

## SQA Advanced Unit specification

### General information for centres

**Unit title:** Financial Studies for the Construction Industry

**Unit code:** HT11 48

**Unit purpose:** This Unit is designed to provide the candidate with the ability to apply basic financial management and accounting skills required by the construction industry.

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

- 1 Produce an S-Curve of anticipated rate of spend from given data.
- 2 Produce an Annual Budget for a construction firm from given data.
- 3 Analyse cash flow requirements for a construction firm from given data.
- 4 Produce a report interpreting annual accounts for two contracting firms.

**Credit points and level:** 1 SQA Credit at SCQF level 8: (8 SCQF credit points at SCQF level 8\*).

*\*SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from National 1 to Doctorates.*

**Recommended prior knowledge and skills:** It would be an advantage for candidates to have a basic knowledge and understanding of estimating and contract conditions. An appreciation of payment procedures for standard building contracts would be beneficial.

Possession of basic knowledge and understanding of estimating and contract conditions may be evidenced by possession of appropriate Units at Higher or SQA Advanced level.

**Core Skills:** There are opportunities to develop the Core Skills of Communication, Numeracy, IT and Problem Solving in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

**Context for delivery:** If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

**Assessment:** It is possible to assess candidates either on an individual Outcome basis, combinations of Outcomes or by a single holistic assessment combining all Outcomes. The assessment paper/s should be composed of an appropriate balance of short answer, restricted response and structured questions. Assessment should be conducted under supervised, controlled conditions. A single assessment covering all Outcomes should not exceed two hours in duration. It should be noted that candidates must achieve all the minimum evidence specified for each Outcome in order to pass this Unit.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

An exemplar instrument of assessment and marking guidelines has been produced to provide examples of the type of evidence required to demonstrate achievement of the aims of this Unit award and to indicate the national standard of achievement at SCQF level 8.

## **SQA Advanced Unit specification: statement of standards**

### **Unit title:** Financial Studies for the Construction Industry

The sections of the Unit stating the Outcomes, knowledge and/or skills, and evidence requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

### **Outcome 1**

Produce an S-Curve of anticipated rate of spend from given data.

#### **Knowledge and/or skills**

- ◆ income/time relationship of the construction process
- ◆ typical income anticipated in interim valuations
- ◆ graphical representation of anticipated income to time in a construction contract

#### **Evidence Requirements**

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

- ◆ produce workings showing the time/payment relationship in the recognised  $\frac{1}{4}$  -  $\frac{1}{3}$  ratio from given information
- ◆ produce a neat well annotated s-curve in graphical format

In any assessment of this outcome **all** knowledge and/or skills should be included. Candidates must provide a satisfactory response to all items.

Evidence should be generated through assessment undertaken in controlled, supervised conditions. Assessment should be conducted under closed-book conditions and as such candidates should not be allowed to bring textbooks, handouts or notes to the assessment.

#### **Assessment guidelines**

The assessment for this Outcome might be combined with that for Outcomes 2, 3 and 4 to form a single assessment paper.

### **Outcome 2**

Produce an annual budget for a construction firm from given data.

#### **Knowledge and/or skills**

- ◆ allocation of overheads
- ◆ allocation of profit
- ◆ types of budgets
- ◆ annual budgeting

## **Evidence Requirements**

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

- ◆ produce an annual budget for a small/medium-sized construction firm from the information provided
- ◆ identify the various different types of budgets commonly used in construction

In any assessment of this outcome **all** knowledge and/or skills should be included. Candidates must provide a satisfactory response to all items.

Evidence should be generated through assessment undertaken in controlled, supervised conditions. Assessment should be conducted under closed-book conditions and as such candidates should not be allowed to bring textbooks, handouts or notes to the assessment.

## **Assessment guidelines**

The assessment for this Outcome might be combined with that for Outcomes 1, 3 and 4 to form a single assessment paper.

## **Outcome 3**

Analyse cash flow requirements for a construction firm from given data.

## **Knowledge and/or skills**

- ◆ preparation of cash flow forecast in the form of a spreadsheet
- ◆ graphical illustration of cash flow forecast
- ◆ action related to negative cash flows

## **Evidence Requirements**

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

- ◆ produce a cash flow forecast for a construction firm
- ◆ graphically illustrate the cash flow forecast
- ◆ provide commercially sound recommendations to deal with negative cash flows

In any assessment of this outcome **all** knowledge and/or skills should be included. Candidates must provide a satisfactory response to all items.

Evidence should be generated through assessment undertaken in controlled, supervised conditions. Assessment should be conducted under closed-book conditions and as such candidates should not be allowed to bring textbooks, handouts or notes to the assessment.

## **Assessment guidelines**

The assessment for this Outcome might be combined with that for Outcomes 1, 2 and 4 to form a single assessment paper.

## **Outcome 4**

Produce a report interpreting annual accounts for two contracting firms.

### **Knowledge and/or skills**

- ◆ appropriate ratios for inter-company comparison
- ◆ appropriate reports
- ◆ concise company comparisons

### **Evidence Requirements**

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

- ◆ produce a report comparing and contrasting the financial status and performance of two limited companies over a one-year period
- ◆ provide a minimum of five financial ratios for each company
- ◆ provide suitable comments and/or recommendations for the attention of the directors of one of the companies

In any assessment of this outcome **all** knowledge and/or skills should be included. Candidates must provide a satisfactory response to all items.

Evidence should be generated through assessment undertaken in controlled, supervised conditions which are open-book. The candidate will have access to their own notes and copies of annual accounts from two contracting firms.

### **Assessment guidelines**

The assessment for this Outcome might be combined with that for Outcomes 1, 2 and 3 to form a single assessment paper.

