



# OCR LEVEL 3 CAMBRIDGE TECHNICALS IN BUSINESS

## LEVEL 3 UNIT 4 BUSINESS ACCOUNTING DELIVERY GUIDE

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# INTRODUCTION

This Delivery Guide has been developed to provide practitioners with a variety of creative and practical ideas to support the delivery of this qualification. The Guide is a collection of lesson ideas with associated activities, which you may find helpful as you plan your lessons.

OCR has collaborated with current practitioners to ensure that the ideas put forward in this Delivery Guide are practical, realistic and dynamic. The Guide is structured by learning outcome so you can see how each activity helps you cover the specification.

We appreciate that practitioners are knowledgeable in relation to what works for them and their learners. Therefore, the resources we have produced should not restrict or impact on practitioners' creativity to deliver excellent learning opportunities.

Whether you are an experienced practitioner or new to the sector, we hope you find something in this guide which will help you to deliver excellent learning opportunities.

If you have any feedback on this Delivery Guide or suggestions for other resources you would like OCR to develop, please email [resourcesfeedback@ocr.org.uk](mailto:resourcesfeedback@ocr.org.uk).

## PLEASE NOTE

The activities suggested in this Delivery Guide **MUST NOT** be used for assessment purposes. (This includes the Consolidation suggested activities).

The timings for the suggested activities in this Delivery Guide **DO NOT** relate to the Guided Learning Hours (GLHs) for each unit.

Assessment guidance can be found within the Unit document available from [www.ocr.org.uk](http://www.ocr.org.uk).

## OPPORTUNITIES FOR ENGLISH AND MATHS SKILLS DEVELOPMENT

The Wolf Review of Vocational Education recommended that all learners studying post-16 qualifications have the opportunity to further develop their English and maths skills, with the aims of:

- achieving a GCSE in English and/or maths at grade A\*-C if they have not already done so or
- making significant progress towards GCSE entry and success if this is some way off for the individual.

We believe that being able to make good progress in English and maths is essential to learners in both of these contexts and on a range of learning programmes. To help you enable your learners to progress in these subjects, we have signposted opportunities for English and maths skills practice within this resource. These suggestions are for guidance only. They are not designed to replace your own subject knowledge and expertise in deciding what is most appropriate for your learners.

## OPPORTUNITIES FOR WORK EXPERIENCE

The Wolf Report also recommended that learners have the opportunity to apply their skills and extend their learning outside the classroom through work experience, part time jobs, work shadowing and work placements. There are lots of opportunities within these qualifications to take some of the teaching and learning outside of the classroom and into a work environment. We are working to provide you with resources to support you in achieving this, please visit [www.ocr.org.uk](http://www.ocr.org.uk) shortly for more information.

## KEY



English



Maths



Work experience

# UNIT 4 - BUSINESS ACCOUNTING

Guided learning hours : 60

Credit value: 10

## PURPOSE OF THE UNIT

Accounting records are frequently used in business decision making; understanding their purpose and uses is a useful skill in business management. This unit will enable learners to identify the need for accounting and be able to create and use some of the most common financial accounts and their related documents. Learners will also be able to review business performance through the use of simple ratio analysis.

Learning Outcome (LO)	Pass	Merit	Distinction
The learner will:	The assessment criteria are the pass requirements for this unit.  The learner can:	To achieve a merit the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
1 Understand the purpose of accounting and the categorisation of business income and expenditure	P1 Describe the purpose of accounting for an organisation		
	P2 Explain the difference between capital and revenue items of expenditure and income		
2 Be able to prepare a cash flow forecast	P3 Prepare a 12-month cash flow forecast to enable an organisation to manage its cash	M1 Explain the factors which may affect the cash-flow forecast for a selected business	D1 recommend ways in which a selected business can improve cash-flow forecasting
3 Be able to prepare profit and loss accounts and balance sheets	P4 Prepare a profit and loss account and balance sheet for a given organisation		
4 Be able to review business performance using simple ratio analysis.	P5 Perform ratio analysis to measure the profitability, liquidity and efficiency of a given organisation	M2 analyse the profitability, liquidity and efficiency of a selected business using ratio analysis	D2 recommend ways in which a selected business can improve its profitability, liquidity and efficiency

*P = Pass, M = Merit, D = Distinction*

## LEARNING OUTCOME 1 - UNDERSTAND THE PURPOSE OF ACCOUNTING AND THE CATEGORISATION OF BUSINESS INCOME AND EXPENDITURE

Learning Outcome - The learner will:	Assessment Criteria - The learner can:	Merit	Distinction
1 Understand the purpose of accounting and the categorisation of business income and expenditure	P1 Describe the purpose of accounting for an organisation		
	P2 Explain the difference between capital and revenue items of expenditure and income		



