



## Higher National Unit specification

### General information for centres

**Unit title:** Financial Records for Small Business

**Unit code:** F26G 34

**Unit purpose:** This Unit will equip candidates with fundamental record-keeping skills required for statutory and internal management purposes. It is primarily aimed at candidates with no previous book-keeping experience.

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

- 1 Explain the financial information needs of a business unit.
- 2 Record financial transactions and produce financial statements.
- 3 Calculate and complete payroll functions for business employees.

**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 is at the discretion of the centre. Although no specialist knowledge is required it would be beneficial if candidates had completed studies of Numeracy at SCQF level 6. This could be demonstrated by possession of NQ Units in Numeracy or related study.

**Core Skills:** There are opportunities to develop the Core Skills of Numeracy and Problem Solving 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:** This Unit may be assessed using a series of assessments, which may include the completion of appropriate records. Whilst some assessments may be generic others may focus more specifically on the subject area appropriate to the Group Award being undertaken.

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

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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**

Explain the financial information needs of a business unit

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

- ◆ Financial information
- ◆ Statutory requirements
- ◆ Policy requirements

#### **Evidence Requirements**

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

- ◆ explain the purpose of at least one form of financial information required by the manager of a business
- ◆ explain the purpose of at least one form of financial information required by HM Revenue and Customs
- ◆ complete financial paperwork for a given situation. This paperwork may take the form of one of the following:
  - financial records
  - application form(s)

#### **Assessment Guidelines**

This Outcome may be assessed by a closed-book, restricted response assessment. In relation to policy requirements for records, candidates may be assessed on one policy area relevant to their programme of study. This may be assessed using an appropriate assessment which might, for example, include the completion of application form(s) for grants or the appropriate record(s) to comply with regulations. This part of the assessment may be completed under open-book conditions.

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

**Unit title:** Financial Records for Small Business

### **Outcome 2**

Record financial transactions and produce financial statements

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

- ◆ Business documents
- ◆ Cash book
- ◆ Bank reconciliation statement
- ◆ VAT return

#### **Evidence Requirements**

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

- ◆ record information into a cash book from at least three of the following types of business documents: invoices; cheques; credit notes; cash receipts; cash payments. The cash book entries should include at least 15 transactions covering one month's trading and include entries for at least three of the following: VAT, bank, cash and private.
- ◆ produce a bank reconciliation statement to correct at least two of the following anomalies between the cash book and the bank statement: direct debit, standing order, bank interest charges, bank service charges, unpresented cheques, late lodgements.
- ◆ produce a VAT return for one month from the completed cash book.

#### **Assessment Guidelines**

This Outcome may be assessed under restricted open-book conditions which allow candidates to use their notes and previous worked examples.

### **Outcome 3**

Calculate and complete payroll functions for business employees

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

- ◆ Payroll records
- ◆ Payroll returns

#### **Evidence Requirements**

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

- ◆ calculate wages for one employee for four weeks, including at least two of the following: overtime, statutory deductions, non-statutory deductions, change in tax code
- ◆ complete one year end employer's payroll return

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

**Unit title:** Financial Records for Small Business

### **Assessment Guidelines**

This Outcome may be assessed under restricted open-book conditions which allow candidates to use their notes, previous worked examples and online guidance.

Candidates may calculate the wages using a combination of paper records and online calculators. Candidates may be provided with end of year information for one employee in order to complete the appropriate end of year return.

## Administrative Information

**Unit code:** F26G 34

**Unit title:** Financial Records for Small Business

**Superclass category:** AK

**Original date of publication:** September 2007

**Version:** 01

### History of changes:

Version	Description of change	Date

**Source:** SQA

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

### **Unit title:** Financial Records for Small Business

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 purpose of the Unit is to equip managers with fundamental record-keeping skills required for statutory and internal management purposes. It is primarily aimed at candidates with no previous book-keeping experience.

Outcome 1 considers the information needs of a business in terms of appropriate statutory, management and policy requirements. Information is needed to improve business performance and to meet statutory requirements. Whilst the information needs in terms of statutory and management requirements may be reasonably generic, it is anticipated that, in terms of policy requirements, candidates will focus on one policy area relevant to the subject area of their Group Award.

Outcome 2 relates to the recording and processing of financial information. The focus here should be on learning by doing and where available appropriate computer software should be used. A variety of business documents should be covered, incorporating VAT as appropriate. A cash book should be analysed to illustrate its use for internal management control purposes.

Outcome 3 covers the calculation and completion of payroll functions for business employees. As well as an understanding of the various statutory and non-statutory deductions, overtime and tax coding, candidates should be encouraged to use online calculators for payroll calculations. A range of statutory and non-statutory deductions could be considered. These could include: statutory — income tax, national insurance, candidate loan repayments etc; non-statutory — pension fund and trade union membership.

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

This Unit is likely to form part of a Group Award in which candidates need to understand the recording and maintenance of financial records for statutory and management purposes within a 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.

#### ***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.

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

### **Unit title:** Financial Records for Small Business

These skills may be developed through the various financial activities required to be completed by candidates throughout the Unit. They will need to utilise complex numerical and financial data where asked to produce such documents as a bank reconciliation statement and VAT return in Outcome 2, and where calculating wages and completing a year end employer's payroll return in Outcome 3.

The delivery and assessment of this Unit may also 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, which relates to the recording and processing of financial information, computer software is likely to be utilised to perform specific processing functions.

### **Open learning**

This Unit is suited to delivery by distance learning. The 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:** Financial Records for Small Business

In this Unit you will cover a range of fundamental record-keeping skills required by managers. It is primarily aimed at candidates with no previous book-keeping experience.

The aims of the Unit are to consider the information needs of a business and how such information is recorded and processed. This includes information which must be kept by law as well as that which can be used to improve the management of the business. Some of this information will be generic and applicable to a range of businesses and some should relate more specifically to your own area of study. This will include learning about one area of policy relevant to your vocational area.

You will learn basic book-keeping skills, including the completion of a monthly cash book and VAT return. In addition you will learn about the calculation of wages for employees and the completion of associated paperwork.

Where appropriate the focus will be on learning by doing, including the use of online material and computer software.

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. The selection of assessment may vary according to vocational area, particularly with regard to the policy element of Outcome 1. The main focus of the assessments will be on practical exercises.