



**Arrangements for:
HNC Financial Services
(GE9T 15)
HND Financial Services
(GE9V 16)**

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Acknowledgement

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

History of changes

It is anticipated that changes will take place during the life of the qualification, and this section will record these changes. This document is the latest version and incorporates the changes summarised below.

Version number	Description	Date
09	Revision of Unit: F7R6 35 Business Taxation has been replaced by J0LY 354 Business Taxation and will finish on 31/07/2020	21/08/2018
08	Revision of Unit: DE5T 35 Financing International Trade (finish date 31/07/2020) has been replaced by HY93 35 Financial Services: International Transactions (start date 01/08/2018). HND Framework only. Revision of Units: DE5M 34 Financial Sector: An Introduction (finish date 31/07/2018) has been replaced HY92 34 Financial Sector: An Introduction (start date 01/08/2018). H0BW 35 Financial Services Regulatory Framework (31/07/2018) has been replaced by HY94 35 Financial Services Regulatory Framework for both HNC and HND frameworks	23/04/2018
07	Appendices 6, 7, 8 and 9 added. Core Skills Appendix updated.	18/7/2017
06	Revision of Unit: H0C0 35 Personal and Business Lending has been replaced by HF2H 35 and will finish on 31/07/2016	24/06/16
05	Revision of Unit H0BY 35 Pension Provision has been replaced by H9NC 35, DE5R 35 Principles of Insurance has been replaced by H9ND 35, DE5P 35 Investment has been replaced by H9AM 35.	02/09/15
04	Revision of Unit: DE3N 34 'Communication: Analysing and Presenting Complex Communication' has been revised by H7TK 34 'Communication: Business Communication' and will finish on 31/07/2016.	29/05/15
03	Revision of Unit: DG6M 34 International Marketing: An Introduction has been revised by H8PD 34 International Marketing: An Introduction and will finish on 31/07/2017. DE1K 33 Workplace Communication in English has been revised by H8T2 33 and finishes on 31/07/2016.	20/05/15
02	Revision of Unit: H0Y4 35 Financial Services: Graded Unit 3 <i>has been revised by H7VY 35 Financial Services: Graded Unit 3. H0Y4 35 finished on 31/07/2014.</i>	December 14

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1 Introduction

This is the Arrangements Document for the revised Group Awards of HNC Financial Services (GE9T 15) and HND Financial Services (GE9V 16) which were validated in March 2012. This document includes: background information on the revision of the Group Awards, their aims, guidance on access, details of the Group Award structures, and guidance on delivery.

The revised awards replace the HNC Financial Services (G7D7 15) and HND Financial Services (G7DC 16) which were introduced in 2004.

The primary aim of HNC and HND Group Awards is to provide candidates with the full range of competencies to meet the requirements of employers recruiting financial services staff. These awards give candidates scope to develop and progress in a variety of ways within organisations of all types and sizes. In addition they enable candidates to progress to further academic and professional qualifications either prior to taking up a financial services position or in parallel with it.

2 Rationale for the revision of the Group Awards

SQA and its predecessor bodies have offered Higher National awards in the financial services area for many years. The HNC and HND Group Awards in Financial Services have been offered since 1993. They were last revised in 2004 and were in the first tranche of awards revised under the HN Design Principles and the HN Modernisation Project. Statistics show that these Group Awards have featured within the top 10 HNC/HNDs over the last five years, albeit in the international market rather than the domestic market.

In line with SQA's HN Design Principles, the HN awards are reviewed every five years (or sooner) to ensure continuing fitness for purpose.

2.1 Market research

To ensure that the revised qualifications are vocationally relevant and meet the needs of both candidates and industry, a consultant checked the mandatory Units within the qualifications to ensure that they were up-to-date and relevant.

The findings concluded that due to legislative and regulatory changes, four Units required to be updated:

- ◆ Financial Services Regulatory Framework
- ◆ Pension Provision
- ◆ Personal and Business Lending
- ◆ Personal Financial Services

The Scottish Government's *The Strategy for the Financial Services Industry in Scotland's Sixth Annual Report April 2010–March 2011* acknowledges that the world economy and global financial services have experienced a large amount of change over the last 3–4 years. However, the keys aims are to continue:

- ◆ to enhance Scotland's image and identity as a centre of financial services expertise
- ◆ to profile Scotland as a preferred location for financial services investment

The report also states the 'Despite a significant fall in the financial services GDP index in recent years, output in the sector in Scotland remains 61 per cent higher in real terms than at the start of 1998'.

It is, therefore, important that the appeal of the financial services industry as a career choice is raised and that financial education is delivered in schools and beyond.

2.2 Target Audience for HN Financial Services Group Awards

The HNC Financial Services and HND Financial Services Group Awards are extremely popular with SQA's international centres. Both awards are suitable for a wide target audience including school leavers, adult returners and those in employment wishing to formalise and further develop their skills.

The structure of the HNC and the first year of the HND is designed to provide candidates with the key competencies in the basic skills required by anyone entering the financial services industry as a 'trainee' or at a 'technical' level, or else already working in such a position but wishing to lay the foundation of a professional career. The second year of the HND builds on and strengthens this foundation as well as providing opportunities, through the options, for candidates to follow specific areas of interest or to sample different specialisms within the financial services industry.

Both awards provide a well-recognised route for candidates to progress to higher education.

2.3 Relationship to other SQA qualifications

Due cognisance has been taken of the requirements of the Scottish Credit and Qualifications Framework (SCQF) in the design of the revised awards. This has resulted in the HNC being allocated level 7 and being broadly equivalent to the first year of a Scottish degree programme; and the HND being allocated level 8 and being broadly equivalent to the first and second years of a Scottish degree programme.

The HNC and HND Financial Services Group Awards provide a suitable progression from a programme of relevant National Qualification (NQ) courses and Units at SCQF level 5 (Intermediate 2/National 5) and SCQF level 6 (Higher), including the NQ Group Award in Business. This progression route could suit school leavers or adult returners who had studied at National Certificate level in Further Education.

The Scottish Vocational Qualifications (SVQs) in Providing Financial Services could also lead to progression to the HNC and HND Financial Services awards.

All of the component Units may be delivered as stand-alone qualifications.

3 Aims of the Group Awards

The aims of both the HNC and HND Financial Services are designed in such a way that candidates will receive a full range of competencies and skills that meet the requirements of the industry and which will assist them in embarking on a career in financial services.

The awards provide the opportunity to develop and progress within the industry in a variety of ways and to organisations of different types and sizes. They are also designed to enable candidates to progress to further qualifications, whether prior to taking up, or whilst in full-time or part-time employment. It is anticipated that candidates will be able to progress smoothly to professional qualifications such as the Chartered Institute of Bankers in Scotland (CIBS)¹ Associateship; Financial Planning Certificates and Certificate in Mortgage Advice and Practice; and occupational Scottish Vocational Qualifications.

3.1 General aims of the Group Awards

The HNC and HND awards have a range of broad aims which are generally applicable to Higher Education qualifications.

General Aims of the Higher National Certificate

- 1 Developing candidates' knowledge of the financial services industry, its participants and products.
- 2 Providing a broad based qualification in financial services.
- 3 Developing candidates' skills in relation to gathering and interpreting information, analysing, decision-making and synthesising.
- 4 Developing study and research skills.
- 5 Enabling progression within the Scottish Credit Qualifications Framework (SCQF).
- 6 Developing transferable skills including Core Skills.
- 7 Developing an understanding of the role of the financial sector in society.
- 8 Preparing for progression to employment or further study.

¹ Chartered Banker Institute is the trading name of the Chartered Institute of Bankers in Scotland.

General Aims of the Higher National Diploma

The general aims of the Higher National Diploma in Financial Services are the same as those of the Higher National Certificate but can be distinguished in terms of:

- ◆ Developing the candidates' critical, analytical and interpretative abilities
- ◆ Providing a more specialised qualification in financial services
- ◆ Enabling progression within the SCQF at a higher level
- ◆ Subsuming as much as possible the knowledge and skill requirements of industry regulators
- ◆ Providing underpinning knowledge and skills to enable faster achievement of industry regulatory standards and qualifications

3.2 Specific aims of the HNC Financial Services Group Award

- 1 Developing a range of vocational skills specific to the financial services industry, in relation to product and service knowledge, and an understanding of the role of its providers.
- 2 Preparing candidates for employment in the financial services industry at clerical, sales or administration levels.
- 3 Developing a broad-based range of vocational skills in relation to, for example, communications, customer service, use of information technology.

3.3 Specific aims of the HND Financial Services Group Award

The specific aims of the HND in Financial Services are the same as those of the HNC but can be distinguished in terms of:

- 1 Developing a knowledge and understanding of a range of financial services related subjects specific to a candidate's career choices.
- 2 Preparing candidates for employment in the financial services industry at management trainee levels.
- 3 Developing options to permit an element of vocational specialisation in relation to investment, insurance, pensions and regulation.
- 4 Developing an understanding of complex issues relating to the financial services industry.

3.4 Target groups

The awards are designed for those who wish to take up a career in financial services. Both awards are suitable for a wide target audience including school leavers, adult returners to education and those in employment wishing to formalise their skills.

3.5 Employment opportunities

The HNC Financial Services is aimed at those wishing to gain employment, within an administrative, sales, customer support or technical support role in the industry. The HND Financial Services prepares candidates for employment in similar roles but it is likely that they would be considered suitable for management trainee programmes.

The industry offers employment opportunities in a wide range of areas:

- ◆ Banking
- ◆ Building societies
- ◆ Pension funds
- ◆ Investment companies
- ◆ Insurance
- ◆ Unit trusts
- ◆ Stock market operations
- ◆ Life and Pensions
- ◆ Asset Management
- ◆ Intermediation

Within each area of the industry there are wide variations in the type of specialisms that candidates may aspire to. For example, within the banking industry this may include:

- ◆ Branch operations
- ◆ Personal or business lending
- ◆ Investment advice
- ◆ Product sales
- ◆ Mortgage lending

3.6 Progression and articulation

Both awards provide progression to higher education with universities recognising the HNC award as entry to first or second year of relevant degree programmes and the HND award as entry to the second or third year.

