



Higher National Unit specification

General information for centres

Unit title: Forestry: Financial Control of Forest Enterprises

Unit code: F3YP 35

Unit purpose: This Unit is designed to give the candidate understanding and knowledge of controlling expenditure within a forest enterprise.

The Unit is relevant to candidates requiring an understanding of management accounting information for the purpose of cost control and decision-making at the forest manager level.

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

- 1 Prepare an operating statement.
- 2 Prepare budgets for a forest enterprise.
- 3 Effect budgetary control of a forest enterprise.
- 4 Prepare a break-even analysis.

Credit points and level: 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.*

Recommended prior knowledge and skills: Access to this Unit is at the discretion of the centre. However, candidates would normally be expected to have competence in communication and numeracy skills at Intermediate 2 (SCQF level 5) or similar qualifications or experience.

Core Skills: There are opportunities to develop the Core Skills of *Numeracy* at SCQF level 5, *Information Technology* at SCQF level 5, the component *Written Communication* of the Core Skill *Communication* at SCQF level 5, and the components *Critical Thinking and Planning* and *Organising* of the Core Skill *Problem Solving* at SCQF level 5 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: This Unit will be assessed by four closed-book assessments, two of which must be timed.

Higher National Unit specification: statement of standards

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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

Prepare an operating statement

Knowledge and/or Skills

- ◆ Cost classification
- ◆ Operating statements
- ◆ Overhead recovery techniques
- ◆ Analytical skills

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can correctly prepare an operating statement showing profit.

- ◆ costs must be classified as either indirect or direct in the operating statement of the organisation
- ◆ overhead recovery techniques must be analysed and correctly applied in the allocation of cost in the operating statement
- ◆ elements must be identified in an operating statement to achieve the correct selling price

The assessment must be presented as an assignment detailing the costs involved in correctly calculating the selling price for three contracts.

The assessment for this Outcome must be conducted as a single closed-book one hour examination.

Assessment Guidelines

This Outcome must be assessed as a single closed-book one hour examination.

Higher National Unit specification: statement of standards (cont)

Unit title: Forestry: Financial Control of Forest Enterprises

Outcome 2

Prepare budgets for a forest enterprise

Knowledge and/or Skills

- ◆ Functional budgets for a forest enterprise
- ◆ Cash budget
- ◆ Master budget

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can correctly prepare individual functional budgets.

Candidates must cover all of the following functional budgets: sales; production; stock; materials purchase and usage; labour; fixed and variable overheads.

Candidates must then draft a cash budget, and a master budget (which must include a budgeted profit and loss account and balance sheet). The assessment must be presented as an assignment detailing the costs involved for calculating the budget over a six month period.

Evidence of all the prepared budgets must be generated under closed-book examination conditions.

Assessment Guidelines

The assessment for this Outcome must be conducted as a single closed-book examination and it is recommended that candidates complete it in one hour.

Higher National Unit specification: statement of standards (cont)

Unit title: Forestry: Financial Control of Forest Enterprises

Outcome 3

Effect budgetary control of a forest enterprise

Knowledge and/or Skills

- ◆ Flexed budgets
- ◆ Standard costing
- ◆ Basic variances
- ◆ Budgetary control report

Evidence Requirements

Candidates will need to provide evidence to demonstrate their Knowledge and/or Skills by showing that they can correctly prepare a budgetary control report, which shows the original fixed budget and the flexed budget, with a comparison to actual results to show the total basic variances. The flexed budget should reflect the behaviour of costs within the organisation. The total variances should be broken down to show specific sub-variances as follows:

- ◆ material: price and usage
- ◆ labour: rate and efficiency
- ◆ variable production overheads: expenditure and efficiency
- ◆ fixed production overheads: expenditure and volume

Candidates must prepare a budgetary control report, which provides possible reasons for the variances highlighted in the report. The evidence must be prepared under closed-book examination conditions.

Assessment Guidelines

It is recommended that the assessment is completed by candidates in one hour.

