



Analysing Accounting Information (National 5)

SCQF: level 5 (6 SCQF credit points)

Unit code: H1YS 75

Unit outline

The general aim of this Unit is to allow learners to develop the skills, knowledge and understanding relating to the interpretation and analysis of accounting information. The information will be used to assess an organisation's current financial position and performance and assist with decision making and planning.

Learners who complete this Unit will be able to:

- 1 Use accounting information to aid decision making
- 2 Interpret and evaluate business performance to aid planning

This Unit is a mandatory Unit of the National 5 Accounting Course and is also available as a free-standing Unit. The Unit Specification should be read in conjunction with the *Unit Support Notes*, which provide advice and guidance on delivery, assessment approaches and development of skills for learning, skills for life and skills for work. Exemplification of the standards in this Unit is given in *Unit Assessment Support*

The *Course Assessment Specification* for the National 5 Accounting Course gives further mandatory information on Course coverage for learners taking this Unit as part of the National 5 Accounting Course.

Recommended entry

Entry to this Unit is at the discretion of the centre. However, learners would normally be expected to have attained the skills, knowledge and understanding required by one or more of the following or equivalent qualifications and/or experience:

- ◆ National 4 Business Course or relevant component Units
- ◆ National 4 Mathematics Course

Examples of other such relevant prior learning and experiences would include the development of logical and analytical thinking skills and the ability to use ICT, particularly spreadsheets.

Equality and inclusion

This 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. For further information, please refer to the *Unit Support Notes*.

Standards

Outcomes and assessment standards

Outcome 1

The learner will:

- 1 Use accounting information to aid decision making by:**
 - 1.1 Calculating and assessing the effect of a change in costs and selling price on break-even point and profit
 - 1.2 Calculating and assessing the impact that a limiting factor has on profit maximisation
 - 1.3 Interpreting a cash budget and outlining possible courses of action

Outcome 2

The learner will:

- 2 Interpret and evaluate business performance to aid planning by:**
 - 2.1 Calculating accounting ratios that assess the profitability, liquidity and efficiency of an organisation
 - 2.2 Comparing ratios based on given yardsticks of comparison to evaluate and report on the organisation's performance

Evidence Requirements for the Unit

Assessors should use their professional judgement, subject knowledge and experience, and understanding of their learners, to determine the most appropriate ways to generate evidence and the conditions and contexts in which they are used.

Evidence for this Unit may be presented in a written response, as an ICT printout or by electronic means, and must use relevant accounting layouts and concepts.

Assessors should also use their professional judgement when giving learners credit for an appropriate degree of accuracy. This may mean giving credit for solutions which are numerically incorrect, but which show correct application of accounting concepts and methods.

In Outcome 2, the range of ratios includes gross profit percentage, profit for the year (net profit) percentage, return on equity (capital) employed, current ratio, acid test ratio, rate of inventory (stock) turnover, expenses ratio, trade receivables (debtors') collections period and trade payables (creditors') payment period. The yardsticks of comparison include budget versus actual, past performance and industry average.

Evidence may be presented for individual Outcomes or it may be gathered for the Unit as a whole through combining assessment in one single activity. If the latter approach is used, it must be clear how the evidence covers each Outcome.

Exemplification of assessment is provided in *Unit Assessment Support*. Advice and guidance on possible approaches to assessment is provided in the *Unit Support Notes*.

Development of skills for learning, skills for life and skills for work

It is expected that learners will develop broad, generic skills through this Unit. The skills that learners will be expected to improve on and develop through the Unit are based on SQA's *Skills Framework: Skills for Learning, Skills for Life and Skills for Work* and drawn from the main skills areas listed below. These must be built into the Unit where there are appropriate opportunities.

2 Numeracy

- 2.1 Number processes
- 2.2 Money, time and measurement
- 2.3 Information handling

4 Employability, enterprise and citizenship

- 4.1 Employability
- 4.2 Information and communication technology (ICT)

5 Thinking skills

- 5.2 Understanding
- 5.3 Applying
- 5.4 Analysing and evaluating

Amplification of these is given in SQA's *Skills Framework: Skills for Learning, Skills for Life and Skills for Work*. The level of these skills should be at the same SCQF level of the Unit and be consistent with the SCQF level descriptor. Further information on building in skills for learning, skills for life and skills for work is given in the *Unit Support Notes*.

Administrative information

Published: September 2014 (version 1.1)

Superclass: AK

History of changes to National Unit Specification

Version	Description of change	Authorised by	Date
1.1	Terminology amended to accommodate international accounting standards.	Qualifications Manager	September 2014

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