Should candidates wish to progress to a degree course they should be advised to liaise directly with the HE establishments prior to each year's intake of candidates as Unit credits that count towards entry requirements can vary and application will be considered on an individual basis.

4 Access to the Group Awards

As with all SQA qualifications, access to the awards will be at the discretion of the centre. Wider access to the Group Awards is encouraged as applicants may come from a wide range of backgrounds and experiences. Access to the Group Awards is designed to encourage and support the social inclusion agenda by providing entry routes for applicants with traditional or non-traditional entry profiles. The ultimate criterion to be satisfied by any applicant seeking entry is that they have a realistic chance of achieving the qualification within the normal teaching/learning programme.

Examples of appropriate entry requirements are given below — this is intended to provide guidance to centres. They are not exhaustive or mutually exclusive and may be considered in a variety of combinations.

4.1 Formal qualifications

- ◆ two relevant National Courses at SCQF level 6 (Higher)
- ◆ a relevant programme of National Units at SCQF level 5 (Intermediate 2/National 5) and/or SCQF level 6 (Higher)
- ◆ an SVQ in Providing Financial Services or other relevant area, at level 2 (SCQF level 5) or level 3 (SCQF level 6)
- ◆ Units from previous HNC/D Financial Services framework or Units from other relevant HNC/D qualification
- ◆ different combinations of relevant National Qualifications, Vocational Qualifications and equivalent qualifications from other awarding bodies

4.2 Entry to Year 2 HND Financial Services

In order to achieve the HND Financial Services candidates must gain 30 SQA credits. Ideally full-time candidates should be encouraged to achieve 15 credits in each year of the award. Wider access should be provided to cater for the needs of those, for example, who have achieved the HNC at day release or evening classes or in other centres. Candidates would therefore be expected to have a minimum of 12 credits on entry to year 2 and these would include the HNC Financial Services mandatory Units.

4.3 Work experience

Mature candidates with relevant work experience may be accepted for entry provided the enrolling centre believes that the candidate will have a reasonable chance of passing the Group Award and will benefit from the qualification.

4.4 Core Skills

It is recommended that candidates possess the following minimum Core Skills, or equivalent, on entry to the HNC or HND Financial Services Group Awards:

Core Skill	Recommended Entry level
<i>Communication</i>	SCQF level 5
<i>Numeracy</i>	SCQF level 5
<i>Information and Communication Technology (ICT)</i>	SCQF level 5
<i>Problem Solving</i>	SCQF level 5
<i>Working with Others</i>	SCQF level 5

It should be noted that there are no mandatory entry levels for the HNC/HND qualifications and that the above are recommendations only.

4.5 English as an additional language

Where English is not the first language of a prospective candidate, it is recommended that the candidate possess English for Speakers of Other Languages at an appropriate level. If using a test such IELTS or equivalent, an entry score of 5.5 or above would provide a sound linguistic basis for the candidate to attempt the course.

5 Group Award structures

The awards have been designed in accordance with SQA's design principles for HN Awards, ie:

- ◆ HNCs shall be designed to be at SCQF level 7 and shall comprise 96 SCQF credit points with at least 48 credit points at SCQF level 7. The HNC should include a mandatory section of at least 48 SCQF credit points and include one Graded Unit of 8 SCQF credit points at SCQF level 7.
- ◆ HNDs shall be designed to be at SCQF level 8 and shall comprise 240 SCQF credits points with at least 64 credit points at SCQF level 8. The HND should include a mandatory section of at least 96 SCQF credit points and include one Graded Unit of 8 SCQF credit points at SCQF level 7, plus 16 SCQF credit points of Graded Unit(s) at SCQF level 8.
- ◆ HNC and HND programmes shall incorporate opportunities for candidates to develop Core Skills to levels required by the occupations or progression pathways the HNC/HNDs support.

5.1 HNC Financial Services Framework

The HNC Financial Services framework comprises nine mandatory credits (72 SCQF credit points) at SCQF level 7 and three optional credits (24 SCQF credit points) at SCQF levels 6, 7 or 8. The range of options gives candidates the opportunity to specialise in areas appropriate to the local market sector, potential employment opportunities, articulation to higher education and professional Financial Services body qualifications.

Mandatory Units [72 SCQF credit points (9 SQA credits)]

Unit title	Code	SCQF credit points	SCQF level	SQA credit value
Financial Sector: An Introduction	HY92 34*	8	7	1
Creating a Culture of Customer Care	H1F0 34	8	7	1
Information Technology: Applications Software 1	D75X 34	8	7	1
Communication: Business Communication	H7TK 34*	8	7	1
Managing People and Organisations	F84T 34	16	7	2
Personal Financial Services	H0BX 34	16	7	2
Financial Services: Graded Unit 1	H0Y2 34	8	7	1
		72		9

Optional Units [24 SCQF credit points (3 SQA credits)]

Unit title	Code	SCQF credit points	SCQF level	SQA credit value
International Marketing: An Introduction	H8PD 34*	8	7	1
Mathematics for Business	A5NR 34	8	7	1
Principles of Insurance	H9ND 35*	8	8	1
Principles and Practices of Selling	DG6W 34	8	7	1
Personal Development Planning	DE3R 34	8	7	1
Workplace Communication in English	H8T2 33*	8	6	1
Functional Areas of Business	DV6J 34	8	7	1
Financial Services Regulatory Framework	HY94 35*	8	8	1
Business Law: An Introduction	F84P 34	8	7	1
Business Accounting	F84M 34	16	7	2
Preparing Financial Forecasts	F84R 35	8	8	1
Behavioural Skills for Business	F84L 35	8	8	1
Statistics for Business	F84K 35	8	8	1
Marketing: An Introduction	F7BX 34	8	7	1
Economics 1: Micro and Macro Theory and Application	F7J6 35	8	8	1

Unit title	Code	SCQF credit points	SCQF level	SQA credit value
Economic Issues: An Introduction	F7J8 34	8	7	1
Personal Enterprise Skills	F3HT 34	8	7	1
Personal Development (Optional): up to 1.0 credit needed				
Developing Skills for Personal Effectiveness	DF4D 33	8	6	1
Developing Skills for Personal Effectiveness	DF4E 34	8	7	1
Developing Skills for Personal Effectiveness	DF4F 35	8	8	1
Developing the Individual Within a Team (Optional): up to 1.0 credit needed				
Developing the Individual Within a Team	F870 34	8	7	1
Developing the Individual Within a Team	F86Y 35	8	8	1
Work Role Effectiveness (Optional): up to 3.0 credits needed				
Work Role Effectiveness	DG6E 34	24	7	3
Work Role Effectiveness	DG6G 35	24	8	3
French (Optional): up to 3.0 credits needed				
Communication in French: Basic Operational Reading and Writing Skills	F2F9 33	8	6	1
Communication in French: Basic Operational Speaking and Listening Skills	F20P 33	8	6	1
French for Work: Basic Operational	F0HW 33	24	6	3
German (Optional): up to 3.0 credits needed				
Communication in German: Basic Operational Reading and Writing Skills	F2FB 33	8	6	1
Communication in German: Basic Operational Speaking and Listening Skills	F20S 33	8	6	1
German for Work: Basic Operational	F0HT 33	24	6	3
Italian (Optional): up to 3.0 credits needed				
Communication in Italian: Basic Operational Reading and Writing Skills	F2FC 33	8	6	1
Communication in Italian: Basic Operational Speaking and Listening Skills	F20T 33	8	6	1
Italian for Work: Basic Operational	F0HS 33	24	6	3
Spanish (Optional): up to 3.0 credits needed				
Communication in Spanish: Basic Operational Reading and Writing Skills	F2FE 33	8	6	1

Unit title	Code	SCQF credit points	SCQF level	SQA credit value
Communication in Spanish: Basic Operational Speaking and Listening Skills	F20W 33	8	6	1
Spanish for Work: Basic Operational	F0HR 33	24	6	3

5.2 HND Financial Services Framework

The HND Financial Services framework comprises 19 mandatory credits (152 SCQF credit points) at SCQF level 7 (72 SCQF credit points) and SCQF level 8 (80 SCQF credit points) and 11 optional credits (88 SCQF credit points) at SCQF levels 6, 7 or 8. The range of options gives candidates the opportunity to specialise in areas appropriate to the local market sector, potential employment opportunities and articulation to higher education.

Mandatory Units [152 SCQF credit points (19 SQA credits)]

Unit title	Code	SCQF credit points	SCQF level	SQA credit value
Financial Sector: An Introduction	HY92 34*	8	7	1
Information Technology: Applications Software 1	D75X 34	8	7	1
Communication: Business Communication	H7TK 34*	8	7	1
Investment	H9AM 35*	16	8	2
Principles of Insurance	H9ND 35*	8	8	1
Information Technology: Applications Software 2	D7CY 35	8	8	1
Pension Provision	H9NC 35*	16	8	2
Personal Financial Services	H0BX 34	16	7	2
Financial Services Regulatory Framework	HY94 35*	8	8	1
Managing People and Organisations	F84T 34	16	7	2
Income Tax	F86X 35	8	8	1
Creating a Culture of Customer Care	H1F0 34	8	7	1
Financial Services: Graded Unit 1	H0Y2 34	8	7	1
Financial Services: Graded Unit 2	H0Y3 35	8	8	1
Financial Services: Graded Unit 3	H7V7 35	8	8	1
		152		19

*Refer to History of Changes for revision changes.

