



## Higher National Unit specification

### General information for centres

**Unit title:** Planning, Budgeting and Control

**Unit code:** F26F 35

**Unit purpose:** This Unit is designed to enable candidates to apply the principles of business analysis to prepare, assess, monitor, revise and review an annual plan for an established small business.

On completion of the Unit the candidate should be able to:

- 1 Audit the resources and organisation of a small business.
- 2 Prepare and evaluate an annual plan for a small business.
- 3 Evaluate how an annual plan is used to monitor and control a small business.

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

*\*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 is at the discretion of the centre. Although no specialist knowledge is required it would be beneficial if candidates had completed studies at SCQF level 7 and/or relevant work experience.

**Core Skills:** There are opportunities to develop the Core Skills of Numeracy, Information Technology and Problem Solving at SCQF level 6 and the component Written Communication at SCQF level 6 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.

**Assessment:** The Unit may be assessed by means of an open-book holistic assessment covering all Outcomes, with the evaluative element of Outcome 3 assessed by candidate's evaluation of the budgetary control process.

## **Higher National Unit specification: statement of standards**

**Unit title:** Planning, Budgeting and Control

**Unit code:** F26F 35

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**

Audit the resources and organisation of a small business

#### **Knowledge and/or Skills**

- ◆ Audits
- ◆ Resources
- ◆ Constraints
- ◆ Organisation
- ◆ Key objectives

#### **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by producing a resource audit that:

- ◆ provides a concise description of all the resources in the business, covering at least three of the following: land, labour, capital and management
- ◆ identifies any constraints
- ◆ describes the organisation of the business, including at least two of the following: legal status, financial status, production system
- ◆ includes a clear statement of the key objectives of the business

#### **Assessment Guidelines**

The assessment of this Outcome can be combined with Outcomes 2 and 3 as part of a single assessment for the Unit, details of which are given under Outcome 3 below.

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

**Unit title:** Planning, Budgeting and Control

### **Outcome 2**

Prepare and evaluate an annual plan for a small business

#### **Knowledge and/or Skills**

- ◆ Annual plan
- ◆ Financial budgets
- ◆ Computer software
- ◆ Budget appraisal
- ◆ Sources of finance

#### **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills through the production of an annual plan for a specified small business. The plan should include:

- ◆ SMART objectives and explanation of the strategies proposed to achieve those objectives
- ◆ the calculation of financial budgets for one year including a cash flow, profit and loss account and balance sheet and should be undertaken using appropriate computer software
- ◆ an evaluation of the budget and an assessment of the sensitivity of the budget to changes in at least two of the following: prices, costs and performance
- ◆ identification of at least two potential sources of finance

#### **Assessment Guidelines**

The assessment of this Outcome can be combined with Outcomes 1 and 3 as part of a single assessment for the Unit, details of which are given under Outcome 3 below.

### **Outcome 3**

Evaluate how an annual plan is used to monitor and control a small business

#### **Knowledge and/or Skills**

- ◆ Stakeholders
- ◆ Budgetary control
- ◆ Opportunities for future improvements

#### **Evidence Requirements**

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can:

- ◆ describe how an annual plan would be communicated effectively to stakeholders including at least two of the following: management, staff, accountant, lender
- ◆ evaluate how budgetary control would be carried out in terms of comparing actual with forecast performance and by identifying appropriate opportunities for future improvements

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

**Unit title:** Planning, Budgeting and Control

### **Assessment Guidelines**

This Unit may be assessed by means of an open-book holistic assessment covering all Outcomes. The assessment may take the form of an annual plan for a given small business (maximum 2,000 words or equivalent, plus financial budgets and appendices). The evaluation element of Outcome 3 may be assessed, without the candidate carrying out an evaluative response about budgetary control, through the production of a report about the process.

## Administrative Information

**Unit code:** F26F 35

**Unit title:** Planning, Budgeting and Control

**Superclass category:** AK

**Original date of publication:** September 2007

**Version:** 01

### History of changes:

| Version | Description of change | Date |
|---------|-----------------------|------|
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## **Higher National Unit specification: support notes**

### **Unit title: Planning, Budgeting and Control**

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**

This Unit is intended to equip candidates with the skills required to produce, monitor and review an annual plan for a small business.

#### **Outcome 1**

The resources and organisation of a small business are reviewed enabling appropriate objectives to be set. This Unit assumes that only limited changes to the current system are envisaged in the year ahead. If a major problem or opportunity was identified a full business planning exercise should be completed.