*P = Pass, M = Merit, D = Distinction*

Suggested content	Suggested Activities	Suggested timings	Links to Assessment Criteria
1 Why keep accounts?	Working in pairs the learners could come up with a definition of accounting. Having decided what accounting is the learners need to consider why businesses keep accounts and the potential users of the accounts.	15 minutes	P1 Describe the purpose of accounting for an organisation
	Learners could watch the PowerPoint presentation 'Why keep accounts?' to help with knowledge and understanding of this topic.	15 minutes	P1 Describe the purpose of accounting for an organisation
	Learners could then complete the 'Why keep accounts?' lesson element.	30 minutes	P2 Explain the difference between capital and revenue items of expenditure and income
2 Capital and Revenue Income and Expenditure	Teachers could show the learners the PowerPoint slide show 'Capital and Revenue' to develop knowledge and understanding.	15 minutes	P2 Explain the difference between capital and revenue items of expenditure and income
	Using the lesson element 'Capital and Revenue Income and Expenditure' learners could undertake a card sorting exercise placing the Capital or Revenue Income and Capital or Revenue expenditure under the correct headings.	25 minutes	

## LEARNING OUTCOME 2 - BE ABLE TO PREPARE A CASH FLOW FORECAST

Learning Outcome - The learner will:	Assessment Criteria - The learner can:	Merit	Distinction
2 Be able to prepare a cash flow forecast	P3 Prepare a 12-month cash flow forecast to enable an organisation to manage its cash	M1 Explain the factors which may affect the cash-flow forecast for a selected business	D1 recommend ways in which a selected business can improve cash-flow forecasting



*P = Pass, M = Merit, D = Distinction*

Suggested content	Suggested Activities	Suggested timings	Links to Assessment Criteria
1 Cash Flow Forecast 	<p>Learners could watch the PowerPoint presentation 'Cash Flow Forecast' to help develop knowledge and understanding.</p> <p>Learners could then complete the lesson element 'Cash Flow Forecast' and could consider how the cash flow position of the company may be improved.</p>	<p>20 minutes</p> <p>30 minutes</p>	<p>P3 Prepare a 12-month cash flow forecast to enable an organisation to manage its cash</p> <p>M1 Explain the factors which may affect the cash-flow forecast for a selected business</p> <p>D1 recommend ways in which a selected business can improve cash-flow forecasting</p>
2 Own cash flow forecast - how do I spend my money? 	Learners could estimate their income and expenditure over the next week creating a personal cash flow forecast. Learners could then keep a record of their actual income and expenditure over the same period of time recording this in a new cash flow. Learners could then comment on the factors that affected their cash flow forecast.	45 minutes	<p>P3 Prepare a 12-month cash flow forecast to enable an organisation to manage its cash</p> <p>M1 Explain the factors which may affect the cash-flow forecast for a selected business</p>

## LEARNING OUTCOME 3 - BE ABLE TO PREPARE PROFIT AND LOSS ACCOUNTS AND BALANCE SHEETS

Learning Outcome - The learner will:	Assessment Criteria - The learner can:	Merit	Distinction
3 Be able to prepare profit and loss accounts and balance sheets	P4 Prepare a profit and loss account and balance sheet for a given organisation		


*P = Pass, M = Merit, D = Distinction*

Suggested content	Suggested Activities	Suggested timings	Links to Assessment Criteria
1 Layout of a Trading, Profit and Loss Account 	Learners could watch the PowerPoint presentation 'Trading Profit and Loss Accounts' and then complete the associate lesson element.	45 minutes	P4 Prepare a profit and loss account and balance sheet for a given organisation
2 Layout of a Balance Sheet 	<p>Learners could watch the PowerPoint presentation 'Layout of a Balance Sheet'.</p> <p>Using the lesson element 'Layout of a Balance Sheet' learners could match the definitions to the correct heading found within the balance sheet. Learners then have to put the headings in the correct order.</p> <p>To demonstrate understanding of Balance Sheets, learners could complete Task 2 (McGregory Wholesalers) of the 'Layout of a Balance Sheet' lesson element.</p>	<p>30 minutes</p> <p>45 minutes</p> <p>30 minutes</p>	P4 Prepare a profit and loss account and balance sheet for a given organisation

## LEARNING OUTCOME 4 - BE ABLE TO REVIEW BUSINESS PERFORMANCE USING SIMPLE RATIO ANALYSIS

Learning Outcome - The learner will:	Assessment Criteria - The learner can:	Merit	Distinction
4 Be able to review business performance using simple ratio analysis.	P5 Perform ratio analysis to measure the profitability, liquidity and efficiency of a given organisation	M2 analyse the profitability, liquidity and efficiency of a selected business using ratio analysis	D2 recommend ways in which a selected business can improve its profitability, liquidity and efficiency

*P = Pass, M = Merit, D = Distinction*

Suggested content	Suggested Activities	Suggested timings	Links to Assessment Criteria
1 Ratios 	<p>The teacher could divide the class into four groups and then split each group into three teams. Each team could be given one type of ratio to research and complete an example that should then be used to teach the other members of the team. To conclude the activity the teacher could facilitate a quiz to test the learner's knowledge and understanding.</p> <p>To demonstrate knowledge and understanding, learners could complete the lesson element 'Ratios'.</p>	<p>90 minutes</p> <p>60 minutes</p>	P5 Perform ratio analysis to measure the profitability, liquidity and efficiency of a given organisation











## CONTACT US

Staff at the OCR Customer Contact Centre are available to take your call between 8am and 5.30pm, Monday to Friday.

We're always delighted to answer questions and give advice.

**Telephone 02476 851509**

**Email [cambridgetechnicals@ocr.org.uk](mailto:cambridgetechnicals@ocr.org.uk)**

**[www.ocr.org.uk](http://www.ocr.org.uk)**