

Unit Title:	Principles of budgets in a business environment
OCR unit number	306
Sector unit number	TC3-6
Level:	3
Credit value:	2
Guided learning hours:	16

Unit purpose and aim

This unit gives the background knowledge and understanding needed to develop, manage and monitor a budget within an organisation.

Learning Outcomes	Assessment Criteria	Knowledge, understanding and skills
<p>The Learner will:</p> <p>1 Understand the purpose of budgets in a business environment</p>	<p>The Learner can:</p> <p>1.1 Explain the purpose of budgets for managing financial resources to meet business requirements</p>	<p>1.1 For example it provides a plan for the organisation's finances to ensure income and expenditure is managed effectively</p>
<p>2 Understand how to develop budgets</p>	<p>2.1 Explain the purpose of agreeing the format in which a budget will be presented</p> <p>2.2 Explain the purpose of using estimations when developing a budget and ways of doing so</p>	<p>2.1 For example:</p> <ul style="list-style-type: none"> to ensure the budget is presented in a way that is appropriate for all those who need to access it to confirm what information is required for example, yearly budget or monthly budget, overall budget or a departmental budget <p>2.2 For example to ensure there is a sufficient amount in place for all spending and to provide an overall picture of the organisation's financial situation to enable sound decision making.</p> <p>Ways of doing this may be:</p> <ul style="list-style-type: none"> reviewing the previous

	<p>2.3 Explain the purpose of identifying timescales, priorities and financial resources needed when preparing a budget and ways of doing so</p> <p>2.4 Describe the purpose of negotiating and agreeing a budget</p>	<p>year's expenditure</p> <ul style="list-style-type: none"> • adding on the cost of inflation <p>2.3 For example to ensure everything is accounted for and that those things with the most importance are prioritised. Ways of doing this may include:</p> <ul style="list-style-type: none"> • Reviewing previous budgets • Feedback on what may be a priority • Review of spending against allocated cost centres <p>2.4 The purpose of negotiating and agreeing a budget may include:</p> <ul style="list-style-type: none"> • To work out the priorities • To agree responsibilities, accountabilities and limitations • To ensure a sufficient budget is agreed to cover all spending requirements including contingencies • To ensure that the budget limits for spending are set to prevent over spending
<p>3 Understand how to manage budgets</p>	<p>3.1 Explain the purpose of monitoring, controlling and recording income and expenditure</p>	<p>3.1 the purpose of monitoring, controlling and recording income and expenditure may include::</p> <ul style="list-style-type: none"> • to monitor the financial performance of the business • to ensure value for money is being maintained • to meet the legal, regulatory and organisational financial requirements

	<p>3.2 Describe situations in which revisions to the budget and/or plans may be needed</p>	<p>3.2 For example:</p> <ul style="list-style-type: none"> • Unexpected costs such as repairs or purchase of new or replacement equipment, additional staff, rises in utility costs • Changes to the previously identified priorities • Insufficient income
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Assessment

Assessment will consist of an on-line multiple-choice test. All tests are available on demand.

The test for this unit will be 30 minutes in length and consist of 20 questions. Results will be graded pass or fail.

The grade achieved will be stated on the certificate.

Guidance on assessment and evidence requirements

This unit is assessed via an on demand on-screen multiple-choice test, set and marked by OCR.

Each test will consist of multiple-choice questions which will test candidates' knowledge and understanding across the Learning Outcomes and associated Assessment Criteria. Candidates will be required to have knowledge and understanding of all Assessment Criteria within the unit, as all Assessment Criteria will be covered within any one test.

A number of multiple-choice question types may be used. These could include: closed questions; statements for completion; multiple response questions; true/false questions or ordering questions (including a maximum of 4 steps).

(Please refer to the *Principles of Business and Administration Centre Handbook* for further guidance regarding each type of question).

Centres should refer to the '*OCR Administrative Guide to Vocational Qualifications (A850)*' for Notes on Preventing Computer-Assisted Malpractice.

National Occupational Standards (NOS) mapping/signposting

NOS can viewed on the relevant Sector Skills Council's website or the Occupational standards directory at www.ukstandards.co.uk.

Occupational standards	Unit number	Title
Business & Administration NOS	405	Negotiate and agree budgets

Functional skills signposting

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

Link to functional skills standards <http://www.gcda.gov.uk/15565.aspx>

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

Resources

Equipment: In order to deliver the on-line test for this unit, centres will require the minimum hardware stipulated in the OCR document *Minimum Hardware Requirements*. This document is available for downloading from the E-assessment area of the *Business and Administration* website (www.ocr.org.uk).

OCR does not stipulate the mode of delivery for the teaching of the content of this unit. Centres are free to deliver this unit using any mode of delivery that meets the needs of their candidates. Centres should consider the candidates' complete learning experience when designing learning programmes.

Additional information

The *OCR Business and Administration Centre Handbook* contains important information for anyone delivering, working towards or involved with the OCR Business and Administration qualifications, of which this unit forms a part. This can be downloaded from OCR's website www.ocr.org.uk.

For further information regarding administration for this qualification, please refer to the OCR document '*Admin Guide: Vocational Qualifications*' (A850) on the OCR website www.ocr.org.uk