

## Higher National Unit Specification

### General information for centres

**Unit title:** Music Industry Finance

**Unit code:** DR2N 34

**Unit purpose:** This Unit is designed to provide candidates with an understanding of the use of accounting information, the content and use of financial and management accounting statements and reports within a music business organisation. Candidates will be provided with the skills, knowledge and understanding to enable them to interpret and use financial information for decision making. This Unit is intended for those who wish to work in a managerial role within the music industry.

On completion of the Unit candidates should be able to:

- 1 Identify the users of financial information and the purpose for which they require this information.
- 2 Describe the various sources of finance available to a music industry organisation.
- 3 Assess the performance and financial position of a music related business.

**Credit points and level:** 1 HN Credit at SCQF level 7: (8 SCQF credit points at SCQF level 7\*).

*\*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from Access 1 to Doctorates.*

**Recommended prior knowledge and skills:** Access to this Unit will be at the discretion of the centre. However, it is recommended that candidates should have a prior understanding of the content and use of financial and management accounting statements and reports. This may be demonstrated by possession of the HN Unit Music Industry ICT and Finance (DJ2L 34).

Candidates should also have good communication skills. These may be demonstrated by the possession of core skill Communication at Higher level or Higher English and Communication or a suitable NQ Communication Unit (SCQF level 5/6).

**Core Skills:** There may be opportunities to gather evidence towards Core Skills in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

**Context for delivery:** If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

## General information for centres

**Unit title:** Music Industry Finance

**Assessment:** This Unit could be assessed by a single holistic assessment covering all Outcomes. Assessments, whether individual or a single holistic event will require candidates to produce a report and answer questions based on a case study. Production of the report(s) may take place under controlled conditions. Candidates may be given a copy of the case study 7-10 days before the assessment takes place.

## Higher National Unit specification: statement of standards

**Unit title:** Music Industry Finance

**Unit code:** DR2N 34

The sections of the Unit stating the Outcomes, knowledge and/or skills, and evidence requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

### Outcome 1

Identify the users of financial information and the purpose for which they require this information

#### Knowledge and/or skills

- ◆ The main users of financial information:
  - present shareholders
  - potential shareholders
  - short-term creditors
  - long-term creditors
  - authorities
  - competitors
  - employees
  - analysts
  - management
- ◆ The purposes for which they require financial information
- ◆ The sources of relevant information for each user

#### Evidence Requirements

Candidates will need to provide evidence to demonstrate that they can, with reference to a particular case study, identify the principal users of financial statements and the reasons for which they require the information. Each time this Outcome is assessed candidates will be required to:

- ◆ identify at least four relevant users
- ◆ correctly describe the purpose for which each user requires this information
- ◆ correctly identify the source of relevant information for each user

Evidence should be generated in response to questions based on a case study. The written response should be presented as a report. Production of the report should take place under closed-book, controlled conditions. The case study should be issued 7-10 days before the assessment event. Candidates may bring to the assessment a copy of the case study and any notes that they have made personally.

They may not bring textbooks, handouts or other material not prepared by them. All notes should be handed in at the end of the assessment.

## Higher National Unit specification: statement of standards (cont)

**Unit title:** Music Industry Finance

### Assessment guidelines

The assessment for this Outcome can be combined with Outcomes 2 and 3 in a single holistic assessment, details of which are given at Outcome 3.

Should there be ambiguity regarding a candidate's response, oral questioning may be used to eliminate any doubt as to the candidate's understanding. The lecturer should note questions and responses.