Optional Units [88 SCQF credit points (11 SQA credits)]

Unit title	Code	SCQF credit points	SCQF level	SQA credit value
International Marketing: An Introduction	H8PD 34*	8	7	1
Mathematics for Business	A5NR 34	8	7	1
Mortgage Lending	DE60 35	16	8	2
Treasury Management	DE5X 35	8	8	1
Financing Services: International Transactions	HY93 35*	16	8	2
Principles and Practices of Selling	DG6W 34	8	7	1
Personal Development Planning	DE3R 34	8	8	1
Workplace Communication in English	H8T2 33*	8	6	1
Functional Areas of Business	DV6J 34	8	7	1
Personal and Business Lending	HF2H 35*	16	8	2
Business Taxation	J0LY 35*	16	8	2
Business Law: An Introduction	F84P 34	8	7	1
Business Accounting	F84M 34	16	7	2
Statistics for Business	F84K 35	8	8	1
Preparing Financial Forecasts	F84R 35	8	8	1
Behavioural Skills for Business	F84L 35	8	8	1
Business Culture and Strategy	F7J7 35	16	8	2
Personal Enterprise Skills	F3HT 34	8	7	1
Marketing: An Introduction	F7BX 34	8	7	1
Economics 1: Micro and Macro Theory and Application	F7J6 35	8	8	1
Economic Issues: An Introduction	F7J8 34	8	7	1
Economics 2: The World Economy	F86E 35	8	8	1
Personal Development (Optional): up to 1.0 credit needed				
Developing Skills for Personal Effectiveness	DF4D 33	8	6	1
Developing Skills for Personal Effectiveness	DF4E 34	8	7	1
Developing Skills for Personal Effectiveness	DF4F 35	8	8	1
Developing the Individual Within a Team (Optional): up to 1.0 credit needed				
Developing the Individual Within a Team	F870 34	8	7	1
Developing the Individual Within a Team	F86Y 35	8	8	1
Work Role Effectiveness (Optional): up to 3.0 credits needed				
Work Role Effectiveness	DG6E 34	24	7	3
Work Role Effectiveness	DG6G 35	24	8	3
French (Optional): up to 3.0 credits needed				

Unit title	Code	SCQF credit points	SCQF level	SQA credit value
Communication in French: Basic Operational Reading and Writing Skills	F2F9 33	8	6	1
Communication in French: Basic Operational Speaking and Listening Skills	F20P 33	8	6	1
French for Work: Basic Operational	F0HW 33	24	6	3
German (Optional): up to 3.0 credits needed				
Communication in German: Basic Operational Reading and Writing Skills	F2FB 33	8	6	1
Communication in German: Basic Operational Speaking and Listening Skills	F20S 33	8	6	1
German for Work: Basic Operational	F0HT 33	24	6	3
Italian (Optional): up to 3.0 credits needed				
Communication in Italian: Basic Operational Reading and Writing Skills	F2FC 33	8	6	1
Communication in Italian: Basic Operational Speaking and Listening Skills	F20T 33	8	6	1
Italian for Work: Basic Operational	F0HS 33	24	6	3
Spanish (Optional): up to 3.0 credits needed				
Communication in Spanish: Basic Operational Reading and Writing Skills	F2FE 33	8	6	1
Communication in Spanish: Basic Operational Speaking and Listening Skills	F20W 33	8	6	1
Spanish for Work: Basic Operational	F0HR 33	24	6	3

5.3 Graded Units

The purpose of the Graded Units is to assess the candidate's ability to retain and integrate the Knowledge and/or Skills gained in the mandatory Units; to assess that the candidate has met the principal aims of the Group Award (as detailed in Section 3); and to grade the candidate's achievement. The Graded Units will be assessed and a grade of A, B or C will be awarded.

Candidates will take a one credit Graded Unit at SCQF level 7 in the HNC/1st year HND award. HND candidates will undertake a further two Graded Units at SCQF level 8 in the second year of the HND Group Award. The Graded Units take the form of:

- ◆ *Financial Services: Graded Unit 1* (H0Y2 34): Project at SCQF level 7
- ◆ *Financial Services: Graded Unit 2* (H0Y3 35): Examination at SCQF level 8
- ◆ *Financial Services: Graded Unit 3* (H7VT 35): Project at SCQF level 8

Graded Unit 1

This Graded Unit will be project-based. This should be carried out during the academic year and be completed in the second semester or final block of study and before the end of the course. This Unit will cover a range of knowledge and skills developed through studying the following mandatory Units:

Financial Sector: An Introduction (DE5M 34)
Personal Financial Services (H0BX 34)
Creating a Culture of Customer Care (H1F0 34)
Communication: Business Communication (H7TK 34)

This project-based assessment allows candidates to develop their research skills as well as require them to work with other candidates thus developing interpersonal skills.

Graded Unit 2

This Graded Unit will be exam-based. It will take the form of an open-book examination lasting three hours and should take place at the end of the course.

This will cover a range of knowledge and skills developed through studying the following mandatory Units:

Financial Services Regulatory Framework (H0BW 35)
Income Tax (F86X 35)
Investment (H9AM 35)
Pension Provision (H9NC 35)
Principles of Insurance (H9ND 35)

Graded Unit 3

This Graded Unit is an investigative project. It is recommended that this should be carried out during the academic year and be completed in the second semester or final block of study before the end of the course. This Unit will cover a range of knowledge and skills developed through studying the following mandatory Units:

Personal Financial Services (H0BX 34)

Financial Services: An Introduction (DE5M 34)

Investment (H9AM 35)

Financial Services Regulatory Framework (H0BW 35)

Although this Graded Unit is based on SCQF level 8 Units, candidates should be encouraged to display underpinning knowledge and understanding from the mandatory Units studied earlier in the course at SCQF level 7.

Assessment exemplars have been produced by SQA for the Graded Units. Where centres produce their own assessments for the Graded Units it is recommended that these be prior verified by SQA.

5.4 Core Skills

To meet employment needs and for progression to further study, the HNC Financial Services and HND Financial Services Group Awards incorporate opportunities for candidates to develop all five Core Skills.

The opportunities to develop Core Skills are identified within each Unit specification. In some Units, the completion of the Unit gives the candidate automatic certification of the Core Skill or the Core Skill components. In other cases, the Unit specification identifies opportunities for candidates to develop Core Skills or Core Skill components, although there is no automatic certification.

In all cases, the Core Skills set out in the Unit specifications have been subject to audit and validation by independent Core Skills specialists.

Core Skill	Recommended exit SCQF level	
	HNC	HND
<i>Communication</i>	6	6
<i>Information and Communication Technology (ICT)</i>	6	6
<i>Numeracy</i>	6	6
<i>Problem Solving</i>	6	6
<i>Working with Others</i>	6	6

A summary of the Core Skills embedded and developed as a result of completing the HNC Financial Services and HND Financial Services mandatory Units is attached at Appendix 1.

5.5 Mapping information

An indication of how the mandatory Units map to the aims and objectives of the Group Awards, as outlined in Section 3, is given in Appendix 2.

5.6 Articulation and professional recognition

Articulation

The HNC and the HND awards enable candidates to articulate to a number of related degree programmes. Generally the HNC Financial Services Group Award will enable candidates to enter first or second year of degree programmes, and the HND Financial Services Group Award will enable candidates to enter second or third year of degree programmes.

Should candidates wish to progress to a degree course they should be advised to liaise directly with the HE establishments prior to each year's intake of candidates as Unit credits that count towards entry requirements can vary and applications will be considered on an individual basis.

Professional recognition

HND candidates may be exempt from some Chartered Institute of Bankers in Scotland's (CloBS) Certificates and Diplomas in Financial Services.

5.7 Credit transfer and transitional arrangements

Appendix 3 sets out the credit transfer arrangements on a Unit by Unit basis for the four revised Units within the Group Awards. Where candidates have completed individual Units from the predecessor frameworks, they can be given credit transfer on a Unit by Unit basis. Credit transfer can be given where there is broad equivalence between the subject-related content of the Units, ie the Knowledge and/or Skills have not changed significantly, or are covered in the Unit for which credit is being awarded.

6 Approaches to delivery and assessment

6.1 Content and context

The HNC Financial Services is a specialised award which allows candidates to gain skills and knowledge in Financial Services together with IT skills and related business subjects. This award is aimed at those wishing to gain employment, or who are currently employed, in administrative, sales or technical support roles in the industry.

The HND Financial Services has an emphasis on more advanced aspects and different specialisms of Financial Services. As such it is intended to prepare candidates for employment in 'management trainee' roles.

Both awards provide progression to higher education with universities.

All of the component Units may be delivered as stand-alone qualifications.

The Accounting Units within the awards comply with the Financial Reporting Standards 102 (FRS 102)

6.2 Delivery and assessment

The HNC and HND Financial Services may be delivered through a variety of modes including full-time, day release, part-time and by flexible/open delivery. Although centres may choose the order in which to deliver the Units within the awards, a Suggested Delivery Schedule and Assessment Plan have been produced for the Group Awards. These are based on a two semester academic year. The Suggested Delivery Schedule is given in Appendix 4 and Delivery and Assessment Plan in Appendix 5. These reflect the building block nature of the subject and the timing of the Graded Units.

A wide range and combination of teaching, learning and assessment methods may be used by centres. The following suggested delivery methods could be adopted by centres:

- ◆ lecturers
- ◆ tutorials
- ◆ self-directed learning
- ◆ lecturer-directed study
- ◆ study packs
- ◆ problem based scenarios
- ◆ case studies
- ◆ group work
- ◆ online materials
- ◆ IT based teaching materials
- ◆ role play/simulation
- ◆ projects
- ◆ Virtual Learning Environments

Unit specifications set out the statements of standards and evidence required for achieving the Unit, along with guidance on content and assessment. Assessment Exemplars/Assessment Support Packs (ASPs) will be available for Mandatory Units, and many of the optional Units. The Assessment Exemplars/ASPs may be used to assess candidates and should be kept secure at all times. Should centres wish to use different instruments of assessment, particularly where a Core Skill is embedded, it is recommended that they should seek prior verification before using such instruments.

Although not formally delivered or assessed, it would be good practice for centres to ensure candidates have an understanding of the purpose of Financial Services and the environment in which it operates and of the professional ethics expected of those working in this environment.

