

Unit 384 Business Concepts Level 3

Credit value 6

Rationale

The aim of this unit is to enable candidates to understand the principles of business operations, structure, functions and legislative constraints. Candidates will develop the skills required to understand business needs to enable them to provide business solutions to fulfil these needs.

There are 4 outcomes to this unit. The candidate will be able to:

1. explain business structures and key business functions
2. explain legislative issues for business
3. analyse financial information
4. evaluate strategic information

Guided learning hours

The recommended guided learning hours for this unit are 60 hours.

Connections with other awards

NVQ links	Outcome	This award contributes to the knowledge and understanding of the following Areas of Occupational Competence for the City & Guilds NVQ in Business Administration (4404)
302		Work within your business environment

Key Skills links

Communication	C1.3
Application of Number	N2.1, N2.2, N2.3
Information technology	None
Working with others	None
Improving own learning	LP3.1, LP3.2
Problem solving	PS3.1

Assessment

Assessment will be by means of a set assignment covering practical activities and underpinning knowledge.

Outcome 1: Explain business structures and key business functions

Practical activities

The candidate will be able to:

1. identify types of business organisations:
 - public sector e.g government agencies, local authorities
 - private sector
 - sole traders
 - partnerships
 - limited companies (private Ltd companies and Plc)
 - not for profit e.g. clubs, charities, trade unions
2. identify the structure and management of organisations:
 - functional
 - project
 - matrix
 - virtual
 - depth of structure
 - centralisation/decentralisation
3. interpret or produce an organisation chart to show the structure of a business
4. identify and explain key business functions and the flow of information between them:
 - sales
 - marketing
 - operations
 - procurement
 - finance
 - human resources
 - IT
 - production
 - contact centre – queries, complaints, helpdesk
5. specify the roles and responsibilities within an organisation:
 - owners
 - shareholders
 - directors
 - managers
 - Company Secretary

Underpinning knowledge

The candidate will be able to:

1. explain the importance of a clear line of authority and responsibility within an organisation
2. describe the advantages and disadvantages of a range of management structures operated within organisations
3. explain the benefits that different business functions provide to organisations

4. describe the importance of optimising and integrating business functions in an organisation
5. explain the importance of communication between different business areas to achieve company objectives

Outcome 2: Explain legislative issues for business

Practical activities

The candidate will be able to:

- 1 specify legislation affecting organisations:
 - anti-discrimination
 - software contracts and liability
 - intellectual property rights
 - Data Protection
 - privacy
 - freedom of information
 - internet issues
 - computer misuse
 - environmental
 - health and safety
- 2 specify security measures needed to comply with legislation and maintain integrity of data
 - physical locks - gates, identity cards
 - logical lock - password
 - virus checking
 - backup
 - firewall
 - risk assessment

Underpinning knowledge

The candidate will be able to:

1. explain the difference between Criminal and Civil Law
2. describe the legislative process in the UK
3. explain the increasing importance of legal issues for all organisations
4. explain the legal obligation for completion of returns on time eg PAYE, VAT, Tax, Companies House
5. describe occupations known as professions and explain the role played by professional bodies:
 - legal status
 - reservation of title and function

Outcome 3: Analyse financial information

Practical activities

The candidate will be able to:

1. select and analyse financial information to support the business decisions
2. analyse management accounting information

Underpinning knowledge

The candidate will be able to:

1. describe the importance of the finance function within organisations and the difference between financial and management accounting
2. explain the business operations performed within financial accounting to control the financial performance in an organisation:
 - capital expenditure
 - assets
 - liabilities
 - posting of customer sales ledgers, send invoices and control debtors
 - payment of suppliers (purchase ledger)
 - payment of employees
 - provision of audit trails
 - preparation of balance sheet and profit and loss account
3. explain the management accounting processes performed within an organisation:
 - types of costing – standard, variable, marginal
 - overheads
 - preparation of new budgets for next financial year
 - controlling of budgets and monitoring of costs against preset budgets
 - cashflow forecasting
 - Management Information reporting

Outcome 4: Evaluate strategic information

Practical activities

The candidate will be able to:

1. investigate sources of finance
2. interpret and analyse a business plan
3. acquire internal information to monitor organisational key performance indicators eg customer feedback, sales, profit/loss, staff retention rates
4. use performance measurement techniques:
 - financial ratios
 - ROTA
 - ROCE
 - liquidity
 - gearing
5. use methods for investment appraisal:

- business cases
- costs and benefits
- payback
- net present value
- internal rate of return
- discounting

Underpinning knowledge

The candidate will be able to:

1. explain the need for management information systems (MIS) which integrate information from different functional areas within a company
2. explain the need to provide relevant, accurate and timely information for strategic decision making
3. describe external forces impacting on organisations and how these create the need for changes in organisational strategy - technology developments, competition, new products
4. describe different sources of finance and their strengths and weaknesses
5. explain the ways in which organisational performance is measured externally and internally
6. describe the financial information that is required to inform business decisions on new investment ie costs, benefits and investment appraisal methods.