



## Higher National Graded Unit specification

### General information for centres

This Graded Unit has been validated as part of the HND Accounting. Centres are required to develop the assessment instrument in accordance with this validated specification. Centres wishing to use another type of Graded Unit or assessment instrument are required to submit proposals detailing the justification for change for validation.

**Graded Unit title:** Accounting: Graded Unit 3

**Graded Unit code:** F8KG 35

**Type of Graded Unit:** Examination

**Assessment Instrument:** Open-book Examination  
(*Access restricted to a schedule of current tax rates and allowances only*)

**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 National 1 to Doctorates.*

**Purpose:** This Graded Unit is designed to provide evidence that the candidate has achieved the following principal aims of the HND Accounting:

- ◆ Evaluation and interpretation of financial accounting information.
- ◆ Application of current legislation and accounting standards.
- ◆ Preparation of financial statements.
- ◆ Integration of financial accounting with relevant business taxation.

**Recommended prior knowledge and skills:** It is recommended that the candidate should have completed or be in the process of completing the following Units relating to these specific aims prior to undertaking this Graded Unit:

- ◆ *HC43 35: Financial Reporting and Analysis*
- ◆ *HC44 35: Accounting for Specialised Transactions*
- ◆ *F7R6 35: Business Taxation*

**Core Skills:** There are no Core Skills embedded in this Graded Unit specification.

## General information for centres (cont)

**Context of Delivery:** The Assessment Support Pack (ASP) for this unit provides assessment and marking guidelines that exemplify the national standard for achievement. It is a valid, reliable and practicable assessment. Centres wishing to develop their own assessments should refer to the ASP to ensure a comparable standard. A list of existing ASPs is available to download from SQA's website (<http://www.sqa.org.uk/sqa/46233.2769.html>).

**Assessment:** This examination-based Graded Unit is a supervised open book examination with access restricted to a schedule of tax rates and allowances only. It will consist of an examination of three hours.

An exemplar instrument of assessment and marking guidelines have been produced to show the national standard of achievement required at SCQF level 8.

## Administrative Information

**Graded Unit code:** F8KG 35

**Graded Unit title:** Accounting: Graded Unit 3

**Original date of publication:** August 2010

**Version:** 04

### History of changes:

Version	Description of change	Date
02	Additional paragraph inserted under 'Conditions of assessment' on page 4	20/12/15
03	Terminology and reference to financial statements revised to reflect requirement of FRS102	31/03/16
04	Update of Conditions of Assessment	18/07/18

**Source:** SQA

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SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of Higher National qualifications.

**FURTHER INFORMATION:** Call SQA's Customer Contact Centre on 0345 279 1000.

## **Higher National Graded Unit specification: instructions for designing the assessment task and assessing candidates**

**Graded Unit title:** Accounting: Graded Unit 3

### **Conditions of assessment**

The assessment is based on an open-book examination lasting three hours. Candidates should have access to a schedule of tax rates and allowances only. The taxation schedule should be updated annually to reflect current taxation rates.

Reasonable assistance is the term used by SQA to describe the difference between providing candidates with some direction to generate the required evidence for assessment and providing too much support, which would compromise the integrity of the assessment. Reasonable assistance is part of all learning and teaching processes. In relation to the assessment of Higher National Examination-based Graded Units, assessors may provide advice and guidance on examination technique and clarification on the meaning of command words which may appear within an examination paper, prior to the formal examination.

Remediation is not allowed in Examination-based Graded Unit assessments.

Any candidate who has failed their Higher National Examination-based Graded Unit or wishes to upgrade their award must be given a re-assessment opportunity, or in exceptional circumstances, two re-assessment opportunities. This must be done by using a substantially different examination.

The final grading given must reflect the quality of the candidate's evidence at the time of the completion of the graded unit. Candidates must be awarded the highest grade achieved, whether through first sitting or through any re-assessment.

The examination should be unseen and the assessment should be conducted in controlled and invigilated conditions.

At all times, the security, integrity and confidentiality of examinations must be ensured.

Centres are reminded that the examination should be unseen. As such, centres must ensure that candidates do not know any of the following details in advance of the examination:

- ◆ Whether the question comprises a Statement of Comprehensive Income or a Statement of Financial Position;
- ◆ Which of the three topics from Accounting for Specialised Transactions will be examined;
- ◆ Which three disclosure notes to be required;
- ◆ The exact details of the narrative questions.

### **Instructions for designing the assessment task**

The examination should be designed to assess the candidate's critical knowledge and understanding of the topics relating to the specific aims which this Graded Unit is designed to cover. The questions and corresponding marks should be designed in accordance with the ranges indicated in the table that follows. However, the overall total mark for the examination is 100.

