

Title:	Understanding Money and Costs in a Business
Level:	Entry Level 3
Credit value:	2
GLH:	20
Unique Reference Number:	R/652/0533
Sector Subject Area:	14.1 Foundations for Learning and Life
Aim:	The aim of this unit is to provide learners with the knowledge and understanding of how money is used in a business, including basic costs and simple business payments.
Assessment Type:	Assessment of this unit will be through an internally set and internally assessed portfolio of evidence.
Assessment Guidance:	<p>Assessment decisions for skills-based learning outcomes must be made during the learner's normal work activity. Direct observation should form a primary source of evidence and be supported, where appropriate, by discussion, annotated screenshots or photographs, saved documents, or witness statements.</p> <p>Skills-based assessment must be carried out over an appropriate period of time to ensure consistency and independence of performance.</p> <p>Evidence must confirm that the learner understands how money is used in a business, including basic costs, simple business payments and financial records.</p>

Learning outcomes

The learner will:

1. Understand how money is used in a business.

Delivery content:

The aim of this learning outcome is to provide learners with the knowledge and understanding of how businesses receive and spend money.

The learner must demonstrate that they can:

- 1.1 Identify **ways a business receives money**.
- 1.2 Identify **ways a business spends money**.
- 1.3 Identify **why businesses need money to operate**.

2. Understand basic business costs.

Delivery content:

The aim of this learning outcome is to provide learners with the knowledge and understanding of different types of costs in a business.

The learner must demonstrate that they can:

- 2.1 Identify **examples of business costs**.
- 2.2 Identify the **difference between regular and one-off costs**.
- 2.3 Identify **why controlling costs is important**.

3. Understand simple business payments.

Delivery content:

The aim of this learning outcome is to provide learners with the knowledge and understanding of how payments are made and received in a business.

The learner must demonstrate that they can:

- 3.1 Identify **different ways businesses make payments**.
- 3.2 Identify **different ways businesses receive payments**.
- 3.3 Identify **basic information shown on a simple invoice or receipt**.

4. Understand the importance of keeping simple financial records.

Delivery content:

The aim of this learning outcome is to provide learners with the knowledge and understanding of appropriate behaviour when following routines and tasks in a workplace.

The learner must demonstrate that they can:

- 4.1 Identify **why financial records are kept**.
- 4.2 Identify **examples of simple financial records**.
- 4.3 Identify **who may use financial records in a business**.

<p>Scope of Training</p> <p>The Scope of Training identifies areas that must be covered during the delivery of this unit. This is the minimum that is expected but tutors are expected to include other areas, knowledge of which will benefit their learners, based on location, types of work available and from the tutors own professional experience.</p>	
<p>Requirements</p>	
<p>Ways a business receives money:</p>	<p>Definition:</p> <p>The different sources of income a business gets from providing goods or services.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Businesses receive money from customers. • Receiving money is part of business operations. • Money is received in exchange for goods or services. • Income supports business activities. • Learners must demonstrate: <ul style="list-style-type: none"> ○ Identifying ways a business receives money. <p>Teaching could include:</p> <ul style="list-style-type: none"> • Selling products. • Providing services. • Cash payments. • Card payments. • Online payments. • Customer invoices paid.
<p>Ways a business spends money:</p>	<p>Definition:</p> <p>The different payments a business makes in order to operate.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Businesses spend money to run. • Spending money is necessary for business activities. • Money is spent on goods and services needed by the business. • Spending supports daily operations. • Learners must demonstrate: <ul style="list-style-type: none"> ○ Identifying ways a business spends money.

	<p>Teaching could include:</p> <ul style="list-style-type: none"> • Paying wages. • Paying rent. • Paying bills or utilities. • Buying stock or materials. • Purchasing equipment. • Paying for services.
<p>Why businesses need money to operate:</p>	<p>Definition: Understanding the reasons why money is necessary for a business to function and continue operating.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Businesses need money to operate. • Money is needed to pay staff. • Money is needed to buy goods or services. • Money supports daily operations. • Without money, businesses cannot continue. • Learners must demonstrate: <ul style="list-style-type: none"> ○ Identifying at least one reason why businesses need money. <p>Teaching could include:</p> <ul style="list-style-type: none"> • Consequences of not having enough money. • Linking money to business survival. • Simple examples of business closure due to lack of funds. • Discussion of business sustainability.
<p>Examples of business costs:</p>	<p>Definition: Money that a business spends in order to operate and provide goods or services.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Understanding what a business cost is. • Identifying examples of business costs. • Recognising that costs are part of running a business. • Understanding that all businesses have costs. • Learners must demonstrate: <ul style="list-style-type: none"> ○ Identifying examples of business costs.