6.3 Core Skills

Throughout the delivery of the Group Awards, opportunities for the development of Core Skills during teaching, learning and assessment are identified in the Unit specifications. In some cases there are automatic certification of Core Skills or Core Skills components; in other cases opportunities for development are signposted.

The Core Skill of *Communication* at SCQF level 6 is embedded within the mandatory Unit *Communication: Business Communication* (H7TK 34) and if the optional Unit *Developing the Individual within a Team* (F870 34 or F86Y 35) is included within the award framework, successful candidates will gain the Core Skills of *Working with Others* at SCQF level 6.

A summary of the Core Skills developed by candidates as a result of completing the HNC Financial Services and HND Financial Services mandatory and optional Units is attached at Appendix 1. Detailed information is provided in each Unit specification.

6.4 Open learning

The HNC and HND Financial Services Group Awards could be delivered by distance learning. However, arrangements would have to be made to ensure that evidence is generated under the assessment conditions specified for each Outcome. Further, this mode of delivery would require planning by the centre to ensure the authenticity of candidate evidence.

6.5 E-learning

Centres are encouraged to use new technologies to support and enhance the delivery and assessment of the Group Awards.

6.6 Resources

Centres will require IT rooms for the delivery and assessment of some of the mandatory Units, ie *Information Technology: Applications Software 1* and *Information Technology: Applications Software 2*.

Staff delivering the awards should keep up-to-date with changes in Financial Services legislation and practices.

7 General information for centres

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.

Internal and external verification

All instruments of assessment used within this/these Group Award(s) should be internally verified, using the appropriate policy within the centre and the guidelines set by SQA.

External verification will be carried out by SQA to ensure that internal assessment is within the national guidelines for these qualifications.

Further information on internal and external verification can be found in *SQA's Guide to Assessment* (www.sqa.org.uk).

8 General information for candidates

The HNC/HND Financial Services awards have been designed to meet the demands and requirements of the Financial Services sector. Opportunities are provided to develop your skills, knowledge and understanding in preparation for employment or for progression to Higher Education courses in Financial Services, and for further vocational training in the industry.

The award of HNC Financial Services will be made on your successful completion of nine mandatory and three optional Unit credits (96 SCQF credit points).

The programme extends over one year of full-time study, or can be taken on a part-time basis. It may be delivered by means of lectures, case studies, tutorials and by guest speakers. You will study a range of subjects such as *Communication: Business Communication, Managing People and Organisations, Information Technology and Personal Financial Services*.

You will be assessed throughout the course with the assessments taking the form of practical assessments, assignments and case studies. Toward the end of your course you will undertake a Graded Unit, which is designed to assess your ability to integrate the knowledge and skills gained through the mandatory Units. This will take the form of a project at SCQF level 7 and is worth 1 HN credit.

There are several possible progression routes from the HNC Financial Services qualification, for example:

- ◆ The HNC Financial Services forms the first part of the HND Financial Services so you could continue with your learning to develop your qualification to HND level. This may be done immediately or at some point in the future.
- ◆ This award provides the skills and knowledge for those wishing to gain employment within an administrative, sales or technical support role in the industry
- ◆ This award provides progression to higher education, with universities recognising the HNC award as entry to first or second year of their related degree programmes.

The award of HND Financial Services will be made on your successful completion of the 19 mandatory and 11 optional Unit credits (240 SCQF credit points). This is a progression from the HNC Financial Services and includes *Financial Services Regulatory Framework, Pension Provision, Investment and Income Tax*. This course is normally studied full-time over two years but can be undertaken via a range of learning modes. There are a further two Graded Units in the second year of the HND — a project based Graded Unit and an exam Graded Unit — both at SCQF level 8. These Graded Units integrate the knowledge and skills gained in the mandatory Units within the second year of the HND.

The HND Financial Services builds upon the skills and knowledge of the HNC and provides similar progression routes but at a more advanced level, for example:

- ◆ The HND Award provides the skills and knowledge for those wishing to gain employment within an administrative, sales or technical support role in the industry or be considered for Management Trainee programmes
- ◆ This award provides progression to higher education with universities recognising the HND award as entry to second or third year of their related degree programmes.

If you intend to progress to a degree course you are advised to liaise directly with the university concerned as the Unit credits that count towards entry requirements can vary and application will be considered on an individual basis.

9 Glossary of terms

SCQF: This stands for the Scottish Credit and Qualification Framework, which is a new way of speaking about qualifications and how they inter-relate. We use SCQF terminology throughout this guide to refer to credits and levels. For further information on the SCQF visit the SCQF website at www.scqf.org.uk

SCQF credit points: One HN credit is equivalent to 8 SCQF credit points. This applies to all HN Units, irrespective of their level.

SCQF levels: The SCQF covers 12 levels of learning. HN Units will normally be at levels 6–9. Graded Units will be at level 7 and 8.

Subject Unit: Subject Units contain vocational/subject content and are designed to test a specific set of knowledge and skills.

Graded Unit: Graded Units assess candidates' ability to integrate what they have learned while working towards the Units of the Group Award. Their purpose is to add value to the Group Award, making it more than the sum of its parts, and to encourage candidates to retain and adapt their skills and knowledge.

Dedicated Unit to cover Core Skills: This is a non-subject Unit that is written to cover one or more particular Core Skills.

Embedded Core Skills: This is where the development of a Core Skill is incorporated into the Unit and where the Unit assessment also covers the requirements of Core Skill assessment at a particular level.

Signposted Core Skills: This refers to the opportunities to develop a particular Core Skill at a specified level that lie outwith automatic certification.

Qualification Design Team: The QDT works in conjunction with a Qualification Manager/Development Manager to steer the development of the HNC/HND from its inception/revision through to validation. The group is made up of key stakeholders representing the interests of centres, employers, universities and other relevant organisations.

Consortium-devised HNCs and HNDs are those developments or revisions undertaken by a group of centres in partnership with SQA.

Specialist single centre and specialist collaborative devised HNCs and HNDs are those developments or revisions led by a single centre or small group of centres who provide knowledge and skills in a specialist area. Like consortium-devised HNCs and HNDs, these developments or revisions will also be supported by SQA.

10 Appendices

- Appendix 1: Core Skills signposting
- Appendix 2: Realisation of award aims by Units
- Appendix 3: Credit transfer arrangements
- Appendix 4: Suggest delivery schedule
- Appendix 5: Delivery and assessment plan
- Appendix 6: Error Tolerance Guidance Notes
- Appendix 7: New Terminology to Comply with FRS 102 Requirements
- Appendix 8: Suggested Layouts for Financial Statements
- Appendix 9: Summary of Commonly Used Ratios within HN Accounting Units

See following pages for appendices.

Appendix 1: Core Skills Signposting

Mandatory Units

Unit Title	Unit Code	Core Skill										
		Communication		Numeracy		ICT		Problem Solving			Working with Others	
		Written	Oral	Using number	Using graphical information	Accessing Information	Providing/Creating Information	Critical thinking	Planning and organising	Reviewing and evaluating	Working Co-operatively with Others	Reviewing Co-operative Contribution
Financial Sector: An Introduction*	DE5M 34											
Information Technology: Applications Software 1	D75X 34					SCQF 6 E	SCQF 6 E					
Communication: Business Communication	H7TK 34	SCQF 6 E	SCQF 6 E									
Investment*	H9AM 35			SCQF 6 E				SCQF 6 E				
Principles of Insurance*	H9ND 35											
Information Technology: Applications Software 2*	D7CY 35											
Pension Provision	H9NC 35			SCQF 5 S				SCQF 5 S				
Personal Financial Services	H0BX 34							SCQF 5 S				
Financial Services Regulatory Framework	H0BW 35	SCQF 5 S										

Unit Title	Unit Code	Communication		Numeracy		ICT		Problem Solving			Working with Others	
		Written	Oral	Using number	Using graphical information	Accessing Information	Providing/Creating Information	Critical thinking	Planning and organising	Reviewing and evaluating	Working Co-operatively with Others	Reviewing Co-operative Contribution
Managing People and Organisations	F84T 34	SCQF 6 S						SCQF 6 S		SCQF 6 S		
Income Tax	F86X 35	SCQF 5 S		SCQF 5 E	SCQF 5 S							
Creating a Culture of Customer Care	H1F0 34	SCQF 6 S	SCQF 6 S					SCQF 6 S		SCQF 6 S		
Financial Services: Graded Unit 1	H0Y2 34							SCQF 6 S	SCQF 6 S	SCQF 6 S		
Financial Services: Graded Unit 2*	H0Y3 35											
Financial Services: Graded Unit 3	H7V7 35							SCQF 6 S	SCQF 6 S	SCQF 6 S		

Number indicates SCQF level; E = embedded within Unit; S = signposted within Unit

* = although no Core Skills have been signposted or embedded in this Unit there are opportunities to develop

Core Skills Signposting — Optional Units

Unit Title	Unit Code	Core Skill										
		Communication		Numeracy		ICT		Problem Solving			Working with Others	
		Written	Oral	Using number	Using graphical information	Accessing Information	Providing/Creating Information	Critical thinking	Planning and organising	Reviewing and evaluating	Working Co-operatively with Others	Reviewing Co-operative Contribution
International Marketing: An Introduction	H8PD 34											
Mathematics for Business	A5NR 34											
Mortgage Lending	DE60 35											
Treasury Management	DE5X 35											
Financing International Trade	DE5T 35											
Principles and Practices of Selling	DG6W 34											
Personal Development Planning	DE3R 34											
Workplace Communication in English	DE1K 33	SCQF 5 E	SCQF 5 E									
Functional Areas of Business	DV6J 34											
Personal and Business Lending	HF2H 35			SCQF 5 S				SCQF 5 S				
Business Taxation	J0LY 35			SCQF 5 E								

