



## Higher National Unit specification: general information

**Unit title:** Music Industry: Financial Management

**Unit code:** FV6M 34

**Superclass:** AK

**Publication date:** September 2011

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**Version:** 01

### Unit purpose

This Unit is designed to give candidates an understanding of accounting and e-business strategies as applied to the music industry. This is achieved by providing candidates with the skills required to prepare basic financial and management accounting reports. This Unit would be suitable for candidates wishing to work in management positions within the music industry.

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

- 1 Prepare basic financial accounting information.
- 2 Prepare basic management accounting information.
- 3 Use break-even analysis to show the effect on profits of changing prices.

### Recommended prior knowledge and skills

Access to this Unit is at the discretion of the centre, but it would be beneficial if the candidate had competence in:

- ◆ basic IT desktop skills using common software for word processing, spreadsheet etc.
- ◆ basic browser navigation skills.

Candidates should have good communication and numeracy skills. These may be demonstrated by the achievement of core skill Communication and Numeracy at Higher Level or by possession of Higher English and Mathematics or suitable HN Communication/Mathematics/Numeracy Units (SCQF level 5/6).

## Higher National Unit specification: general information (cont)

### Credit points and level

1 Higher National Unit 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.*

### 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

This is a mandatory Unit in the frameworks for HNC/D Music Business group awards. It is designed to give the candidate a basic understanding of financial and management accounting statements and reports. 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 could be assessed by two instruments of assessment, one covering Outcomes 1 and 2, and the other covering Outcome 3.

The first assessment, which is computational in nature, should be carried out under closed book, controlled conditions and should last approximately two hours.

The second assessment involves preparing a report showing the changes to breakeven point and profits, resulting from changes in selling prices and costs. The report should be generated under Open-book controlled examination conditions.

## 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

Prepare basic financial accounting information.

#### Knowledge and/or Skills

- ◆ Prepare the profit and loss account of a music industry organisation
- ◆ Prepare the balance sheet of a music industry organization applying year-end adjustments.

#### Evidence Requirements

Candidates will need evidence to demonstrate their knowledge and/or skills by showing that they can:

- ◆ Calculate trading and profit after year-end adjustments.
- ◆ Present the appropriations of profit.
- ◆ Categorise and present assets and liabilities on the balance sheet.

In both financial statements the information must be well presented and accurate.

Evidence will be generated through an assessment undertaken under closed book, controlled conditions and should last approximately 90 minutes. Candidates will be given a copy of a pro forma layout for the profit and loss account and balance sheet. They may not bring textbooks, handouts or other material.

Candidates could be presented with the trial balance of a limited company with additional notes covering year end adjustments for: accruals, prepayments, depreciation and closing stock, as well as information regarding the appropriation of corporation tax and dividends. They will then be asked to take into account the relevant adjustments and prepare a profit and loss account and balance sheet for internal use.

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

**Unit title:** Music Industry: Financial Management

### Assessment Guidelines

The assessment of this Outcome can be combined with Outcome 2, details of which are given below.

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

Prepare basic management accounting information.

### Knowledge and/or Skills

- ◆ Produce a financial budget for a project.
- ◆ Produce a cash budget for the project.
- ◆ Predict fixed and variable cost behaviour for the project.
- ◆ Calculate the break-even point.

### Evidence Requirements

Candidates will need evidence to demonstrate their knowledge and/or skills by showing that they can:

- ◆ Produce a simple financial budget for a project. The budget should be in a tabular format clearly showing projected income and expenditure for the period which must be accurate, legible and in logical order.
- ◆ Produce correct projections for fixed and variable costs and identify the break-even point for the project.
- ◆ Produce a cash budget for the project showing clearly the opening and closing cash balances. The cash budget must be accurate, legible and in logical order.

Evidence must be produced for all parts of the knowledge/skills section. The candidate will be required, for a given case study, to produce budget information and calculate the break-even point under. Evidence must be generated through an assessment undertaken in controlled conditions.

The assessment will be presented in controlled conditions, be closed book and should last approximately 90 minutes.

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

**Unit title:** Music Industry: Financial Management

### Assessment Guidelines

The assessment of this outcome can be combined with Outcome 1. This could be conducted as a single holistic assessment. It would then take the form of an end of topic paper with two computational questions covering the evidence requirements outlined above for both Outcomes 1 and 2. The assessment will be presented in controlled conditions, be closed book and should last approximately 3 hours.

