



Advanced Higher Accounting

Draft National Course Assessment Specification



Valid from August 2015

This edition: December 2012, draft version 1.0

Please refer to the note of changes at the end of this Course Assessment Specification for details of changes from previous version (where applicable).

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Course outline

Course title:	Advanced Higher Accounting
SCQF level:	7 (32 SCQF credit points)
Course code:	to be advised
Course assessment code:	to be advised

The purpose of the Course Assessment Specification is to ensure consistent and transparent assessment year on year. It describes the structure of the Course assessment and the mandatory skills, knowledge and understanding that will be assessed.

Course assessment structure

Component 1 — question paper	to be advised
Component 2 — project	to be advised
Total marks	to be advised

This Course includes eight SCQF credit points to allow additional time for preparation for Course assessment. The Course assessment covers the added value of the Course.

Equality and inclusion

This Course Assessment Specification has been designed to ensure that there are no unnecessary barriers to assessment. Assessments have been designed to promote equal opportunities while maintaining the integrity of the qualification.

For guidance on assessment arrangements for disabled learners and/or those with additional support needs, please follow the link to the Assessment Arrangements web page: www.sqa.org.uk/sqa/14977.html.

Guidance on inclusive approaches to delivery and assessment of this Course is provided in the *Course Support Notes*.

Assessment

To gain the award of the Course, the learner must pass all of the Units as well as the Course assessment. Course assessment will provide the basis for grading attainment in the Course award.

Course assessment

SQA will produce and give instructions for the production and conduct of Course assessments based on the information provided in this document.

Added value

The purpose of the Course assessment is to assess added value of the Course as well as confirming attainment in the Course and providing a grade. The added value for the Course will address the key purposes and aims of the Course, as defined in the Course Rationale. It will do this by addressing one or more of breadth, challenge, or application.

In this Course assessment, added value will focus on the following:

- ◆ challenge — requiring greater depth or extension of knowledge and/or skills
- ◆ application — requiring application of knowledge and/or skills in practical or theoretical contexts as appropriate

This added value consists of:

- ◆ examining how business entities follow the accounting rules and regulatory framework when preparing final accounts
- ◆ presenting findings from a critical and analytical perspective
- ◆ integrating the theoretical and practical aspects of the Course
- ◆ displaying retention of knowledge and understanding from across the Course when preparing and analysing accounting information

Grading

Course assessment will provide the basis for grading attainment in the Course award.

The Course assessment is graded A–D. The grade is determined on the basis of the total mark for all Course assessments together.

A learner's overall grade will be determined by their performance across the Course assessment.

Grade description for C

For the award of Grade C, learners will have demonstrated successful performance in all of the Units of the Course. In the Course assessment, learners will have demonstrated application of skills and knowledge and understanding of accounting techniques and processes to aid financial planning, control and decision making in an organisation.

Grade description for A

For the award of Grade A, learners will have demonstrated successful performance in all of the Units of the Course. In the Course assessment, learners will typically have demonstrated the ability to consistently apply skills and knowledge and understanding of accounting techniques and processes to aid financial planning, control and decision making in an organisation to a high level.

Credit

To take account of the extended range of learning and teaching approaches, remediation, consolidation of learning and integration needed for preparation for external assessment, six SCQF credit points are available in Courses at National 5 and Higher, and eight SCQF credit points in Courses at Advanced Higher. These points will be awarded when a Grade D or better is achieved.

Structure and coverage of the Course assessment

The Course assessment will consist of two Components: a question paper and a project. The question paper will have two Sections.

Component 1 — question paper

The purpose of this question paper is to provide learners with an opportunity to demonstrate the practical application of the skills, knowledge and understanding of accounting procedures from across the Course. Learners will be required to demonstrate greater depth or extension of skills, knowledge and understanding than those assessed in the Units of the Course.

The question paper will give learners an opportunity to demonstrate the following skills, knowledge and understanding:

- ◆ preparing period-end accounting statements suitable for external publication
- ◆ differentiating profit from cash
- ◆ how to account for multiple company entities
- ◆ applying advanced costing techniques
- ◆ in-depth evaluation of investment techniques for decision making
- ◆ calculating and interpreting standard cost information for planning and control

The question paper has two Sections.

Section 1 will consist of questions drawn from Financial Accounting.

Section 2 will consist of questions drawn from Management Accounting.

Assessment of underpinning accounting knowledge and understanding will permeate the question paper.

Component 2 — project

The purpose of this project is to allow learners to demonstrate challenge and application. The project will provide learners with an opportunity to investigate and report on a contemporary accounting issue of a UK-based public limited company, and the disclosure of accounting information related to the issue, using knowledge of the accounting regulatory framework.

The project will require learners to demonstrate skills of research, analysis, report writing and application of knowledge and understanding.

For further details of the Course requirements, please see the 'Further mandatory information on Course coverage' section.

Setting, conducting and marking of assessment

Question paper

The question paper will be set and marked by SQA and conducted in centres under conditions specified for external examinations by SQA. Learners will complete this in 2 hours and 30 minutes.

Controlled assessment — project

The project is:

- ◆ set by SQA
- ◆ conducted under a low level of supervision and control

Evidence will be submitted to SQA for external marking.

All marking will be quality assured by SQA.

Setting the assessment

Set by SQA.

Conducting the assessment

Conducted under a low level of supervision and control.

The project will be conducted under supervision and control to ensure that the work presented is the learner's own.

The project must be carried out:

- ◆ within the time period set and under the conditions specified by SQA
- ◆ in time to meet the submission date set by SQA
- ◆ on an individual basis by the learner

Further mandatory information on Course coverage

The following gives details of mandatory skills, knowledge and understanding for the Advanced Higher Accounting Course. Course assessment will involve sampling the skills, knowledge and understanding. This list of skills, knowledge and understanding also provides the basis for the assessment of Units of the Course.