	<p>Teaching could include:</p> <ul style="list-style-type: none"> • Rent. • Wages. • Utilities. • Equipment. • Materials or stock. • Insurance.
<p>Difference between regular and one-off costs:</p>	<p>Definition: Understanding that some business costs occur repeatedly, while others occur only once or occasionally.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • What regular costs are (happen repeatedly). • What one-off costs are (happen once or occasionally). • The difference between regular and one-off costs. • That both types are necessary for business operations. • Learners must demonstrate: <ul style="list-style-type: none"> ○ Identifying the difference between regular and one-off costs. <p>Teaching could include:</p> <ul style="list-style-type: none"> • Monthly rent (regular). • Weekly wages (regular). • Buying equipment (one-off). • Repair costs (one-off). • Sorting activities (regular vs one-off).
<p>Why controlling costs is important:</p>	<p>Definition: Understanding the reasons why businesses must manage their spending carefully.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Controlling costs helps a business remain financially stable. • Spending too much can cause financial problems. • Managing costs supports profitability. • Cost control supports long-term survival. • Learners must demonstrate:

	<ul style="list-style-type: none"> ○ Identifying at least one reason why controlling costs is important. <p>Teaching could include:</p> <ul style="list-style-type: none"> • Keeping spending within a budget. • Avoiding unnecessary spending. • Comparing supplier prices. • Simple examples of overspending consequences.
<p>Different ways businesses make payments</p>	<p>Definition: The various methods a business uses to pay money to suppliers, employees or service providers.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Businesses make payments to others. • Different methods can be used to make payments. • Payment methods vary depending on the business. • Payments are part of normal business operations. • Learners must demonstrate: <ul style="list-style-type: none"> ○ Identifying different ways businesses make payments. <p>Teaching could include:</p> <ul style="list-style-type: none"> • Cash payments. • Card payments. • Bank transfer. • Online payments. • Direct debit.
<p>Different ways businesses receive payments.</p>	<p>Definition The various methods a business uses to receive money from customers.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Businesses receive payments from customers. • Payments can be received in different ways. • Receiving payments supports business income. • Payment methods depend on the type of business. • Learners must demonstrate:

	<ul style="list-style-type: none"> ○ Identifying different ways businesses receive payments. <p>Teaching could include:</p> <ul style="list-style-type: none"> • Cash from customers. • Card payments. • Online payments. • Bank transfers. • Payment apps.
<p>Basic information shown on a simple invoice or receipt.</p>	<p>Definition</p> <p>Key details included on documents that show money owed (invoice) or money paid (receipt).</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • An invoice shows money owed. • A receipt confirms payment has been made. • Both include key payment information. • Identifying basic information on these documents. • Learners must demonstrate: <ul style="list-style-type: none"> ○ Identifying basic information shown on a simple invoice or receipt. <p>Teaching could include:</p> <ul style="list-style-type: none"> • Business name. • Date. • Description of goods or services. • Amount owed or paid. • Payment method. • Invoice or receipt number.
<p>Why financial records are kept:</p>	<p>Definition:</p> <p>Understanding the reasons businesses record information about money received and spent.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Financial records track money coming in and going out. • Records help businesses monitor income and costs. • Records support decision-making. • Records help businesses meet legal or tax requirements (at a simple level).

	<ul style="list-style-type: none"> • Records support financial control. • Learners must demonstrate: <ul style="list-style-type: none"> ○ Identifying at least one reason why financial records are kept. <p>Teaching could include:</p> <ul style="list-style-type: none"> • Consequences of not keeping records. • Linking records to profit and loss. • Simple examples of tracking spending. • Discussion of business organisation.
<p>Examples of simple financial records:</p>	<p>Definition: Basic documents or systems used to record money received or spent by a business.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Identifying examples of financial records. • Recognising that records can be paper or digital. • Understanding that records show income and expenditure. • Recognising that different businesses keep different records. • Learners must demonstrate: <ul style="list-style-type: none"> ○ Identifying examples of simple financial records <p>Teaching could include:</p> <ul style="list-style-type: none"> • Sales records. • Expense records. • Receipts. • Invoices. • Cash books. • Simple spreadsheets.
<p>Who may use financial records in a business:</p>	<p>Definition: The people within a business who need access to financial information.</p> <p>Teaching must include:</p> <ul style="list-style-type: none"> • Managers may use financial records. • Business owners use financial records. • Accountants use financial records. • Staff may refer to financial information.

	<ul style="list-style-type: none">• Different roles use records for different purposes.• Learners must demonstrate:<ul style="list-style-type: none">○ Identifying who may use financial records in a business. <p>Teaching could include:</p> <ul style="list-style-type: none">• Matching roles to record use.• Simple case study examples.• Discussion of how decisions are made using financial data.• Linking roles to responsibilities.
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