well-rehearsed and prepared
 - considerate of the needs and interests of the audience
 - use of visual aids, e.g. computer projection/slideshow with speaker notes, handouts for audience, clarity and legibility of text, impact of graphics and images.
- Communication skills:
 - body language, gestures and eye contact
 - language and tone, pace, volume and projection
 - use of business terminology
 - listening, handling questions and formulating appropriate responses.

COMPONENT 2: PLANNING FOR AND PITCHING AN ENTERPRISE ACTIVITY

Learning aim C: Review own pitch for a micro-enterprise activity

Learners will develop critical thinking skills as they review and reflect on the success of their business plan and pitch, to include their presentation and communication skills.

C1 Using feedback and review to identify possible changes to the pitch

- Receive feedback from audience on:
 - the business content of the pitch
 - the presentation and communication skills demonstrated.
- Reviewing plan and personal performance, reflecting on feedback gathered from others:
 - what went well, e.g. clear synopsis of plan, demonstration of skills
 - what went less well or did not go to plan, e.g. not clearly explaining plan, lack of presentation and communication skills.
- Recommending improvements:
 - to the contents of the plan
 - to own performance.

Assessment criteria

Level 1 Pass	Level 1 Merit	Level 2 Pass	Level 2 Merit	Level 2 Distinction
Learning aim A: Explore ideas and plan for a micro-enterprise activity				
A.1P1 Identify three potential ideas for micro-enterprise activities, using market research.	A.1M1 Outline three potential ideas for micro-enterprise activities, using market research.	A.2P1 Describe three potential ideas for micro-enterprise activities obtained using market research.	A.2M1 Prepare a detailed, well-structured realistic plan for a final micro-enterprise activity, giving detailed reasons for choice of idea supported by individual research.	A.2D1 Prepare a comprehensive and realistic plan for a final micro-enterprise activity, supported by clear individual research.
A.1P2 Prepare an outline plan for a final micro-enterprise activity.	A.1M2 Prepare an outline plan for a final micro-enterprise activity, giving some reasons for choice of final idea.	A.2P2 Prepare a realistic plan for a final micro-enterprise activity, fully explaining reasons for choice of final idea.		
Learning aim B: Pitch a micro-enterprise activity				
B.1P3 Deliver a pitch of the outline plan, demonstrating communication and presentation skills.	B.1M3 Deliver a pitch of the outline plan, demonstrating appropriate communication and presentation skills.	B.2P3 Deliver a pitch of the plan, demonstrating a range of appropriate communication and presentation skills.	B.2M2 Deliver a confident pitch of the plan to an audience, demonstrating good communication and presentation skills.	B.2D2 Deliver an effective pitch of the plan to an audience, demonstrating excellent communication and presentational skills.
Learning aim C: Review own pitch for a micro-enterprise activity				
C.1P4 Identify the elements of the business plan that contributed to success of the pitch.	C.1M4 Outline the elements of the business plan that contributed to the success of the pitch.	C.2P4 Describe the elements of the business plan that contributed to the success of the pitch.	C.2M3 Analyse the success of the plan and pitch, giving detailed examples, and suggesting improvements.	C.2D3 Evaluate the success of the plan and pitch, and recommend how improvements to the plan and pitch could be made.
C1.P5 Identify own skills demonstrated in the pitch.	C.1M5 Outline in detail own skills demonstrated in the pitch.	C.2P5 Review the success of the pitch, using examples to reference own skills, and suggest improvements.		

COMPONENT 2: PLANNING FOR AND PITCHING AN ENTERPRISE ACTIVITY

Overall component grade				
Learner evidence satisfies all Level 1 Pass criteria.	Learner evidence satisfies either: all Level 1 Merit criteria or all Level 1 Pass criteria and C.2P4 and C.2P5.	Learner evidence satisfies all Level 2 Pass criteria.	Learner evidence satisfies either: all Level 2 Merit criteria or all Level 2 Pass criteria and C.2D3.	Learner evidence satisfies all Level 2 Distinction criteria.

Component 3: Promotion and Finance for Enterprise

Levels: **1/2**

Assessment type: **External Synoptic**

Guided learning hours: **48**

Component in brief

Learners will explore the different promotional methods used by enterprises and the factors that influence how enterprises identify and target their market. Learners will explore financial documents and how to use them to monitor and improve the performance of an enterprise in order to make decisions and recommend strategies for success.

Introduction

The performance of an enterprise can be affected by both internal and external factors. To monitor and improve an enterprise's performance, you need to be aware of the impact of these factors and the strategies you can use to make the most of opportunities and minimise any threats.

In this component, you will assess and analyse financial information in an enterprise context to monitor the performance of an enterprise and strategies to improve its performance. You will investigate cash flow forecasts and statements, exploring the effects that positive and negative cash flow can have on an enterprise, and suggesting ways to improve them. You will consider the different elements of the promotional mix in order to be able to identify target markets and put forward strategies that enterprises can use to increase their success in the future.