Unit Title	Unit Code	Communication		Numeracy		ICT		Problem Solving			Working with Others	
		Written	Oral	Using number	Using graphical information	Accessing Information	Providing/Creating Information	Critical thinking	Planning and organising	Reviewing and evaluating	Working Co-operatively with Others	Reviewing Co-operative Contribution
Business Law: An Introduction	F84P 34	SCQF 6 S	SCQF 6 S			SCQF 5 S	SCQF 5 S	SCQF 6 S	SCQF 6 S	SCQF 6 S		
Business Accounting	F84M 34	SCQF 5 S	SCQF 5 S	SCQF 6 E								
Statistics for Business	F84K 35			SCQF 6 E	SCQF 6 E	SCQF 5 S	SCQF 5 S					
Preparing Financial Forecasts	F84R 35			SCQF 6 S				SCQF 5 S				
Behavioural Skills for Business	F84L 35	SCQF 6 S	SCQF 6 S					SCQF 6 S	SCQF 6 S	SCQF 6 S		
Business Culture and Strategy	F7J7 35	SCQF 6 S	SCQF 6 S					SCQF 6 S	SCQF 6 S	SCQF 6 S		
Personal Enterprise Skills	F3HT 34											
Marketing: An Introduction	F7BX 34	SCQF 6 S	SCQF 6 S					SCQF 6 S	SCQF 6 S	SCQF 6 S		
Economic Issues: An Introduction	F7J8 34	SCQF 6 S	SCQF 6 S					SCQF 5 S	SCQF 5 S	SCQF 5 S		
Economics 1: Micro and Macro Theory and Application	F7J6 35	SCQF 6 S				SCQF 6 S	SCQF 6 S					
Economics 2: The World Economy	F86E 35	SCQF 6 S	SCQF 6 S			SCQF 5 S	SCQF 5 S	SCQF 6 S	SCQF 6 S	SCQF 6 S		

Unit Title	Unit Code	Communication		Numeracy		ICT		Problem Solving			Working with Others	
		Written	Oral	Using number	Using graphical information	Accessing Information	Providing/Creating Information	Critical thinking	Planning and organising	Reviewing and evaluating	Working Co-operatively with Others	Reviewing Co-operative Contribution
Developing Skills for Personal Effectiveness	DF4D 33							SCQF 5 E	SCQF 5 E	SCQF 5 E		
Developing Skills for Personal Effectiveness	DF4E 34							SCQF 6 E	SCQF 6 E	SCQF 6 E		
Developing Skills for Personal Effectiveness	DF4F 35							SCQF 6 E	SCQF 6 E	SCQF 6 E		
Developing the Individual within a Team	F870 34										SCQF 6 E	SCQF 6 E
Developing the Individual within a Team	F86Y 35										SCQF 6 E	SCQF 6 E
Work Role Effectiveness	DG6E 34											
Work Role Effectiveness	DG6G 35											
Communication in French: Basic Operational Reading and Writing Skills	F2F9 33											
Communication in French: Basic Operational Speaking and Listening Skills	F20P 33											
French for Work: Basic Operational	F0HW 33											

Unit Title	Unit Code	Communication		Numeracy		ICT		Problem Solving			Working with Others	
		Written	Oral	Using number	Using graphical information	Accessing Information	Providing/Creating Information	Critical thinking	Planning and organising	Reviewing and evaluating	Working Co-operatively with Others	Reviewing Co-operative Contribution
Communication in German: Basic Operational Reading and Writing Skills	F2FB 33											
Communication in German: Basic Operational Speaking and Listening Skills	F20S 33											
German for Work: Basic Operational	F0HT 33											
Communication in Italian: Basic Operational Reading and Writing Skills	F2FC 33											
Communication in Italian: Basic Operational Speaking and Listening Skills	F20T 33											
Italian for Work: Basic Operational	F0HS 33											
Communication in Spanish: Basic Operational Reading and Writing Skills	F2FE 33											
Communication in Spanish: Basic Operational Speaking and Listening Skills	F20W 33											
Spanish for Work: Basic Operational	F0HR 33											

Number indicates SCQF level; E = embedded within Unit; S = signposted within Unit

Appendix 2: Realisation of award aims by Units

HNC Financial Services

Unit Name	Unit Code	General Aims								Specific Aims		
		1	2	3	4	5	6	7	8	1	2	3
Financial Sector: An Introduction	DE5M 34	✓	✓			✓		✓	✓	✓	✓	
Creating a Culture of Customer Care	H1F0 34	✓	✓					✓	✓	✓	✓	✓
Information Technology: Applications Software 1	D75X 34		✓			✓	✓		✓	✓	✓	✓
Communication: Business Communication	H7TK 34		✓	✓		✓	✓		✓	✓	✓	✓
Managing People and Organisations	F84T 34		✓		✓				✓	✓	✓	
Personal Financial Services	H0BX 34	✓	✓		✓	✓		✓	✓	✓	✓	
Financial Services: Graded Unit 1	H0Y2 34	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

HND Financial Services Specific Aims

As per the HNC Units (1st year HND) above plus

Unit Name	Unit Code	General Aims					Specific Aims			
		1	2	3	4	5	1	2	3	4
Investment	H9AM 35	✓	✓	✓	✓	✓	✓	✓	✓	✓
Principles of Insurance	H9ND 35	✓	✓	✓	✓	✓	✓	✓	✓	✓
Information Technology: Applications Software 1	D7CY 35			✓						
Pension Provision	H9NC 35	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial Services Regulatory Framework	H0BW 35			✓	✓		✓	✓		✓
Income Tax	F86X 35	✓	✓	✓			✓	✓		✓
Financial Services: Graded Unit 2	H0Y3 35			✓						✓
Financial Services: Graded Unit 3	H7V7 35	✓	✓	✓	✓	✓	✓	✓	✓	✓

How the Graded Units meet the Aims of the Awards

Graded Unit 1

General Aims		Achieved
1	Developing candidates' knowledge of the Financial Services industry, its participants and projects	✓
2	Providing a broad based qualification in Financial Services	✓
3	Developing candidates' skills in relation to ingathering and interpreting information, analysing, decision-making and synthesising	✓
4	Developing study and research skills	✓
5	Enabling progression within the Scottish Credit Qualifications Framework	✓
6	Developing transferable skills including Core Skills	✓
7	Developing and understanding of the role of the financial sector in society	✓
8	Preparing for progression to employment or further study	✓
Special Aims		
1	Developing a range of vocational skills specific to the financial services industry, in relation to product and service knowledge, and an understanding of the role of its providers	✓
2	Preparing candidates for employment in the financial services industry at clerical, sales or administration levels	✓
3	Developing a broad-based range of vocational skills in relation to, for example, communication, customer service, use of information technology	✓

Graded Units 2 and 3

General Aims		Achieved
1	Developing candidates' critical, analytical and interpretative abilities	✓
2	Providing a more specialised qualification in financial services	✓
3	Enabling progression within the SCQF at a higher level	✓
4	Subsuming as much as possible the knowledge and skill requirements of industry regulators	✓
5	Providing underpinning knowledge and skills to enable faster achievement of industry regulatory standards and qualifications	✓
Special Aims		
1	Developing a knowledge and understanding of a range of financial services related subjects specific to a candidate's career choices	✓
2	Preparing candidates for employment in the Financial Services industry at management trainee levels	✓
3	Developing options to permit an element of vocational specialisation in relation to investment, insurance, pensions and regulation	✓
4	Developing an understanding of complex issues relating to the Financial Services industry	✓

Appendix 3: Credit transfer for revised Units

Mandatory Units

Full credit transfer is given between the predecessor Unit and the four revised Units.

Predecessor Unit		New Unit	
Unit Code	Unit Title	Unit Code	Unit Title
H0BY 35	Pension Provision	H9NC 35	Pension Provision
DE5N 34	Personal Financial Services	H0BX 34	Personal Financial Services
DE5V 35	Financial Services Regulatory Framework	H0BW 35	Financial Services Regulatory Framework
H0C0 35	Personal and Business Lending	HF2H 35	Personal and Business Lending

Appendix 4: Suggested delivery schedule

Year 1: Suggested Delivery Schedule

Semester 1	Semester 2
Business Accounting (F84M 35)	→
Communication: Business Communication (H7TK 34)	Business Law: An Introduction (F84P 34)
Creating a Culture of Customer Care (H1F0 34)	Economic Issues: An Introduction (F7J8 34)
Financial Sector: An Introduction (DE5M 34)	Marketing: An Introduction (F7BX 34)
Information Technology: Applications Software 1 (D75X 34)	Information Technology: Applications Software 2 (D7CY 35)
Managing People and Organisations (F84T 34)	→
Personal Financial Services (H0BX 34)	→
	Financial Services: Graded Unit 1 (H0Y2 34)

Year 2: Suggested Delivery Schedule

Semester 1	Semester 2
Economics 2: The World Economy (F86E 35)	Financial Services Regulatory Framework (H0BW 35)
Financing International Trade (DE5T 35)	Income Tax (F86X 35)
Investment (H9AM 35)	Pension Provision (H9NC 35)
Personal and Business Lending (HF2H 35)	Principles of Insurance (H9ND 35)
Preparing Financial Forecasts (F84R 35)	Financial Services: Graded Unit 2 (H0Y3 35)
	Financial Services: Graded Unit 3 (H7V7 35)

Appendix 5: Delivery and assessment plan

HNC Financial Services/HND Financial Services Year 1 (15 credits) — full time over one year

Year 1, Semester 1 — Delivery and Assessment Plan

Unit Name\Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Business Accounting (F84M 34) (cont in Semester 2)										X							
Creating a Culture of Customer Care (H1F0 34)									X						X *		
Statistics for Business (F84K 35)								X			X				X		
Information Technology: Applications Software 1 (D75X 34)	Completion of IT portfolio of assessments throughout the semester															X	
Financial Sector: An Introduction (DE5M 34)														X			
Economic Issues An Introduction (F7J8 34)								X					X				
Managing People and Organisations (F84T 34) (cont in Semester 2)								X									X
Personal Financial Services (H0BX 34) (cont in Semester 2)														X			

* There may be opportunities to link this assessment with the assessment for Communication: Analysing and Presenting Complex Communication which is delivered in Semester 2.

