

Higher National Graded Unit Specification

General Information for Centres

This Graded Unit has been validated as part of the HND Accounting. Centres are required to develop the assessment instrument in accordance with this validated specification. Centres wishing to use another type of Graded Unit or assessment instrument are required to submit proposals detailing the justification for change for validation.

Graded Unit Title: Accounting: Graded Unit 3

Graded Unit Code: DE66 35

Type of Graded Unit: Examination

Assessment Instrument: Open book Examination

Credit value: 1 HN 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 Access 1 to Doctorates.*

Purpose: This Graded Unit is designed to provide evidence that the candidate has achieved the following aims of the HND Accounting:

- To prepare students for progression to further study in accounting or a related discipline.
- To develop and integrate a range of contemporary vocational skills in addition to those developed at HNC level (i.e. evaluating and interpreting financial data; applying relevant legislation; providing information for decision making).
- To enable students to integrate financial accounting with relevant business taxation.

Recommended Prior Knowledge and Skills: It is recommended that the candidate should have completed or be in the process of completing the following Units relating to these specific aims prior to undertaking this Graded Unit:

- Financial Reporting and Analysis (DE5G 35)
- Accounting for Specialised Transactions (DE5E 35)
- Business Taxation (DE5L 35)

General Information for Centres (cont)

Core Skills: There are no opportunities to gather evidence towards Core Skills in this Graded Assessment unit.

Assessment: This examination-based Graded Unit is open-book to the extent that candidates will be permitted access to taxation schedules during the assessment. It will consist of a three hour examination.

An exemplar instrument of assessment and marking guidelines have been produced to provide examples of the specific evidence required to demonstrate achievement of the aims of the group award of HND Accounting which this Graded Unit is designed to cover and to indicate the national standard of achievement at SCQF Level 8.

To achieve this Unit, candidates should attain 50% of available marks with achievement being graded according to marks attained.

Administrative Information

Graded Unit code: DE66 35
Graded Unit title: Accounting: Graded Unit 3
Original date of publication: August 2004
Version: 02 (November 2007)

History of changes:

Version	Description of change	Date
02	Amendment to first paragraph of Assessment Information (page 2). Amendment to Conditions of Assessment (page 4). Inclusion of sample schedule of Tax Rates and Allowances in Support Notes.	November 2007

Source: SQA

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

Additional copies of this Graded Unit specification (if sourced by the Scottish Qualifications Authority), can be purchased from the Scottish Qualifications Authority. Please contact the Customer Contact Centre for further details, telephone 0845 279 1000.

Higher National Graded Unit specification: Instructions for designing the assessment task and assessing candidates

Graded Unit Title: Accounting: Group Award Graded Unit 3

Conditions of Assessment

This assessment is based on an open-book examination lasting three hours. Candidates should be permitted access to taxation schedules provided by centres. The taxation schedules should contain *only* corporation tax and capital allowance rates for the current year. Candidates should not be given access to hand written notes and they should be advised that their copy of the taxation schedules may be scrutinised by invigilators for such notes during the examination. Taxation schedules should be updated annually to reflect current rates. (A sample of a taxation schedule is included in the Support Notes).

If a candidate does not achieve a pass or if a candidate wishes to upgrade, this must be based on a significantly different examination from that given originally. A candidate's grade will be based on his/her achievement on the new assessment event using a significantly different examination, if this results in a higher grade.

The examination should be unseen and the assessment should be conducted in controlled and invigilated conditions.

At all times, the security, integrity and confidentiality of examinations must be ensured.

Instructions for designing the assessment task:

The examination should be designed to assess the candidate's critical knowledge and understanding of the topics relating to the specific aims of the HND Accounting which this Graded Assessment is designed to cover. The questions and corresponding marks should be designed in accordance with the ranges indicated in the table that follows. However, the overall total mark for the examination is 100.