## Higher National Graded Unit specification: instructions for designing the assessment task and assessing candidates (cont)

### Instructions for designing the assessment task (cont)

Key topics	Level of demand	Percentage weighting for each topic
<b>Part 1: Computational:</b>  Processing of a trial balance with year-end adjustments (see note 1).  Inclusion in the financial statements of an item from the Unit Accounting for Specialised Transactions (see note 2).  Preparation of a statement of Comprehensive Income or a Statement of Financial Position and Statement of Changes in Equity suitable for publication.	Process year-end adjustments to show effect on both statement of comprehensive income and statement of financial position items.  Account for the specialised transaction in accordance with current accounting standards.  Produce the required financial statement (in accordance with current accounting standards) after accounting for all year-end adjustments, the specialised transaction and incorporating the calculated provision for corporation tax.	40%
Computation of capital allowances for the year based on the additional data regarding acquisition and disposal of non-current assets.	Prepare a suitable schedule to calculate capital allowances for the year in accordance with current business taxation legislation.	10%
Calculation of corporation tax based on the above data (see note 3).	Incorporate the tax effects of the above business transactions and capital allowance calculation in the preparation of a corporation tax calculation in accordance with current business taxation legislation.	10%
Preparation of disclosure notes to the financial statements.	Prepare three disclosure notes (in line with current accounting standards) to support the financial statement produced above.	20%
<b>Part 2: Narrative:</b>  Three questions to be set: one from each of Financial Reporting and Analysis, Accounting for Specialised Transactions and Business Taxation. Candidate to select one question only (see note 4).	Describe, illustrate and critically assess.	20%

## Higher National Graded Unit specification: instructions for designing the assessment task and assessing candidates (cont)

### Instructions for designing the assessment task (cont)

Notes:

- 1 The trial balance figures should be adjusted for a range of year-end adjustments that should include depreciation, other payables, other receivables, irrecoverable debts, allowance for irrecoverable debts and deferred tax.
- 2 Each examination should assess one Outcome from the Unit *Accounting for Specialised Transactions*.
- 3 Simple capital allowances should be calculated and then incorporated in a calculation of Corporation Tax due on current year's profit.
- 4 The questions set should assess knowledge and understanding of accounting theory from the Units *Financial Reporting and Analysis*, *Accounting for Specialised Transactions*, and *Business Taxation*.

The examination will be marked out of 100. Assessors will aggregate the marks achieved by the candidate to arrive at an overall mark for the examination. Assessors will then assign a grade to the candidate for this Graded Unit based on the following grade boundaries:

- ◆ A = 70% — 100%
- ◆ B = 60% — 69%
- ◆ C = 50% — 59%

### Guidance on grading candidates

Candidates who meet the minimum Evidence Requirements will have their achievement graded as a C (competent), A (highly competent), or B (somewhere between A and C). The grade related criteria to be used to judge candidate performance for this Graded Unit is specified in the following table:

Grade A	Grade C
<p>Is an exam script which consistently:</p> <ul style="list-style-type: none"><li>◆ interprets and understands the question in a way which demonstrates insight and clear understanding of issues and relationships</li><li>◆ answers in a manner that demonstrates comprehensive analysis and evaluation of relevant information</li><li>◆ responds in a logical, clear, well-structured and coherent manner, demonstrating consistent use of correct terminology and a high standard in terms of accuracy and technical content</li><li>◆ consolidates and integrates knowledge and skills to link concepts and ideas relating answers explicitly to the question</li><li>◆ argues convincingly and shows links between discussions and conclusions demonstrating comprehensive knowledge and understanding as well as analysing and evaluation skills</li></ul>	<p>Is an exam script which:</p> <ul style="list-style-type: none"><li>◆ interprets and understands the question in a way which enables the candidate to meet the basic criteria required</li><li>◆ answers in a manner that demonstrates limited analysis and evaluation of relevant information</li><li>◆ responds in a manner that demonstrates a satisfactory use of correct terminology that is adequate although not always consistent in terms of accuracy and technical content</li><li>◆ consolidates and integrates knowledge and skills but may lack continuity and consistency and fail to show clear links to concepts and ideas</li><li>◆ argues and justifies conclusions in an acceptable way but the conclusions may lack reasoned understanding, may not link well to discussions and may show limited knowledge</li></ul>

## **Higher National Graded Unit specification: instructions for designing the assessment task and assessing candidates (cont)**

### **Support notes**

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.

The Unit is designed to assess the candidate's ability to integrate knowledge and understanding across the mandatory Units Financial Reporting and Analysis, Accounting for Specialised Transactions and Business Taxation.

Candidates are permitted access to taxation schedules during the assessment. Centres must ensure that current taxation rates/allowances are used in the examination.

The following information for the current tax year (or equivalent for future tax years) should be provided to candidates:

- Small company rate
- Full rate
- Capital Allowances - Rates and annual limits (where applicable)

### **Equality and inclusion**

This graded unit specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence.

Further advice can be found on our website **[www.sqa.org.uk/assessmentarrangements](http://www.sqa.org.uk/assessmentarrangements)**

## General information for candidates

The Unit is designed to assess your ability to integrate knowledge and understanding across the mandatory Units *HC43 35: Financial Reporting and Analysis*, *5 HC44 35: Accounting for Specialised Transactions*, and *F7R6 35: Business Taxation*.

This Graded Unit is assessed by an open-book examination of three hours. Access is restricted to a schedule of tax rates and allowances only. The examination consists of two parts:

Part 1: Computational (80%)

Part 2: Narrative (20%)

The Graded Unit is a mandatory element of the HND Accounting Group Award.

Grades will be awarded on the following bases:

A = 70% – 100%

B = 60% – 69%

C = 50% – 59%