



## Unit 15 Understand how to manage money

### Level 2

#### Evidence requirements for centre assessors

Assessment must take place before submitting learner work to the OCR Examiner-moderator. This should be made evident by the centre assessor using annotations (i.e. ticks and comments).

Assessment criteria	Requirements
1.1 Explain the purpose of financial documents.	<p>Learners must explain the purpose of <b>three</b> financial documents, e.g.</p> <ul style="list-style-type: none"> <li>• bank statement – to tell you how much money you have got or have spent.</li> <li>• wage slip – tells you how much money you have been paid</li> <li>• credit card statement – to identify what you owe and how much you have paid.</li> </ul>
1.2. Explain the importance of key information found on financial documents	<p>For each of <b>two</b> financial documents that learners have identified, they must give <b>four</b> examples of key information found on them and <b>explain</b> the importance of the key information.</p> <p>Financial documents, e.g.</p> <ul style="list-style-type: none"> <li>• bank statements</li> <li>• wage slips</li> <li>• credit card statements</li> <li>• receipts and invoices</li> <li>• utility bills</li> <li>• mobile phone bills.</li> </ul>

Assessment criteria	Requirements
	<p>Key information/importance, e.g.</p> <ul style="list-style-type: none"> <li>• gross pay – to tell you what your total pay is before deductions</li> <li>• net pay – to tell you the total pay you received after deductions</li> <li>• National Insurance – to tell you the amount paid to the government for national state benefits</li> <li>• Income Tax – to tell you how much tax has been deducted from your pay</li> <li>• sort code – branch identifier, key information required if you want to receive payments from others.</li> </ul>
2.1 Calculate the total expenditure needed for a specific project	<p>Learners must calculate the costs of a project of their own choosing.</p> <p><b>If using the OCR Evidence Booklet:</b></p> <p>Learners must calculate the cost of <b>three</b> different packages correctly:</p> <ul style="list-style-type: none"> <li>• Self catering = <b>£500</b></li> <li>• Bed &amp; breakfast = <b>£520</b></li> <li>• All inclusive = <b>£490</b></li> </ul> <p>Learners must identify the cheapest package correctly – <b>All inclusive (double room)</b>.</p> <p>Identify the total cost when transport and insurance are built into the price = <b>£557.50</b></p> <p>Calculators may be used, not necessary to show correct working out.</p>

Assessment criteria	Requirements
<p>2.2 Prepare a budget to cover any problems that may arise in their chosen project</p>	<p>Learners must <b>calculate</b> a contingency budget.</p> <p>Contingency planning, work out a simple contingency budget. e.g. for travelling, problems could include:</p> <ul style="list-style-type: none"> <li>• flight delays</li> <li>• car breakdown</li> <li>• illness, incurring rescheduled flights.</li> </ul> <p><b>If using the OCR Evidence Booklet:</b> Contingency on holiday budget of 10% per person. This equals £55.75.</p>
<p>2.3 Consider the advantages and disadvantages of different payment methods</p>	<p>Learners must <b>explain</b> the advantages and disadvantages of <b>four</b> payment methods, 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>e.g. Credit cards – advantage is that they are secure as they come with purchase protection and it means you don't have to carry cash around, however the disadvantage is that they are subject to interest rates, so products can cost more in the long run.</p>

Assessment criteria	Requirements
2.4 Review methods of payment	<p>Learners must explain why each payment method is best suited to different value purchases.</p> <p>Accept any reasonable payment method/purchase.</p> <p>Purchases/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> <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>
3.1 Explain how people get into debt	<p>Learners must explain <b>two</b> ways that people can get into 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>
3.2 Explain the problems that getting into debt may cause for an individual and the family	<p>Learners must explain <b>two</b> problems that debt causes for the individual and two problems that debt causes for the family.</p> <p>Problems of being in debt, e.g. Family:</p> <ul style="list-style-type: none"> <li>• repossession of goods or home</li> </ul>

Assessment criteria	Requirements
	<ul style="list-style-type: none"> <li>• arguments caused</li> <li>• breakdown of family unit</li> </ul> Individual: <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>
3.3 Assess how people or organisations could help individuals or families in debt	Learners must identify <b>two</b> organisations/people that can offer help to individuals who are in debt. They must also <b>describe how they can help</b> . Learners must also <b>assess the usefulness</b> of this help, e.g. <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> How they can help and how useful this help can be, e.g. <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>
4.1 Describe how an individual can find out about their credit rating	Learners must <b>describe</b> how to find out about an individual's credit rating. They should research credit rating companies, e.g. <ul style="list-style-type: none"> <li>• Experian Credit Experts</li> <li>• Equifax</li> <li>• Callcredit.</li> </ul>

Assessment criteria	Requirements
4.2 Explain how an individual can get a good credit rating.	<p>Learners must outline <b>two</b> ways 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) otherwise debt will spiral out of control, as interest builds and charges are applied</li> <li>• making payments on time, otherwise you may be charged and debt will accumulate</li> <li>• use credit responsibly, so as not to take on too much debt and then be unable to pay it back.</li> </ul>
4.3 Explain why a good credit rating is important	<p>Learners must give <b>an explanation</b> about the importance of having a good credit rating to an individuals and organisations</p> <p>Organisations: Having a good credit rating is important as it gives companies/agencies an overview of a person's financial stability/risk.</p> <p>Individuals: How a good credit rating can affect an individual's financial wellbeing, enables people to: e.g.</p> <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>