

<b>Unit Title:</b>	<b>Understand how to manage money</b>
OCR unit number:	15
Level:	2
Credit value:	3
Guided learning hours:	25
Unit reference number:	F/506/8981

## Unit aim and purpose

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This unit will provide learners with an understanding of factors that have an impact on personal finance, understanding routine financial documents, payment methods, how to access financial support, the cause and effect of debt and understanding personal credit rating. Learners will be able to budget for a special project, such as booking a travel package for a group of people.

<b>Learning Outcomes</b>	<b>Assessment Criteria</b>	<b>Teaching Content i.e. – must be covered e.g. – suggestions for coverage</b>
<p><b>The Learner will:</b></p> <p>1 Understand the purposes of financial documents</p>	<p><b>The Learner can:</b></p> <p>1.1 Explain the purpose of financial documents</p> <p>1.2 Explain the importance of key information found on financial documents</p>	<p>Learners must explain the uses of routine financial documents, e.g.</p> <ul style="list-style-type: none"> <li>• Bank statement – to identify income and expenditure.</li> <li>• Wage slip – to identify income and deductions.</li> </ul> <p>Learners must explain the importance of key information in routine financial documents, e.g. Key pieces of information, e.g.</p> <ul style="list-style-type: none"> <li>• National Insurance Number</li> <li>• Sort Code</li> <li>• Annual Percentage Rate</li> <li>• Income tax code</li> <li>• Gross/Net pay.</li> </ul> <p>Importance, e.g.</p> <ul style="list-style-type: none"> <li>• to check if all transactions are correct</li> <li>• payment date</li> <li>• minimum payment</li> <li>• gross pay.</li> </ul>

Learning Outcomes	Assessment Criteria	Teaching Content i.e. – must be covered e.g. – suggestions for coverage
2 Be able to budget	<p>2.1 Calculate the total expenditure needed for a specific project</p> <p>2.2 Prepare a budget to cover any problems that may arise in their chosen project</p> <p>2.3 Consider the advantages and disadvantages of different payment methods</p> <p>2.4 Review methods of payment</p>	<p>Learners could attempt to link this project to a specific job or career that they aspire to.</p> <p>Learners to calculate the costs of a project of their own choosing. e.g. if learner uses the job role of travel agent, the project could be to cost a travel package: e.g. for a group of six.</p> <p>Contingency planning, e.g. for travel agent example problems could include:</p> <ul style="list-style-type: none"> <li>• flight delays</li> <li>• car breakdown</li> <li>• illness.</li> </ul> <p>Learners must work out a contingency budget and calculate this.</p> <p>Learners consider that there are alternative ways of paying for products and each has its own advantages and disadvantages, e.g.</p> <ul style="list-style-type: none"> <li>• cash</li> <li>• hire purchase</li> <li>• bank loans</li> <li>• credit /debit card</li> <li>• Paypal.</li> </ul> <p>Learners must study different payment methods and explain why each is best suited to different value items,</p> <p>Items/payment methods, e.g.</p> <ul style="list-style-type: none"> <li>• weekly food shop – debit card or credit card</li> <li>• laptop – debit card or credit card</li> <li>• small car – bank loan with low APR</li> </ul>

Learning Outcomes	Assessment Criteria	Teaching Content i.e. – must be covered e.g. – suggestions for coverage
		<ul style="list-style-type: none"> <li>• mobile phone contract – direct debit</li> <li>• fast food meal – cash.</li> </ul> <p>Reason for decisions, e.g.</p> <ul style="list-style-type: none"> <li>• laptop – pay with credit card – because it's not advisable to carry around large sums of cash and also there is purchase protection offered by the credit card company</li> <li>• mobile – direct debit – to ensure regular payments are made on time.</li> </ul>
<p>3 Understand the consequences of getting into debt</p>	<p>3.1 Explain how people get into debt</p> <p>3.2 Explain the problems that getting into debt may cause for an individual and the family</p> <p>3.3 Assess how people or organisations could help individuals or families in debt</p>	<p>Causes of debt, e.g.</p> <ul style="list-style-type: none"> <li>• spending more money than you earn/receive</li> <li>• failing to pay bills</li> <li>• continual loss of money due to excessive gambling.</li> </ul> <p>Learners must be able to outline the problems caused by debt to an individual and the family.</p> <p>Problems of being in debt, e.g.</p> <p>Family:</p> <ul style="list-style-type: none"> <li>• repossession of goods or home</li> <li>• arguments caused</li> <li>• breakdown of family unit</li> </ul> <p>Individual:</p> <ul style="list-style-type: none"> <li>• spiralling debt</li> <li>• lack of funds for essentials</li> <li>• ill health caused by stress.</li> </ul> <p>People or organisations who could help, e.g.</p> <ul style="list-style-type: none"> <li>• Citizens Advice Bureau</li> <li>• Money Advisory Service</li> <li>• Financial Advisor</li> <li>• Bank Manager or their staff.</li> </ul>