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

Use break-even analysis to show the effect on profits of changing prices.

#### Knowledge and/or Skills

- ◆ Use break-even analysis.
- ◆ Prepare break-even charts.
- ◆ Calculate the impact on profits of changes in selling price and costs.
- ◆ Recommend a suitable course of action in a given situation.
- ◆ Use spreadsheets to demonstrate the graphical and mathematical approach of break-even and the effect on profits.

#### Evidence Requirements

Candidates should demonstrate their knowledge and/or skills by preparing a report showing the changes to breakeven point and profits, resulting from changes in selling prices and costs.

The evidence should be in tabular and graphical form showing calculations of breakeven point and the impact on profits of changes in selling price and costs in three different situations, and a written recommendation on a suitable course of action. The spreadsheet formulae should allow easy manipulation of management information to reflect changes in management decision making. The report should be generated under open-book controlled examination conditions.

#### Assessment Guidelines

The assessment of this Outcome should be conducted as a single Open-book controlled examination and is designed to enable the average candidate to complete it in one and a half hours. Prior to the assessment event candidates will prepare a template displaying the columnar headings for an operating statement including cells showing the key input data required to calculate breakeven point in a given situation. From this information candidates will calculate break-even levels using a mathematical approach and demonstrate the changes graphically. Candidates will also calculate the impact on profits of changes in selling price and costs. Candidates will be required to recommend a suitable course of action. Candidates should note that no other materials should be accessed during the assessment event other than the template.

## Higher National Unit specification: support notes

**Unit title:** Music Industry: Financial Management

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 business perspective.

It is recommended that candidates are presented with a trial balance of a limited company with notes covering year end adjustments for:

- ◆ Accruals
- ◆ Prepayments
- ◆ Depreciation
- ◆ Closing stock
- ◆ Information regarding the appropriation of corporation tax and dividends.

They will then be asked to take into account the relevant adjustments and prepare a profit and loss account and balance sheet for internal use.

They will then examine the effect that changing prices has on profits using break-even analysis.

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

The Unit is an optional Unit in the HNC/D Music Business framework. It should be delivered early in the award to enable candidates to utilise the skills, knowledge and understanding gained in their future consideration and analysis of business situations and problems arising within other related Units.

### 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 assessment(s) are delivered in an appropriate manner.

For further information and advice please refer to *Assessment and Quality Assurance for Open and Distance Learning (SQA, February 2001 — publication code A1030)*.

## **Opportunities for the use of e-assessment**

E-assessment may be appropriate for some assessments in this Unit. By e-assessment we mean assessment which is supported by Information and Communication Technology (ICT), such as e-testing or the use of e-portfolios or e-checklists. Centres which wish to use e-assessment must ensure that the national standard is applied to all candidate evidence and that conditions of assessment as specified in the Evidence Requirements are met, regardless of the mode of gathering evidence. Further advice is available in *SQA Guidelines on Online Assessment for Further Education (AA1641, March 2003)*, *SQA Guidelines on e-assessment for Schools (BD2625, June 2005)*.

## **Opportunities for developing Core Skills**

This Unit provides good opportunities to develop aspects of the Core Skills of Numeracy and Information and Communication Technology. All three Outcomes provide ample opportunity to develop Numeracy as candidates undertake calculations to produce budgets and projections. Candidates will present some of this evidence in graphical and tabular form.

Candidates will use spreadsheets in Outcome 3 and may well use software packages in Outcomes 1 and 2, providing opportunities to develop aspects of ICT.

## **Disabled candidates and/or those with additional support needs**

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments, or considering whether any reasonable adjustments may be required. Further advice can be found on our website [www.sqa.org.uk/assessmentarrangements](http://www.sqa.org.uk/assessmentarrangements)

## History of changes to Unit

Version	Description of change	Date

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## **General information for candidates**

### **Unit title:** Music Industry: Financial Management

This Unit is designed to provide you with an understanding of the use of accounting information within a business organisation, and to give you an introduction to the world of e-commerce.

When you have completed the Unit you should be able to:

- ◆ Prepare basic financial accounting information.
- ◆ Prepare basic management accounting information.
- ◆ Plan an e-commerce strategy.