### Outcome 2

Describe the various sources of finance available to a music industry organisation

#### Knowledge and/or skills

- ◆ The sources of finance employed by a business as derived from the balance sheet:
  - current liabilities
  - loan capital
  - share capital
  - retained profit
  - leasing/HP
- ◆ The categorisation of finance sources into short, medium and long term
- ◆ The different characteristics of equity and loan capital
- ◆ Recommend sources of finance for specified purposes:
  - working capital requirements
  - major investment in fixed assets

#### Evidence Requirements

Candidates will need to provide evidence to demonstrate that they can, with reference to a particular case study, identify different sources of business finance and explain their characteristics. In addition, they will be required to recommend further sources of finance for specified purposes (working capital requirements and fixed asset investment). Each time this Outcome is assessed candidates will be required to:

- ◆ identify correctly the sources of finance employed by an entity by reviewing of its balance sheet (this must include both equity and loan capital)
- ◆ describe accurately the characteristics of each source of finance
- ◆ correctly categorise each source into short, medium or long term
- ◆ make appropriate recommendations for further sources of finance linked to a specified purpose and in accordance with good financial management

Evidence should be generated in response to questions based on a case study. The written response should be presented as a report. Production of the report should take place under closed-book, controlled conditions. The case study should be issued 7-10 days before the assessment event. Candidates may bring to the assessment a copy of the case study and any notes that they have made personally. They may not bring textbooks, handouts or other material not prepared by them. All notes should be handed in at the end of the assessment.

## Higher National Unit specification: statement of standards (cont)

**Unit title:** Music Industry Finance

### Assessment guidelines

The assessment for this Outcome can be combined with Outcomes 1 and 3 in a single holistic assessment, details of which are given at Outcome 3.

Should there be ambiguity regarding a candidate's response, oral questioning may be used to eliminate any doubt as to the candidate's understanding. The lecturer should note questions and responses.

### Outcome 3

Assess the performance and financial position of a music related business

#### Knowledge and/or skills

- ◆ Interpret information provided by a basic cash flow statement
- ◆ Calculate key accounting ratios covering:
  - profitability
  - liquidity
  - efficiency and
  - capital structure
- ◆ Interpret key accounting ratios
- ◆ Draw conclusions and make recommendations for a given scenario

#### Evidence Requirements

Candidates will need to provide evidence to demonstrate that they can, with reference to a particular case study, assess the performance and financial position of a business by interpreting the financial accounting statements. Each time this Outcome is assessed candidates will be required to:

- ◆ identify the major inflows and outflows of cash from the given cash flow statement
- ◆ accurately calculate at least six key accounting ratios covering the areas of profitability, liquidity, efficiency and capital structure. The financial statements should cover at least two accounting periods
- ◆ take into account the information contained in the given financial statements and ratios calculated, accurately assess the organisation's recent performance and financial position
- ◆ make appropriate conclusions and/or recommendations for the given scenario

Evidence should be generated in response to questions based on a case study. The written response should be presented as a report. Production of the report should take place under closed-book, controlled conditions. The case study should be issued 7-10 days before the assessment event. Candidates may bring to the assessment a copy of the case study and any notes that they have made personally. They may not bring textbooks, handouts or other material not prepared by them. All notes should be handed in at the end of the assessment.

## **Higher National Unit specification: statement of standards (cont)**

**Unit title:** Music Industry Finance

### **Assessment guidelines**

For a single holistic assessment combining Outcomes 1, 2 and 3 the event should last between five and six hours. Candidates will be given a case study that will include financial statements (profit and loss, balance sheet and cash flow statement) covering two accounting periods, as well as background information on the organisation and its future expansion plans. The information could also include industry average ratios.

Candidates will be required to produce a report that meets all aspects of the evidence requirements for Outcomes 1, 2 and 3. In summary they should:

- ◆ list at least four users of the organisation's financial statements and the purpose for which they require this information
- ◆ identify the different sources of finance used, explain their characteristics and recommend future sources of finance
- ◆ assess the performance and financial position of the organisation

The evidence should be generated through an assessment undertaken in controlled conditions. Where a case study is used, candidates may be given a copy of it 7-10 days before the assessment takes place. Candidates may bring to the assessment a copy of the case study and any notes that they have made personally. They may not bring textbooks, handouts or other material not prepared by them. All notes should be handed in at the end of the assessment.