#### **Outcome 2**

The strength of the annual plan rests on the assumptions used in completing the budgets. Consideration should be given to financing needs (working capital, asset purchase/replacement, business growth) and the sources of finance available (savings, profits, assets, new partners, loans including overdraft and creditors, grants) as well as taxation implications. The budget details will be input using appropriate computer software to enable speed of calculation and aid accuracy. Once accepted, the sensitivity of the budget should be tested and the budget appraised to identify key issues.

#### **Outcome 3**

An annual plan should be used as a working management tool. Therefore consideration should be given to how the plan is communicated to stakeholders and how the plan may be monitored and adjusted as necessary throughout the year.

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

This Unit is likely to form part of a Group Award designed to enable candidates to apply the principles of business analysis to prepare, assess, monitor, revise and review an annual plan for an established small business.

It is expected that the delivery of this Unit will be based on a series of lectures and practical sessions supported by information from reading and online material. The Unit should be taught with reference to the subject area(s) of the Group Award(s) of the candidates concerned. Delivery should place emphasis on practical application of the theory through worked examples and practical exercises including, where appropriate, the use of computer software and online resources.

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

**Unit title:** Planning, Budgeting and Control

### *Opportunities for developing Core Skills*

The delivery and assessment of this Unit may contribute towards development of the Core Skill of Numeracy at SCQF level 6. The general skills required by its two components; ‘Using Number’ and ‘Using Graphical Information’ are ‘apply in combination a wide range of numerical, statistical and other mathematical skills to process complex information’ and ‘apply a wide range of graphical skills to interpret and present complex information’, in generalised contexts, respectively.

These skills may be developed through various activities required to be completed by candidates throughout the Unit involving complex numerical and financial data. Examples include looking at an organisation’s financial status as part of the audit in Outcome 1, and the calculation of financial budgets including cash flow, profit and loss account and balance sheet in Outcome 2.

The delivery and assessment of this Unit may contribute towards development of the Core Skill of Information Technology at SCQF level 6. The general skill required is the ability to use ‘an IT system independently to process a range of information’.

In the processing of numerical and financial data as outlined above, candidates may use various IT applications, such as spreadsheet and database software. In Outcome 2 in particular, the calculation of a year-long financial budget is likely to be undertaken using appropriate computer software.

The delivery and assessment of this Unit may contribute towards the component ‘Written Communication’ of the Core Skill of Communication at SCQF level 6. The general skills of the component are ‘read, understand complex written communication’ for its reading element and ‘produce well-structured written communication on complex topics’ for its written element.

There is scope for candidates to utilise these skills, throughout the Unit. In particular, if assessing holistically, candidates may be asked to formulate an annual plan, including financial budgets, for a given small business, to fulfil the Evidence Requirements for all Outcomes. The plan will encompass an audit, SMART objectives, strategies proposed to achieve objectives, financial planning and so will be a complex, structured piece of work requiring consideration of a number of variables and strategic thinking. Communication skills may also be developed by the evaluative element of Outcome 3, in which candidates are asked to consider the budgetary control process, comparing forecast and actual performances and then identify opportunities for future improvements.

### **Open learning**

This Unit is suited to delivery by distance learning. Evidence for Outcomes 1, 2 and 3 could be held in a portfolio (or electronic portfolio) and sent to the assessor. However if closed-book, timed assessments were used they would need to be delivered in a supervised environment.

### **Candidates with disabilities and/or additional support needs**

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. Further advice can be found in the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* ([www.sqa.org.uk](http://www.sqa.org.uk)).

## **General information for candidates**

### **Unit title:** Planning, Budgeting and Control

The purpose of this Unit is to enable you to produce, monitor and review an annual plan for a small business.

You will learn about the resources and organisation of the business so that you have a good understanding of how it functions and what opportunities for change might exist. The next stage is to set objectives and decide which strategies to use to achieve these objectives. Generally only limited changes to the business are included.

A key part of the annual plan is the production of budgets for the year ahead. It is important that you understand what needs the business has in relation to finance and if it needs more (for example to replace machinery or equipment) what alternatives could be considered.

You will produce a budget for the next 12 months with the figures input using appropriate computer software. The strengths and weaknesses in terms of the results of the budget will be analysed and then the sensitivity of the figures to changes in the business (for example if labour prices increase) will be tested.

The annual plan should be used as a working management tool and as such all those involved in the business (workers, management, accountant, bank manager etc) need to know what the plan involves. You will learn how to monitor the plan during the year and how to determine what adjustments may be necessary.

In order to complete the Unit successfully, you will be required to achieve a satisfactory level of performance in the assessment associated with each Outcome. It is recommended that this Unit is assessed holistically. The assessment will focus on the production of an annual plan for a small business.