Year 1, Semester 2 — Delivery and Assessment Plan

Unit Name\Week	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34
Business Accounting (F84M 34) (cont from Semester 1)		X									X						
Business Law: An Introduction (F84P 34)					X				X					X			
Communication: Business Communication (H7TK 34)							X								X *	Ass 2+3	
Marketing: An Introduction (F7BX 34)								X								X	
Managing People and Organisations (F84T 34) (cont from Semester 1)						X						X					
Personal Financial Services (H0BX 34) (cont from Semester 1)														X			
Financial Services: Graded Unit 1 (H0Y2 34)							Investigative Project								X		

* There may be opportunities to link this assessment with Creating a Culture of Customer Care.

HND Financial Services Year 2 (15 credits)

Year 2, Semester 1 – Delivery and Assessment Plan

Unit Name\Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Preparing Financial Forecasts (F84R 35)									X							X	
Personal and Business Lending (H2FH 35)																X	
Investment (H9AM 35)															X		
Information Technology: Applications Software 2 (D7CY 35)	Continuous development of folio of evidence										X				X		
Principles of Insurance (H9ND 35)								X							X		
Financial Services: Graded Unit 2 (H0Y3 35)																	
Financial Services: Graded Unit 3 (H7V7 35)																	

Year 2, Semester 2 — Delivery and Assessment Plan

Unit Name\Week	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34
Economics 1: Micro and Macro Theory and Application (F7J6 35)						X								X			
Financial Services Regulatory Framework (H0BW 35)												X					
Income Tax (F86X 35)															X	X	
Pension Provision (H9NC 35)														X			
Financial Services: Graded Unit 2 (H0Y3 35)													X				
Financial Services: Graded Unit 3 (H7V7 35)																X	

Appendix 6: Error Tolerance Guidance Notes

Background

There are a range of **Higher National Accounting Units** that are included in a number of the HND fixed frameworks. These are:

- ◆ Recording Financial Transactions – HH81 33
- ◆ Recording Financial Information – F7JV 34
- ◆ Business Accounting – F84M 34
- ◆ Financial Reporting and Analysis – HC43 35
- ◆ Management Accounting for Decision Making – F82J 35
- ◆ Preparing Financial Forecasts – F84R 35
- ◆ Cost Accounting – F7JR 34

In the past these Units were designed with the need for students to achieve a percentage of available marks (usually 70%) for each Outcome within the Unit specification. In line with SQA policy, a new approach to Accounting Units was introduced in 2010. This new approach is called 'Error Tolerance'. An Error Tolerance statement is provided within each Unit under the Evidence Requirements for each Outcome. This statement clearly indicates the acceptable number of errors (i.e. the threshold) a student may make within the evidence they produce.

Centres must note:

- ◆ The Error Tolerance approach is **only** applicable to the Units listed above and where indicated within the Unit specification.
- ◆ It is the centre's responsibility to ensure that they use most **current** Unit specification at the time of assessment. Error Tolerances may be reviewed and amended from time to time.

Error Tolerance Guidance Notes

Following extensive consultation and feedback from stakeholders SQA has developed two types of error which fall within the guidance. These are:

- ◆ Errors of Principle, and
- ◆ Arithmetic or Computational Errors

To help assessors develop an understanding of the use of Error Tolerances, SQA has produced a list for each category. The information which follows is not an exhaustive list, but a guidance note to assist assessors in making assessment decisions. As with all SQA qualifications, the professional judgement of the assessor is paramount and remains at the centre of all assessment decisions.

In addition to the list provided, an example of marked scripts for two Outcomes of two Units is also available to illustrate the marking of assessments under the Error Tolerance guidelines. This can be downloaded from SQA's secure website. This document **must** be retained in a secure manner in the same way that all SQA produced Assessment Exemplars and Assessment Support Packs (ASPs) must be treated.

Types of Errors

Commonly in the Unit specifications, two types of errors will be mentioned — Arithmetic/Computational Errors and Errors of Principle.

Arithmetic/Computational Errors

Common types of errors which are likely to be classified as arithmetic are:

- ◆ Transposition errors
- ◆ Errors where students write 'add' but subtract the figure instead
- ◆ Incorrect processing of £000s where a Trial Balance, for example, is presented in £000 but the notes to the accounts provide the full figures and the student has included the full figure, including the £000
- ◆ Incorrect totals — the individual figures may be correct but the addition and subtraction has been incorrectly completed
- ◆ Running balances in ledger accounts not correctly identified as Debit or Credit
- ◆ Incorrect calculations of inventory in inventory valuation tasks
- ◆ Incorrect application of time multiplied by rate, for example in wages calculations
- ◆ Incorrect calculation of proportions in overhead analysis

Errors of Principle

Common types of errors which are likely to be classified as errors of principle are:

- ◆ Error of commission
- ◆ Error of omission
- ◆ Reversal of entries
- ◆ Incorrect classification of items in financial statements eg Trade Payables included in current assets
- ◆ Incorrect use of inventory valuation methods
- ◆ Inclusion of depreciation in a Cash Budget
- ◆ Wrong equations used in variances
- ◆ Wrong figures selected for ratios
- ◆ Gross figures entered in the general ledger
- ◆ VAT calculations not correct
- ◆ Inappropriate method of apportionment
- ◆ When preparing master budgets, incorrect figures included in final accounts eg figure for materials consumed included rather than materials purchased
- ◆ Depreciation calculations incorrectly carried out ie reducing balance rather than straight line
- ◆ Incorrect calculation of contribution
- ◆ Outputs and inputs reversed in VAT
- ◆ Process costs calculated not taking wastage into account
- ◆ Ledger balances posted to the Trial Balance incorrectly, ie credit balances on inventory accounts; sales in the DR column
- ◆ Capital allowances incorrectly identified
- ◆ Transposition of the rate of exchange to be used in a currency transaction
- ◆ Failure to apply a currency purchase as a debit/current delivery as a credit
- ◆ Incorrect formulae used to calculate an investment ratio
- ◆ Incorrect application of calculation of settlement days in a gilts transaction

Appendix 7: New Terminology to Comply with FRS 102 Requirements

Current UK Terminology	International Terminology
Accruals	Other payables
Balance sheet	Statement of financial position
Bank and cash	Cash and cash equivalents
Cash flow statement	Statement of cash flows
Cost of goods sold	Cost of sales
Creditors: amounts falling due within one year (heading)	Current liabilities
Equity or capital	Equity
Final accounts	Financial statements
Fixed assets	Non-current assets
Goodwill, etc	Intangible assets
Interest payable	Finance costs
Interest receivable	Investment revenues
Investments	Investment property
Land and buildings	Property
Loans repayable after one year	Bank loan (also other loans)
Loans repayable within one year	Bank overdrafts and loans
Long term liabilities Creditors: amounts falling due after more than one year	Non-current liabilities
Net loss	Loss for the year
Net profit	Profit for the year
Prepayments	Other receivables
Profit and loss account	Income statement
Profit and loss appropriation account	There is no appropriation account – this is partly replaced by the statement of changes in equity
Proposed dividends	No proposed dividends as only dividends that have been approved are included
Sales	Revenue (where used in income statements)
Stocks of raw materials and finished goods	Inventory
Sundry expenses	Other operating expenses
Sundry income	Other operating income
Trade creditors	Trade payables
Trade debtors	Trade receivables
Trading and profit and loss account	Income statement

Appendix 8: Suggested Layouts for Financial Statements

These layouts are **suggestions** only and are not prescriptive.

Other suitable alternatives which conform to the general principles of FRS 102 will be acceptable.

SOLE TRADER

J Bloggs - Sole Trader		
Income Statement for the year ended 31 December		
	£	£
Revenue <i>[net of Discount Allowed]</i>		150,000
<u>Cost of goods sold</u>		
Opening inventory	12,000	
Add: Purchases <i>[net of Discount Received]</i>	68,000	
	<u>80,000</u>	
<u>Less: closing inventory</u>	<u>14,000</u>	
		<u>66,000</u>
Gross profit		84,000
<u>Less: Expenses</u>		
Rent and rates	1,400	
Heat and light	1,600	
Wages and salaries	8,800	
Loan interest	1,200	
Van expenses	900	
Depreciation	2,000	
Sundry expenses	<u>3,000</u>	
		<u>18,900</u>
		65,100
Other operating income: Commission Received		<u>2,000</u>
Profit for the year		<u><u>67,100</u></u>

J Bloggs - Sole Trader		
Statement of Financial Position at 31 December		
	£	£
<u>Non-current assets</u>		
Property, plant and equipment		60,000
<u>Current assets</u>		
Inventories	14,000	
Trade receivables	32,000	
Other receivables	8,000	
Bank and Cash	<u>4,000</u>	
		<u>58,000</u>
Total Assets		<u>118,000</u>
Capital		
Opening balance		36,000
Add: Profit for year		<u>67,100</u>
		103,100
Less: Drawings		<u>5,000</u>
		98,100
<u>Non-current liabilities</u>		
Loan		8,300
<u>Current liabilities</u>		
Trade payables	6,000	
Other payables	4,300	
Bank overdraft	<u>1,300</u>	
		<u>11,600</u>
Total Equity and Liabilities		<u>118,000</u>

PARTNERSHIP

Blogg & Blagg - Partnership		
Income Statement and Appropriation Account for the year ended 31 December ...		
	£	£
Revenue <i>[net of Discount Allowed]</i>		150,000
<u>Cost of goods sold</u>		
Opening inventory	12,000	
Add: Purchases <i>[net of Discount Received]</i>	<u>68,000</u>	
	80,000	
Less: closing inventory	<u>14,000</u>	
		<u>66,000</u>
Gross profit		84,000
<u>Less: Expenses</u>		
Rent and rates	1,400	
Heat and light	1,600	
Wages and salaries	8,800	
Loan interest	1,200	
Van expenses	900	
Depreciation	2,000	
Sundry expenses	<u>3,000</u>	
		<u>18,900</u>
		65,100
Other operating income: Commission Received		<u>2,000</u>
Profit for the year		67,100
Interest on drawings		
Blogg	500	
Blagg	<u>600</u>	1,100
		68,200
Salary		
Blogg		12,200
Interest on Capital		
Blogg	5,000	
Blagg	<u>4,000</u>	9,000
		<u>47,000</u>
Profit share		
Blogg 60%	28,200	
Blagg 40%	<u>18,800</u>	
		<u>47,000</u>

Blogg & Blagg - Partnership		
Statement of Financial Position at 31 December		
	£	£
Non-current assets		
Property, plant and equipment		60,000
Current assets		
Inventories	14,000	
Trade receivables	32,000	
Other receivables	8,000	
Bank and Cash	<u>4,000</u>	
		<u>58,000</u>
Total Assets		<u><u>118,000</u></u>
Capital Accounts		
Blogg	22,000	
Blagg	<u>20,000</u>	
		42,000
Current Accounts		
Blogg <i>note</i> ²	26,000	
Blagg <i>note</i>	<u>30,100</u>	
		56,100
Non-current liabilities		
Loan		8,300
Current liabilities		
Trade payables	6,000	
Other payables	4,300	
Bank overdraft	<u>1,300</u>	
		<u>11,600</u>
Total Equity and Liabilities		<u><u>118,000</u></u>

² Working note required to calculate closing Current Account balances.