Should there be ambiguity regarding a candidate's response, oral questioning may be used to eliminate any doubt as to the candidate's understanding. The lecturer should note questions and responses.

## Administrative Information

**Unit code:** DR2N 34  
**Unit title:** Music Industry Finance  
**Superclass category:** AA  
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Version	Description of change	Date
02	Removal of Word Count and Presentation Length.	20/05/11

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## **Higher National Unit specification: support notes**

### **Unit title: Music Industry Finance**

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

### **Guidance on the content and context for this Unit**

The Unit is primarily intended to give candidates knowledge of accounting and finance from a music business perspective. It is not suitable for candidates who wish to pursue a specialist accounting career. The aim of the Unit is to provide students with an understanding of the use of accounting information within a business organisation and it should be of value to those working in music or other converging creative industries and who may find that their work involves them in dealing with such accounting data.

An integrated approach to the teaching and learning should be adopted. Candidates should be encouraged to link users to sources of finance and consider the key accounting ratios, which will be of interest to particular user groups. In order to assist candidates with the analysis of cash flow, the construction of very basic cash flow statements (as per revised FRS 1) should be covered.

### **Guidance on the delivery and assessment of this Unit**

This Unit has been developed as a mandatory Unit in the framework for the HND Music Business Group Award.

It should be delivered early in the award to enable candidates to utilise the skills, knowledge and understanding gained in this Unit in their consideration and analysis of business situations and problems within other Units.

Ideally the delivery of this Unit should be integrated with the teaching and learning of other core areas, for example, the use of spreadsheets in the preparation of a tour budget.

The assessment of all Outcomes should relate to the same business for which background information should be produced.

The Outcomes can be assessed individually. For each Outcome candidates would be required to produce a report, based on a case study, in controlled conditions lasting approximately two hours.

Alternatively, the assessment of Outcomes 1, 2 and 3 may be integrated in a single holistic assessment. Evidence should be generated, for a holistic assessment in response to questions based on a case study. The written response should be presented as a report. Production of the report should take place under controlled conditions. Candidates may be given a copy of the case study 7-10 days before the assessment takes place.

## **Higher National Unit specification: support notes (cont)**

**Unit title:** Music Industry Finance

### **Open learning**

This Unit could be delivered by open learning. However, it would require planning by the centre to ensure the sufficiency and authenticity of candidate evidence. Arrangements would have to be made to ensure that the assessments are delivered in an appropriate manner.

For further information and advice please refer to *Assessment and Quality Assurance for Open and Distance Learning* (SQA, — publication code A1030).

### **Candidates with additional support needs**

This Unit specification is intended to ensure that there are no artificial barriers to learning or assessment. The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative Outcomes for Units. For information on these, please refer to the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs*, which is available on the SQA website [www.sqa.org.uk](http://www.sqa.org.uk).

## **General information for candidates**

### **Unit title:** Music Industry Finance

This Unit is designed to provide you with an understanding of the use of accounting information within a music business organisation.

On completion of the Unit you should be able to:

- 1 Identify the users of financial information and the purpose for which they require this information.
- 2 Describe the various sources of finance available to a music industry organisation.
- 3 Assess the performance and financial position of a music related business.

You will acquire the skills, knowledge and understanding to enable you to interpret and use financial information for decision making. In addition, the Unit also considers the key users of accounting information and the various sources of finance available to a business. Finally you will develop skills to enable you to analyse the overall performance and financial position of a music business organisation.

Each Outcome can be assessed individually. However, a larger single assessment covering the requirements of each Outcome may be used. The assessment is based on your analysis of a case study which includes the financial statements of an organisation as well as background information regarding its future expansion plans. You will be given a copy of the case study a few days before the assessment event. You will be allowed to bring a copy of the case study to the assessment event. You may also bring notes you have made personally for your own use. You will not be permitted to bring textbooks, handouts or other material you have not prepared yourself.