You will develop skills in analysing information and giving advice for a specific purpose, which will support your progression to Level 2 or 3 vocational or academic qualifications.

Summary of assessment

This external component builds on knowledge, understanding and skills acquired and developed in Components 1 and 2 and includes synoptic assessment. Learners will be provided with a case study of a small to medium enterprise (SME), and a series of activities to complete.

This component is assessed by a written assessment set and marked by Pearson. The external assessment will be 2 hours in length. The number of marks for the assessment is 60.

The assessment availability is twice a year in February and May. The first assessment is February 2019.

Sample assessment materials will be available to help centres prepare learners for assessment.

COMPONENT 3: PROMOTION AND FINANCE FOR ENTERPRISE

Assessment objectives

AO1 Demonstrate knowledge and understanding of elements of promotion and financial records

AO2 Interpret and use promotional and financial information in relation to a given enterprise

AO3 Make connections between different factors influencing a given enterprise

AO4 Be able to advise and provide recommendations to a given enterprise on ways to improve its performance

Essential content

A Promotion

A1 Elements of the promotional mix and their purposes

Learners will explore the different methods of promotion used by enterprises, their suitability for different sizes of enterprise, including the factors they consider when choosing the most appropriate.

The use of advertising to persuade and inform.

- The two basic aspects of advertising are:
 - the message: what the communication needs to say
 - the medium: how to get the message across.
- Advertising methods: moving image, print, ambient, digital, audio.
- Sales promotion: providing incentives to customers.
- Methods: coupons, competitions, money off, loyalty incentives, 'buy one get one free', discounts.
- Personal selling: face-to-face, by telephone, via email, through video or web conferencing.
- Public relations activities: promoting a produce/service, brand or enterprise by placing information about it in the media without paying for the time or media space directly:
 - methods: exhibitions, sponsorship, press releases.
- Direct marketing to establish an individual relationship between the enterprise and the customer:
 - methods: direct mail (junk mail), mail order catalogues, magazines, telemarketing.

A2 Targeting and segmenting the market

Learners will consider why an enterprise targets its market, and the impact this has on promotion.

- Types of market: Business to Business (B2B), Business to Consumer (B2C).
- Segmenting the market to identify which customers its promotions will target through:
 - demographics: age, race, religion, gender, family size, ethnicity, income, education level, socio-economic group
 - geographic: location
 - psychographic: social class, attitudes, lifestyle and personality characteristics
 - behavioural: spending, consumption, usage, loyalty status and desired benefits.

A3 Factors influencing the choice of promotional methods

Learners will consider the factors affecting the choice of promotional method for an enterprise.

- Size of enterprise.
- Budgetary constraints.
- Appropriateness for product/service.
- Target market.

B Financial records

Learners will complete, interpret and check the information on financial documents and statements.

B1 Financial documents

- Types: invoices, delivery notes, purchase orders, credit notes, receipts, statement of account.
- Importance to a business of accuracy when these documents are being used.

B2 Payment methods

- Payment methods: cash, credit cards, debit cards, direct debit, payment technologies.
- Impact on customers and enterprises of using different methods.

B3 Sources of revenue and costs

- Income from sales and from assets.
- Start-up costs and running costs.

B4 Terminology in financial statements

- Turnover (net sales) and cost of sales (cost of goods sold).
- Gross profit, expenses, net profit, retained profit.
- Fixed assets and current assets.
- Current liabilities and long-term liabilities.
- Debtors and creditors.
- Net current assets.
- Capital.

B5 Statement of comprehensive income

Learners will complete and interpret a statement of comprehensive income using given figures, and suggest appropriate actions.

- Statement of comprehensive income: shows the profit or loss of an enterprise over time.
- Calculate profit/loss using a simple statement of comprehensive income.

B6 Statement of financial position

Learners will complete and interpret a statement of financial position using given figures, and suggest appropriate actions.

- Statement of financial position: shows the financial performance of an enterprise at a point in time.
- Categorise total assets and liabilities using a statement of financial position.

B7 Profitability and liquidity

Learners will interpret statements of comprehensive income and of financial position to calculate ratios.

- The difference between cash and profit.
- The difference between liquidity and profitability.
- Calculate profitability ratios from given formulae:
 - gross profit margin percentage (GPM): $(\text{gross profit}/\text{revenue}) \times 100$
 - net profit margin percentage (NPM): $(\text{net profit}/\text{revenue}) \times 100$.
- Calculate liquidity ratios from given formulae:
 - current ratio: $\text{current assets}/\text{current liabilities}$
 - liquid capital ratio: $(\text{current assets} - \text{inventory})/\text{current liabilities}$.

C Financial planning and forecasting

Learners will complete cash flow forecasts, and investigate the effects of positive and negative cash flow on an enterprise.