MEDIUM-SIZED LIMITED COMPANY

Medium Ltd - Limited Company		
Income Statement for the year ended 31 December		
	£	£
Revenue <i>[net of Discount Allowed]</i>		150,000
Less: Cost of Sales		
Opening inventory	12,000	
Add: Purchases <i>[net of Discount Received]</i>	68,000	
	<u>80,000</u>	
Less: closing inventory	14,000	
		<u>66,000</u>
Gross profit		84,000
Less: Expenses		
Rent and rates	1,400	
Heat and light	1,600	
Wages and salaries	8,800	
Van expenses	900	
Depreciation	2,000	
Sundry expenses	3,000	
		<u>17,700</u>
		66,300
Other operating income		2,000
Profit/loss on disposal of operations		0
Operating profit <i>[profit before interest and tax]</i>		68,300
Finance income/investment income <i>[interest receivable and similar income]</i>		0
Finance costs <i>[interest payable and similar charges]</i>		<u>-1,200</u>
Profit on ordinary activities before taxation		67,100
Taxation		0
Profit on ordinary activities after taxation and profit for the financial year <i>[to SOCE]</i>		67,100
Other comprehensive income		
Actuarial losses on defined benefit pension plans	<i>minus</i>	0
Deferred tax movement relating to actuarial losses	<i>plus</i>	<u>0</u>
Total comprehensive income for the year		<u>67,100</u>

Medium Ltd - Limited Company		
Statement of Financial Position at 31 December		
	£	£
<u>Non-current assets</u>		
Intangible assets		0
Property, plant and equipment		60,000
Investments		0
		<u>60,000</u>
<u>Current assets</u>		
Inventories	14,000	
Trade receivables	32,000	
Other receivables	8,000	
Bank and Cash	4,000	
		<u>58,000</u>
Total Assets		<u>118,000</u>
 Capital and Reserves		
Ordinary Share Capital		16,000
Share premium		4,000
General reserve		6,100
Retained earnings		72,000
Equity <i>see SOCE</i>		<u>98,100</u>
 Non-current liabilities		
Loan		8,300
 Current liabilities		
Trade payables	6,000	
Other payables	4,300	
Bank overdraft	1,300	
		<u>11,600</u>
Total Equity and Liabilities		<u>118,000</u>

Medium Ltd - Limited Company					
Statement of Changes in Equity					
	Share Capital	Share Premium	Retained Earnings	General Reserve	Total Equity
	£	£	£	£	£
Balance at 1 January.....	16,000	4,000	5,300	6,100	31,400
Changes in Equity for 2XXX					
Issue of share capital	0	0			0
Transfers				0	0
Profit for year			67,100		67,100
Dividends			-400		-400
Balance at 31 December.....	16,000	4,000	72,000	6,100	98,100

Worked Example of Question for a PLC conforming to FRS 102

(The Statement of Financial Position included in this example is slightly different from the others contained in this Appendix. Large PLCs usually have *much more going on* re the complexity and movements in their capital and especially reserves so tend to present it last. It is a question of relevance and style to the organisation involved.)

Public Limited Company**BOSS plc**

The following Trial Balance has been extracted from the books as at 31 December 2014

	£000	£000
Trade receivables	1,200	
Trade payables		408
Inventory 1 January 2014	160	
Revenue		3,700
Purchases of goods for resale	1,820	
Retained earnings		300
Freehold land	980	
Property	600	
Depreciation: Property 1 January 2014		40
Plant and Machinery	900	
Depreciation: Plant and Machinery 1 January 2014		300
Distribution costs	120	
Deferred taxation		140
Corporation tax		30
Cash at bank and in hand	100	
Administration expenses	488	
Interim dividend paid on Ordinary Shares	80	
Non-current asset investments	280	
Dividends from investments		40
Ordinary Shares of £1		1,000
4% Preference Shares of £1 fully paid		600
8% Debentures		200
Preference dividend paid	24	
Other receivables	36	
Other payables		12
Allowance for doubtful debts		34
Loss on discontinued operations	16	
	<u>6,804</u>	<u>6,804</u>

Required:

From the Trial Balance and additional information, together with your knowledge of UK Companies Act legislation and relevant accounting standards, you are required to complete a 'draft' set of financial statements for the year ended

Note that there is no requirement for comparative figures or a Statement of Cash Flows.

- | | | |
|----|---|-----------|
| 1 | Inventories at 31 December was estimated to be worth (valued at the lower of cost of NRV) | 180,000 |
| 2 | During the year Plant and Machinery was acquired for | 300,000 |
| 3 | Government grants are due to be received relating to the acquisition of the Plant and Machinery during the year. No record has yet been made of this in the accounts. | 60,000 |
| 4 | Depreciation is to be provided on the basis of:

Property – 50 years on a SLN basis. Depreciation to be apportioned: 70% to production; 20% to distribution; 10% to administration

Plant and Machinery – 20% on a RBM basis. Plant and machinery relates to production.

Note: A full year's depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal. | |
| 5 | The freehold land was purchased several years ago when the company moved premises. On 30 June 2013 the land was valued on an open market basis by qualified surveyors at

The directors wish to incorporate this into the accounts. | 1,400,000 |
| 6 | Corporation tax on profits on ordinary activities for the year ended 31 December is estimated at | 180,000 |
| 7 | Administration expenses include auditors' remuneration of | 34,000 |
| 8 | The debenture interest should be accrued | |
| 9 | The allowance for doubtful debts should be adjusted to 2% of net debtors. | |
| 10 | Deferred tax should be increased by | 48,000 |
| 11 | A legal claim for damages due to faulty products is pending. It is probable that the company may have to pay this claim of | 44,000 |

Statement of Comprehensive Income

Continuing operations	£000
Revenue	3,700
Cost of Sales	<u>-1,960</u>
Gross profit	1,740
Operating expenses	<u>-602</u>
Profit from operations	1,138
Finance costs	-16
Fair value adjustment	0
Investment income	<u>40</u>
Profit before tax	1,162
Taxation	<u>-198</u>
Profit for year	964
Discontinued operations	
Loss from discontinued operations	<u>-16</u>
Total profit for the period	948
Other comprehensive income:	
Revaluation gain	<u>420</u>
Total comprehensive income	<u><u>1,368</u></u>

BOSS plc	
Statement of Financial Position	
Non-current assets	£000
Intangible assets	0
Property, plant and equipment	2,428
Investments	280
	2,708
Current assets	
Inventories	180
Trade and other receivables	1,272
Cash and cash equivalents	100
	1,552
Total assets	4,260
Current liabilities	
Trade and other payables	-420
Deferred income	-12
Financial liabilities	-16
Current tax liabilities	-180
	-628
Non-current liabilities	
Provisions	-44
Deferred income	-36
Financial liabilities	-200
Deferred tax liabilities	-188
Total liabilities	-1,096
Net Assets	3,164
Shareholders' equity	
Called up share capital	1,600
Share premium account	0
Revaluation reserve	420
Retained earnings	1,144
Equity shareholders' funds	3,164
Total equity	3,164

Statement of Changes in Equity for the year ended...

	Share Capital £000	Retained Earnings £000	Share Premium £000	Revaluation Reserve £000	Total £000
Balance as at 1 January 20xx	1,600	300	0	0	1,900
Gain on revaluation of land and buildings				420	420
Share issue	0		0		0
Profit/loss for the year		948			948
Dividends		-104			-104
Balance as at 31 December 20xx	1,600	1,144	0	420	3,164

Property, Plant and Equipment

Tangible Non-Current Assets

1,000

Cost/Valuation

	Land	Property	P&M	Total
As at 1 January	980	600	600	2,180
Additions	0	0	300	300
Revaluations	420	0		420
Disposals	0	0		0
As at 31 December	1,400	600	900	2,900

Depreciation

As at 1 January		40	300	340
Charge for year		12	120	132
Relating to disposals				0
As at 31 December	0	52	420	472

Net Book Value

As at 31 December	1,400	548	480	2,428
--------------------------	--------------	------------	------------	--------------

Workings

Cost of Sales		£000
<i>i</i>	Opening inventory	160
	Purchases of goods for resale	1,820
	Government grant receivable [60 * 20%]	-12
	Depreciation Property 70%	8
	P&M	120
	Provision for Liability	44
		<u>2,140</u>
	Less: Closing inventory	-180
		<u>1,960</u>

Distribution costs		
<i>ii</i>	As per trial balance	120
	Depreciation Property 20%	<u>2</u>
		<u>122</u>

Administration expenses		
<i>iii</i>	As per trial balance	488
	Depreciation Property 10%	1
	Bad debt provision - decrease	<u>-10</u>
		<u>479</u>