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		<p>Assess how they can help and how useful this help can be, e.g.</p> <ul style="list-style-type: none"> <li>• how to negotiate with creditors – this could be very useful to minimise the negative effects of debt, by enabling agreement on a debt repayment plan</li> <li>• help with budgeting – this is vital to help people to manage their finances and debts in the best way possible and to make them conscious of finite income.</li> </ul>
<p>4 Understand why credit rating is important</p>	<p>4.1 Describe how an individual can find out about their credit rating</p> <p>4.2 Explain how an individual can get a good credit rating</p> <p>4.3 Explain why a good credit rating is important</p>	<p>Learners could research credit rating companies such as, e.g.</p> <ul style="list-style-type: none"> <li>• Experian Credit Experts</li> <li>• Equifax</li> <li>• Callcredit.</li> </ul> <p>Learners should explain how an individual can get a good credit rating, e.g.</p> <ul style="list-style-type: none"> <li>• not missing payments on loans/credit cards (or any form of credit)</li> <li>• making payments on time</li> <li>• manage debt successfully</li> <li>• use credit responsibly</li> <li>• regular income.</li> </ul> <p>Learners could also research websites, such as MoneySavingExpert.com, which explains credit scoring and gives tips on how to improve credit scores.</p> <p>Learners should understand what it means to have a good credit rating and how it can affect individuals and organisations. Organisations – having a good credit rating is important as it gives companies/agencies an</p>

Learning Outcomes	Assessment Criteria	Teaching Content i.e. – must be covered e.g. – suggestions for coverage
		overview of a person's financial stability/risk. Individuals – how a good credit rating can affect an individual's financial wellbeing, enables people to: e.g. <ul style="list-style-type: none"> <li>• be eligible for a mortgage</li> <li>• access credit</li> <li>• be approved for hire purchase agreements</li> <li>• be able to rent properties through an estate agent.</li> </ul>

## Assessment

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All units are centre-assessed and externally moderated by OCR. Centres may use the evidence booklets supplied by OCR, but these are not mandatory. Any centres choosing not to use the OCR booklets will need to produce evidence that enables candidates to meet all of the learning outcomes and assessment criteria in the units. When submitting centre devised evidence to OCR an evidence checklist must be completed and attached, these are available on the qualification webpage.

When candidates complete a task, the centre assessor (usually the teacher/tutor) assesses their work. When the assessor is satisfied that the candidate has met all the requirements for a unit, they must confirm this by annotating the candidate work and signing the cover of the evidence booklet (or by completing the evidence checklist) for that unit to show that the assessment process is complete.

Results will be graded Pass or Fail.

## Evidence requirements

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Evidence can be produced either through real work or by means of simulated activities.

In order to achieve this unit the candidate must demonstrate that they have met all of the stated learning outcomes and assessment criteria. OCR has produced specific evidence requirements for each unit which centre assessors must follow to ensure the evidence meets all the requirements of the units.

### Guidance on assessment and evidence requirements

The unit content describes what has to be taught to ensure that candidates are able to access a pass.

Anything which follows an i.e. details what must be taught as part of that area of content.

Anything which follows an e.g. is illustrative, it should be noted that where e.g. is used, candidates must know and be able to apply relevant examples to their work though these do not need to be the same ones specified in the unit content.

You should refer to the '*Admin Guide: Vocational Qualifications 2014/15*' for *Notes on Preventing Computer-Assisted Malpractice*.

You should refer to the JCQ document: *Access Arrangement and Reasonable Adjustments 2014-2015* for information on how to assist candidates with special access requirements.

## Functional skills signposting

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This section indicates where candidates may have an opportunity to develop their functional skills.

Functional Skills Standards					
English		Mathematics		ICT	
Speaking and Listening		Representing	✓	Use ICT systems	✓
Reading	✓	Analysing	✓	Find and select information	✓
Writing	✓	Interpreting	✓	Develop, present and communicate information	

## Resources

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Access to sources of under-pinning knowledge such as centre teaching materials, books, journals, etc., might be of help.

The following resources are available on the OCR website [www.ocr.org.uk](http://www.ocr.org.uk):

- Unit specification
- Candidate evidence booklets, evidence requirements and evidence checklists for each unit
- Delivery guides and lesson elements for each unit
- Administration documents: Submission Cover Sheet

## Additional information

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For further information regarding administration for this qualification, please refer to the OCR document '*Admin Guide: Vocational Qualifications 2014/15*' on the OCR website [www.ocr.org.uk](http://www.ocr.org.uk).