## **Administrative Information**

<b>Unit code:</b>	HT11 48
<b>Unit title:</b>	Financial Studies for the Construction Industry
<b>Superclass category:</b>	AK
<b>Date of publication:</b>	August 2017
<b>Version:</b>	01
<b>Source:</b>	SQA

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

**FURTHER INFORMATION:** Call SQA's Customer Contact Centre on 44 (0) 141 500 5030 or 0345 279 1000. Alternatively, complete our Centre Feedback Form.

## **SQA Advanced Unit specification: support notes**

### **Unit title: Financial Studies for the Construction Industry**

This part of the Unit specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

### **Guidance on the content and context for this Unit**

This Unit provides the candidate with the knowledge and understanding of the relationship between economic concepts and theories and the construction industry context. Attention should be paid in the delivery of this Unit to the syllabus content of the other Units in the programme, particularly the introduction to the industry.

Recommended time allocations to each Outcome are given as guidance towards the depth of treatment which might be applied to each topic. This guidance has been used in the design of the assessment exemplar material provided with the Unit.

#### **1 Produce an S-curve of anticipated rate of spend from given data (8 Hours)**

##### **Preparation of S-Curve**

$\frac{1}{4}$  -  $\frac{1}{3}$  S curve cash flow approximations for 2 to 3 contracts

#### **2 Produce an annual budget for a construction firm from given data (10 hours)**

##### **Introductory items**

Overheads

Statement of percentage of overheads to net cost

Statement of percentage profit

##### **Budgets**

Understanding of the following types of budget:

- ◆ zero-based budgeting
- ◆ functional budget
- ◆ sales budget
- ◆ production budget
- ◆ purchases budget
- ◆ budgetary control
- ◆ fixed budgets
- ◆ flexible budgets
- ◆ production of an annual budget for a firm from information supplied

Production of an annual budget for the firm in Outcome 1 conforming to a set of criteria.  
Additional S-curves for projects required to conform with criteria 2.

### **3 Analyse cash flow requirements for a construction firm from given data (12 hours)**

#### **Introductory items**

Time payment of overheads

#### **Cash flow**

- ◆ production of time payments of labour and materials for each project
- ◆ production of time payment of valuations for each project to incorporate the retention and retention release
- ◆ production of a cash flow chart incorporating all overheads, project costs and payments
- ◆ allowance within the cash flow chart for bank overdraft interest payments
- ◆ annual cash flow shown in the form of a chart
- ◆ recommendations for actions to deal with negative cash flows

### **4 Produce a report interpreting annual accounts for two contracting firms (8 hours)**

#### **Introductory items:**

- ◆ annual accounts of two contracting firms
- ◆ interpretation of accounts

#### **Report on accounts:**

- ◆ profitability
- ◆ the current ratio
- ◆ the acid test
- ◆ the gearing ratio
- ◆ interest cover for lenders
- ◆ return on capital employed
- ◆ stock holding period
- ◆ debtor's collection period
- ◆ (individual companies and inter-company comparison)
- ◆ liquidity
- ◆ capital structure
- ◆ activity and efficiency
- ◆ profitability

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

This Unit is a specialist quantitative building studies Unit which is recommended as a second year Unit in the SQA Advanced Certificate and SQA Advanced Diploma Quantity Surveying programme. It appears in other areas of SQA Advanced Certificate and SQA Advanced Diploma Built Environment awards. As a specialist Unit, it is recommended that the Unit be delivered towards the end of these awards and after candidates have acquired a knowledge of construction technology.

Where this Unit is incorporated into other group awards it is recommended that it be delivered in the context of the specific occupational area(s) that the award is designed to cover.



Details on approaches to assessment are given under Evidence Requirements and assessment guidelines under each Outcome in the SQA Advanced Unit specification: statement of standards section. It is recommended that these sections be read carefully before proceeding with assessment of candidates.

The volume of evidence required for each assessment should take into account the overall number of assessments being contemplated within this Unit and the design of the overall teaching programme.

### ***Opportunities for developing Core Skills***

The Unit provides opportunities for the development of Core Skills in Communication, Numeracy, IT, Problem Solving. Opportunities for the development of Core Skills at the output level are more fully identified in the Core Skills Signposting Guide.

<b>Core Skill</b>	<b>Outcome 1</b>	<b>Outcome 2</b>	<b>Outcome 3</b>	<b>Outcome 4</b>	<b>Outcome 5</b>
<b>1 Communication</b>					
Reading				■	
Writing				■	
Oral					
<b>2 Numeracy</b>					
Using Number	■	■	■	■	
Using Graphical Information	■	■	■	■	
<b>3 IT</b>					
Using Information Technology	■	■	■	■	
<b>4 Problem Solving</b>					
Critical Thinking	■	■	■	■	
Planning and Organising	■	■	■	■	
Reviewing and Evaluating	■	■	■	■	
<b>5 Working with Others</b>					

## **Open learning**

Given that appropriate materials exist, this Unit could be delivered by distance learning, which may incorporate some degree of online support. However, with regard to assessment, planning would be required by the centre concerned to ensure the sufficiency and authenticity of candidate evidence. Arrangements would be required to be put in place to ensure that assessment/s were conducted under controlled, supervised conditions.

## **Equality and inclusion**

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

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

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- 4 Produce a report interpreting annual accounts for two contracting firms.

In Outcomes 1 to 3, evidence that you can satisfy the knowledge and skill elements of this Unit will be obtained by assessment undertaken in controlled, supervised conditions. You will not be allowed to bring textbooks, handouts or notes to the assessment.

In Outcome 4, evidence that you can satisfy the knowledge and skill elements of this Unit will be obtained by assessment in controlled, supervised open-book conditions. You will be allowed access to your own notes and copies of annual accounts from two contracting firms.