Operating expenses		
<i>iv</i>	Distribution costs	122
	Administration expenses	<u>479</u>
		<u>602</u>

v Finance costs		
	Debenture Interest [200 * 8%]	16

vi Taxation		
	Tax for year	180
	Adjustment for over-provision	-30
	Transfer to deferred taxation	<u>48</u>
		<u>198</u>

vii Deferred tax		
	As per TB	140
	Increase in deferred taxation	<u>48</u>
		<u>188</u>

viii Provisions		
Deferred taxation as per TB		140
Deferred taxation - increase		48
Contingent liability		44
		<u>232</u>
ix Current liabilities		
Trade creditors		408
Other payables		12
		<u>420</u>
x Deferred income		
Government grant receivable	CL	12
Deferred income	NCL [60 – 24]	36
		<u>48</u>
xi Current tax liabilities		
Tax for year		180
xii Trade and other receivables		
Trade receivables		1,200
BDP	[1,200 * 2% = 24]	-24
As per trial balance		34
		<u>1,176</u>
		-10
Prepayments and accrued income		36
Government grant		60
		<u>1,272</u>

JOURNALS

			Dr	Cr
1	Inventory	SFP	180	
	Cost of Sales (Closing Inventory)	SCI		180
	<i>Being value of closing inventory at the year end</i>			
2	Trade and other receivables	SFP	60	
	Cost of sales	SCI		12
	Deferred income	SFP		12
		SFP		36
	<i>Being government grant receivable</i>			
3	Cost of sales	SCI	128	
	Distribution costs	SCI	2	
	Administration expenses	SCI	1	
	Depreciation	SFP		12
		SFP		120
	<i>Being depreciation charges for the year</i>			
4	Freehold land	SFP	420	
	Revaluation reserve	SFP		420
	<i>Being revaluation of freehold land</i>			
5	Taxation	SCI	180	
	Current tax liabilities	SFP		180
	<i>Being corporation tax estimate for the year</i>			
6	Finance costs	SCI	16	
	Financial liabilities	SFP		16
	<i>Being accrued debenture interest</i>			
7	BDP	SFP	10	
	Administration expenses	SCI		10
	<i>Being adjustment to BDP</i>			
8	Taxation	SCI	48	
	Deferred tax	SFP		48
	<i>Being increase in deferred taxation</i>			
9	Cost of Sales	SCI	44	
	Provisions	SFP		44

Being claim for damages

Statement of Financial Position as at 31 December				
	Year 1		Year 2	
	£000	£000	£000	£000
Non-Current Assets				
Intangible non-current assets		260		700
Property, plant and equipment		710		1,800
Investments		1,400		1,400
		<u>2,370</u>		<u>3,900</u>
Current Assets				
Inventories	520		660	
Trade receivables	890		1,200	
Investments	240		240	
Other receivables	2		10	
Bank	60		80	
Cash	0		0	
		<u>1,712</u>		<u>2,190</u>
Less: Current liabilities				
Trade payables	700		900	
Overdraft	11		152	
Corporation tax	120		200	
Debenture interest	10		10	
Income tax due	2		2	
Other payables	5		22	
Proposed dividends				
Ordinary	200		70	
Preference	10		10	
		<u>1,058</u>		<u>1,366</u>
Net current assets		<u>654</u>		<u>824</u>
		3,024		4,724
Less: Non-Current Liabilities				
Debentures		<u>900</u>		<u>1,000</u>
Total net assets		<u>2,124</u>		<u>3,724</u>
Capital and Reserves				
Ordinary share capital	1,300		1,600	
Preference share capital	100		120	
		<u>1,400</u>		<u>1,720</u>
Share premium	0		50	
General reserve	200		448	
Retained profit	524		1,506	
		<u>724</u>		<u>2,004</u>
		<u>2,124</u>		<u>3,724</u>

Notes to the accounts:

1	Non-Current Asset disposal:	£000
	Net book value	160
	Sold for	210
2	Depreciation charge for year	120

Required: Prepare a Statement of Cash Flows for the year to Year 2.

STATEMENT OF CASH FLOWS

Statement of Cash Flows for year ended 31 December		
	Note	£000
Cash flows from operating activities		
Profit for the financial year		1,520
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment		120
Gain/Loss on disposal		-50
Interest paid		0
Interest received		0
Taxation		0
Decrease/(increase) in trade and other receivables		-310
Decrease/(increase) in prepayments		-8
Decrease/(increase) in inventories		-140
Increase/(decrease) in trade payables		200
Increase/(decrease) in trade accruals		17
Cash from operations		1,349
Interest paid		-10
Income taxes paid		-120
Net cash generated from operating activities		1,219
Cash flows from investing activities		
Proceeds from sale of equipment		210
Purchases of property, plant and equipment		-1,370
Purchases of intangible assets		-440
Interest received		0
Net cash from investing activities		-1,600
Cash flows from financing activities		
Issue of ordinary share capital		300
Issue of preference share capital		20
Increase in share premium		50
Issues/Repayment of borrowings		100
Dividends paid		-210
Net cash used in financing activities		260
Net increase/(decrease) in cash and cash equivalents		
		-121
Cash and cash equivalents at beginning of year		289
Cash and cash equivalents at end of year		168

Workings

Asset		NBV
NCA	s/y	710
	Less: Disposals	<u>160</u>
		550
	Less: Depreciation	<u>120</u>
		430
	Acquisitions	<u>1,370</u>
	e/y	<u><u>1,800</u></u>

Total Acquisitions	
Intangible	440
NCA	<u>1,370</u>
	1,810

Total Receipts	
NCA	<u>210</u>
	210
NCA	
Net book value	160
Receipt	<u>210</u>
Gain/loss on disposal	<u>-50</u>

Profit for financial year		£000
Retained profit	Year 2	1,506
Retained profit	Year 1	<u>-524</u>
		982
Add back:		
Proposed dividends		80
General reserve		248
Corporation tax		200
Debenture interest		<u>10</u>
		<u>1,520</u>

	Yr 2	Yr 1	Change
Bank	80	60	20
Cash	0	0	0
	-		
Overdraft	152	-11	-141
Investments	240	240	0
	<u>168</u>	<u>289</u>	<u>-121</u>

Appendix 9: Summary of Commonly Used Ratios within HN Accounting Units

For HN accounting Units at SCQF levels 6, 7 and 8, these are the most commonly used ratios, but other alternatives are acceptable in line with current accounting practice.

Profitability Ratios

'Profit before interest' is profit before interest and tax where applicable.

$$\text{Gross Profit ratio} = \frac{\text{Gross Profit}}{\text{Net Sales (Revenue)}} \times 100$$

(also known as Gross Profit percentage)

$$\text{Mark up} = \frac{\text{Gross Profit}}{\text{Cost of Sales}} \times 100$$

$$\text{Operating Profit ratio} = \frac{\text{Profit Before Interest}}{\text{Net Sales (Revenue)}} \times 100$$

(also known as Operating Profit percentage)

$$\text{Return on Capital Employed (ROCE)} = \frac{\text{Profit Before Interest}}{\text{Capital Employed}} \times 100$$

$$\text{Return on Equity} = \frac{\text{Profit After Preference Dividends}}{\text{Ordinary Shares + Reserves}} \times 100$$

$$\text{Return on Total Assets} = \frac{\text{Profit Before Interest}}{\text{Non-current Assets + Current Assets}} \times 100$$

$$\text{Operating Expenses to Revenue ratio} = \frac{\text{Operating Expenses}}{\text{Net Sales (Revenue)}} \times 100$$

$$\text{Non-current Asset Turnover} = \frac{\text{Net Sales (Revenue)}}{\text{Total Net Book Value of Non-current Assets}}$$

Liquidity Ratios

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Acid Test (or Quick) ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

Efficiency Ratios

$$\text{Trade Receivables Turnover} = \frac{\text{Trade Receivables}}{\text{Credit Sales}} \times 365 \text{ days}$$

(also known as Average Collection Period)

$$\text{Trade Payables Turnover} = \frac{\text{Trade Payables}}{\text{Credit Purchases}} \times 365 \text{ days}$$

(also known as Average Payment Period)

$$\text{Inventory Turnover} = \frac{\text{Average Inventory} *}{\text{Cost of Goods Sold}} \times 365 \text{ days}$$

$$* \text{Average Inventory} = (\text{Opening Inventory} + \text{Closing Inventory}) / 2$$

OR

$$\text{Rate of Inventory Turnover (times per year)} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

$$\text{Working Capital Cycle} = \text{Trade Receivables Turnover} + \text{Inventory Turnover} - \text{Trade Payables Turnover}$$

$$\text{Working Asset Turnover} = \frac{\text{Net Working Assets} *}{\text{Net Sales (Revenue)}} \times 100$$

$$* \text{Net Working Assets} = \text{Inventories} + \text{Trade Receivables} - \text{Trade Payables}$$

Capital Structure Ratios

$$\text{Interest Cover (times)} = \frac{\text{Profit before Interest}}{\text{Finance Costs (Interest Payable)}}$$

$$\text{Gearing ratio} = \frac{\text{Fixed Cost Capital}}{\text{Total Capital}} \times 100$$

$$\text{OR} = \frac{\text{Non-current Liabilities} + \text{Preference Share Capital}}{\text{Issued Ordinary Share Capital} + \text{all Reserves} + \text{Non-current Liabilities} + \text{Preference Shares}} \times 100$$

Investment Ratios

$$\text{Earnings per Share} = \frac{\text{Profit after Tax} - \text{Preference Dividend}}{\text{No of Issued Ordinary Shares}}$$

$$\text{Price Earnings ratio} = \frac{\text{Market Price per Share}}{\text{Earnings per Share}}$$

$$\text{Dividend Yield} = \frac{\text{Ordinary Dividend}}{\text{Market Price per Ordinary Share}} \times 100$$

$$\text{Dividend Cover} = \frac{\text{Profit for the Year} - \text{Preference Dividend}}{\text{Ordinary Dividend}}$$

$$\text{Dividend per Share} = \frac{\text{Ordinary Dividend}}{\text{No of Issued Ordinary Shares}}$$