Higher National Graded Unit specification: Instructions for designing the assessment task and assessing candidates (cont)

Topic	Level of knowledge/ understanding	Weighting/ Mark Allocation
Part 1:Computational		
Trial balance with year-end adjustments (see note 1).	Process year end adjustments.)
Accounting for a specialised transactions (see note 2).	Account for in accordance with GAAP.)
Preparation of a Profit and Loss Account or a Balance Sheet suitable for publication.	Produce the required financial statements, having accounted for all year-end adjustments, in accordance with GAAP.) 40%
Corporation Tax computation based on the above (see note 3).	Incorporate the tax effect of the above business transactions and prepare the CT computation in accordance with current legislation.) 20%
Notes to the Accounts.	Using the above information, prepare three notes to the accounts in accordance with UK GAAP.) 20%
Part 2:Narrative		
Candidates should select one question from a choice of 3 (see note 4).	Describe, illustrate and critically assess.) 20%

Notes:

1. Year-end adjustments should include depreciation, accruals, prepayments, bad debt write off, and the proposal of final dividend.
2. Each assessment instrument should assess one Outcome from Accounting for Specialised Transactions. Ideally this should be a topic that was not assessed in the assessment instrument for that Unit due to the sampling conditions.
3. Candidates would be expected to calculate simple capital allowances and adjust for all non-allowable Schedule D Case I expenditure.
4. This part of the examination should be used to assess the knowledge and skills that have not been assessed in the Units Financial Reporting and Analysis, Accounting for Specialised Transactions and Business Taxation due to the sampling conditions.

Higher National Graded Unit specification: Instructions for designing the assessment task and assessing candidates (cont)

The examination will be marked out of 100. Assessors will aggregate the marks achieved by the candidate to arrive at an overall mark for the examination. Assessors will then assign a grade to the candidate for this Graded Unit based on the following grade boundaries:

- ◆ A = 70% – 100%
- ◆ B = 60% – 69%
- ◆ C = 50% – 59%

Support notes

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.

The Unit is designed to assess the candidate's ability to integrate knowledge across a range of mandatory Units within the award for HND Accounting.

Candidates are permitted access to taxation schedules during the assessment. These schedules should be updated annually to reflect current tax rates. An example of a *Schedule of Tax Rates and Allowances* is given on the following pages.

SCHEDULE OF TAX RATES AND ALLOWANCES 2007-2008

[This Schedule can be used in the HN Units Business Taxation (DE5L 35), Income Tax (DE5K 35) and Accounting: Graded Unit 3 (DE66 35). This page only to be supplied for Graded Unit 3 examination].

Corporation Tax

Financial Year	2005	2006	2007
Small Co Rate	19%	19%	20%
Full Rate	30%	30%	30%
Marginal Relief Fraction	1/400	11/400	1/40
Lower Limit	£300,000	£300,000	£300,000
Upper Limit	£1,500,000	£1,500,000	£1,500,000

Marginal Relief Formula

$$\text{Upper Limit} - \text{Small Co Profit} \quad \times \quad \frac{\text{PCTCT}}{\text{Small Co Profit}} \quad \times \quad \text{Marginal Relief Fraction}$$

Capital Allowances

Plant and Machinery	WDA	25%
	FYA	40% (Medium companies)
		50% (Small companies)
		100% (Low emission cars)
Industrial Buildings	WDA	4%

Income Tax

Personal allowance £5,225

Rates

Starting Rate	£1–£2,230	10%
Basic Rate	£2,231–£34,600	22%
Higher Rate	above £34,600	40%

The Basic Rate for Savings income is 20% and 10% for Dividend income.

Car Benefits

Base level of CO2 emissions is 140 grams per kilometre and starts at 15%. The base figure for calculating fuel benefits is £14,400

National Insurance Contributions (Not Contracted Out)

Class 1 Employee	£1–£5,225	Nil
	£5,226–£34,840	11%
	Above £34,840	1%
Class 1 Employer	£1–£5,225	Nil
	Above £5,225	12.8%
Class 1A		12.8%
Class 2	£2.20 per week	
Class 4	£1–£5,225	Nil
	£5,226–£34,840	8%
	Above £34,840	1%

Candidates with disabilities and/or additional support needs

The additional support needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative assessment arrangements. For information on these, please refer to the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs*, which is available on SQA's website: **www.sqa.org.uk**.

General information for candidates

The Graded Unit is designed to integrate and apply knowledge across a range of mandatory Units for the award of HND Accounting.

The Graded Unit is a compulsory element of the Group Award and will be awarded at the following grades:

- ◆ A = 70% - 100%
- ◆ B = 60% - 69%
- ◆ C = 50% - 59%