C1 Using cash flow data

- Cash – liquid assets of the business; bank balance plus cash in the business.
- Cash flow – difference between the cash flowing into the business (inflows) and the cash flowing out of the business (outflows), positive and negative liquidity.
- Difference between sales and purchases.
- Cash flow statement: the cash inflows and the cash outflows over the past 12 months.
- Cash flow forecast: outlines the forecasted future cash inflows (from sales) and the outflows (such as raw materials, wages) per month over a period of time.

C2 Financial forecasting

- Purpose of a cash flow forecast:
 - to identify money coming in (inflows) and going out (outflows) of the enterprise over time
 - to determine net current asset requirements and make business decisions.
- Inflows: sales, capital introduced, loans.
- Outflows: purchases, running costs.

C3 Suggesting improvements to cash flow problems

- Analysis of cash flow information – considering changes in inflows and outflows over a period and how this affects the enterprise, considering differences between predicted and actual cash flow.
- Cash flow problems – not having enough cash to pay employees and suppliers.
- Impact of timings of inflows and outflows, and suggested solutions to problems:
 - increasing revenue
 - selling off unused assets
 - selling off inventory
 - chasing debtors for monies owed
 - cutting costs
 - delaying payment to suppliers
 - reducing credit period offered to customers
 - cutting back or delaying expansion plans.

C4 Break-even analysis and break-even point

- Learners will construct and interpret a break-even chart, and recognise its limitations.
- Costs: variable costs, fixed costs, total costs.
- Sales: total revenue.
- Margin of safety.
- Break-even = $\text{fixed costs} / (\text{selling price per unit} - \text{variable cost per unit})$.
- Break-even point.
- The value and importance of break-even analysis to enterprises when planning.
- Limitations of break-even analysis.

COMPONENT 3: PROMOTION AND FINANCE FOR ENTERPRISE

C5 Sources of business finance

- Learners will consider why enterprises may plan different sources of finance for different purposes or at different stages and the relevance of each source.
- Sources of finance:
 - owner funds
 - retained profits
 - loans
 - credit cards
 - government grants
 - hire purchase and leasing
 - trade credit
 - venture capital
 - peer-to-peer lending.
- Advantages and disadvantages of each source.

Grade descriptors

To achieve a grade, a learner is expected to demonstrate these attributes across the essential content of the component. The principle of best fit will apply in awarding grades.

Level 1 Pass

Learners demonstrate basic knowledge of the elements of promotion and financial records. They can make basic observations about given information and can identify different promotional and financial factors that have positive or negative impacts. They demonstrate a basic ability to interpret information to identify factors that could potentially affect the performance of an enterprise, such as relevant information from cash flow forecasts and statements. Learners are able to make basic recommendations for success.

Level 2 Pass

Learners demonstrate knowledge and understanding of the elements of promotion and financial records and apply them in context. They are able to interpret given information to explain factors that could potentially affect the performance of an enterprise, including the impact of specific factors such as information from cash flow forecasts and statements. They can explain how different factors have positive or negative impacts. Learners can produce some realistic recommendations for success.

Level 2 Distinction

Learners demonstrate a high level of knowledge and understanding of the elements of promotion and financial records and apply them in context. They demonstrate a high level of ability to interpret given information and can explain, in detail, the factors that could potentially affect the success of an enterprise, and how different promotional and financial factors have positive and negative impacts. Learners can produce clear recommendations for success, with clear, realistic and convincing justifications.

Key terms typically used in assessment

The following table shows the key terms that will be used consistently by Pearson in our assessments to ensure students are rewarded for demonstrating the necessary skills.

Please note: the list below will not necessarily be used in every paper and is provided for guidance only.

Command verb	Definition
Add/Label	Requires the addition of labelling to a stimulus material given in the question, for example labelling a diagram or adding units to a table.
Analyse	Examine (something) methodically (e.g. break down into its component parts) and in detail, typically in order to explain, interpret or communicate something.
Assess	Give careful consideration to all the factors or events that apply and identify which are the most important or relevant. Make a judgement on the importance of something and come to a conclusion where needed.
Calculate	Obtain a numerical answer, showing relevant working. If the answer has a unit, this must be included.
Complete	Provide the missing information for a table/diagram so that it is complete (contains all the necessary information).
Discuss	Consider the different aspects in detail of an issue, situation, problem or argument and how they interrelate.

Command verb	Definition
Draw	Produce a diagram either using a ruler or using freehand OR create a graphical or visual representation of information.
Evaluate	Consider various aspects of a subject's qualities in relation to its context such as: strengths or weaknesses, advantages or disadvantages, pros or cons. Come to a judgment supported by evidence which will often be in the form of a conclusion.
Explain	Requires identification of a point and linked justification/exemplification of that point. The answer must contain some linked reasoning.
Give/Name/List/State	These generally require recall of one or more pieces of information.
Identify	Usually requires some key information to be selected from a given stimulus/resource.