Financial Accounting

Regulatory framework	<ul style="list-style-type: none"> ◆ Role/scope of the Financial Reporting Council (FRC), Accounting Standards Board (ASB), and International Accounting Standards Board. ◆ Procedure for the development of Accounting Standards. ◆ Statement of principles (scope, objectives, performance). ◆ Current practices and developments pertaining to Financial Reporting Standards (FRS).
Annual reports	<ul style="list-style-type: none"> ◆ Purpose ◆ Content <ul style="list-style-type: none"> — Chairman's statement — Director's report — Corporate governance — Corporate social responsibility report — Audit report — Financial statements — Notes to the accounts ◆ Users
Published financial statements	<p>Preparation of income statement which takes account of:</p> <ul style="list-style-type: none"> ◆ turnover ◆ cost of sales ◆ gross profit or loss ◆ distribution and administration expenses ◆ other operating or investment income ◆ interest or financial charges ◆ profit before and after tax ◆ corporation tax ◆ paid dividends ◆ retained profit <p>Preparation of balance sheet where items are grouped using the following headings:</p> <ul style="list-style-type: none"> ◆ non-current assets — intangible, tangible, investments ◆ current assets

	<ul style="list-style-type: none"> ◆ current liabilities ◆ non-current liabilities ◆ equity — capital and reserves <p>Preparation of cash flow statement in accordance with the current accounting standard and should include statements for:</p> <ul style="list-style-type: none"> ◆ reconciliation of operating profit to net cash flow statement ◆ cash flow statement — operating activities, investing activities and financing activities ◆ statement of changes in net debt
Notes to the accounts	<ul style="list-style-type: none"> ◆ disclosure of the accounting policies, eg depreciation and a note of any changes in these policies ◆ detailed explanation of any deviation from accounting standards ◆ sources of turnover from different geographical markets ◆ details of non-current assets, investments, share capital, debentures and reserves ◆ directors' emoluments — pensions, earnings and other benefits
Basic consolidated financial statements	<p>Purpose of consolidated financial statements for:</p> <ul style="list-style-type: none"> ◆ parent and subsidiary undertaking ◆ parent company with a maximum of one subsidiary company <p>Preparation of consolidated financial statements, taking account of:</p> <ul style="list-style-type: none"> ◆ goodwill ◆ non-controlling interests ◆ inter-company transactions ◆ post-acquisition profits
Corporate Social Responsibility (CSR)	<p>Definition and reasons for companies reporting on their corporate and social responsibilities.</p> <p>Companies typically demonstrate CSR using the following categories:</p> <ul style="list-style-type: none"> ◆ environmental ◆ ethical ◆ social ◆ sustainability

Management Accounting

Activity-based costing	<p>Activity-based costing including:</p> <ul style="list-style-type: none"> ◆ cost pools ◆ cost drivers ◆ advantages and disadvantages
Contract costing	<p>Knowledge and understanding of the terminology relating to contract costing.</p> <p>Preparation of contract costing statement for single and multiple contracts including:</p> <ul style="list-style-type: none"> ◆ opening balances in contract accounts ◆ direct costs ◆ allocation of fixed overheads ◆ treatment of establishment expenses ◆ calculation of notional profit and profit recognised ◆ treatment of anticipated losses
Expansion of process costing into joint/by-products	<p>Knowledge and understanding of the theory relating to process costing accounts, including the calculation of:</p> <p>normal loss and abnormal gain/loss transfer of completed good output to another process and/or stock calculation of value of equivalent units</p> <p>Knowledge and understanding of the theory relating to joint products and by-products.</p> <p>Calculation and apportionment of costs on a sales or unit basis.</p>
Marginal/absorption costing	<p>Distinguish between marginal and absorption costing techniques.</p> <p>Preparation of costing and profit statements valuing stock in absorption costing by application of normal activity. Identification of contribution. Calculate closing stock values using both methods. Calculation of over- and under-absorption of overheads using both methods. Advantages and disadvantages of marginal and absorption costing.</p>
Investment appraisal — discounted cash flow (NPV and IRR)	<p>Definition of and necessity for discounted cash flow for investment/project appraisal.</p> <p>Evaluation of the different methods of appraisal.</p> <p>Advantages and disadvantages.</p>

	<p>Preparation of investment appraisal of two mutually exclusive projects using:</p> <ul style="list-style-type: none"> ◆ net present value ◆ internal rate of return ◆ profitability index
Standard costing	<p>Flexible budgeting:</p> <ul style="list-style-type: none"> ◆ knowledge and understanding of the rationale behind flexible budgeting ◆ preparation of flexible budgets for a range of output <p>Variance analysis.</p> <p>An understanding of the theory relating to Standard Costing:</p> <p>an understanding of basic, ideal, and currently attainable, standards problems, advantages and disadvantages of standard costing</p> <p>Calculation of variances based on standard costs for actual output for:</p> <ul style="list-style-type: none"> ◆ material: cost, price and usage ◆ labour: cost, rate and efficiency ◆ fixed and variable overhead variances: expenditure, volume, efficiency and cost ◆ sales: revenue, price and volume <p>Reasons for variances and the relationship between variances.</p> <p>Statement showing the reconciliation of budgeted and actual profits.</p>

Administrative information

Published: December 2012 (draft version 1.0)

Superclass: to be advised

History of changes to Course Assessment Specification

Course details	Version	Description of change	Authorised by	Date

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Note: You are advised to check SQA's website (www.sqa.org.uk) to ensure you are using the most up-to-date version of the Course Specification.