Higher National Unit specification: statement of standards (cont)

Unit title: Forestry: Financial Control of Forest Enterprises

Outcome 4

Prepare a break-even analysis

Knowledge and/or Skills

- ◆ Break-even analysis
- ◆ Impact on profits of changes in selling price and costs
- ◆ Suitable course of action

Evidence Requirements

Candidates should demonstrate their Knowledge and/or Skills by correctly preparing a report showing the changes to break-even points and profits, resulting from changes in selling prices and costs. The evidence should be in tabular form showing the calculations of break-even point and the impact on profits of changes in selling price and costs in three different situations, and a recommendation on a suitable course of action.

The assessment for this Outcome must be conducted as a one hour single closed-book examination.

Assessment Guidelines

The assessment for this Outcome must be conducted as a single closed-book examination and must be completed in one hour.

Administrative Information

Unit code: F3YP 35

Unit title: Forestry: Financial Control of Forest Enterprises

Superclass category: SM

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Version	Description of change	Date

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Higher National Unit specification: support notes

Unit title: Forestry: Financial Control of Forest Enterprises

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 is designed as a mandatory part of the following SQA Group Award:

HND Forestry

This Unit is designed to enable candidates to prepare management reports in different formats to aid the decision-making process.

Guidance on the delivery and assessment of this Unit

While each Outcome is stand alone it is beneficial that the Outcomes are completed in the order stated. Thus the candidate works through the logical steps of cost accounting and the preparation of management reports. The output of Outcome 2 could form the input of Outcome 3. Outcomes 1 and 4 are intended to stand alone.

To achieve this Unit, candidates should meet the Evidence Requirements of all 4 Outcomes.

Opportunities for developing Core Skills

Core Skills may be developed during delivery and assessment of this Unit. It is envisaged that *Communication*, *Numeracy*, *Problem Solving* and *Information Technology* will be the most likely Core Skills to be developed although there is no automatic certification of Core Skills or Core Skills components.

Candidates are required to produce graphical information and perform analysis and calculations which will give them opportunities to develop the Core Skill *Numeracy* at SCQF level 5.

If candidates produce evidence in the form of written reports then there are opportunities to develop the Core Skills of *Numeracy* at SCQF level 5, the component Written Communication of the Core Skill *Communication* at SCQF level 5.

Candidates are required to use planning, organisational and analytical skills throughout this Unit which may give opportunities to develop the components Critical Thinking and Planning and Organising of the Core Skill *Problem Solving* at SCQF level 5 in this Unit.

Information technology skills could be developed at SCQF level 5 by candidates carrying out research and producing work using IT.

Higher National Unit specification: support notes (cont.)

Unit title: Forestry: Financial Control of Forest Enterprises

Open learning

All Outcomes are appropriate for open and distance learning approaches, and it would be good practice to provide candidate packs and tutor input and support at all stages. Centre devised supervision agreements should detail controlled conditions to ensure authenticity of evidence.

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 Outcomes for Units. Further advice can be found in the SQA document *Guidance on Assessment Arrangements for Candidates with Disabilities and/or Additional Support Needs* (www.sqa.org.uk).

General information for candidates

Unit title: Forestry: Financial Control of Forest Enterprises

This Unit is designed to give you an understanding and knowledge of controlling expenditure within a forest enterprise.

The knowledge and skills acquired in this Unit will help you understand and evaluate the factors that influence financial decision-making and managerial decision-making in a forest enterprise.

By the time you have finished this Unit you will be able to draft budgets for both planning and control and analyse the expenditure in your organisation.

It can be studied as a stand alone Unit if you wish to gain knowledge/skills of management accounting techniques which are used in any commercial situation. It could also be studied as part of the HND Forestry Group Award.

There are four areas of study in this Unit, detailed as follows:

Outcome 1 provides the skills and develops abilities in the preparation of an operating statement enabling you to understand cost classification, overhead absorption and profit determination.

Outcome 2 will give you skills and abilities in preparing functional and master budgets for a forest enterprise.

Outcome 3 will give you an understanding of the variances causing actual costs and profits to differ from budgeted figures.

Outcome 4 enables you to analyse costing data for decision-making purposes to deal with changing cost levels and prices when producing goods/services.

This Unit is a mandatory component of the following SQA Group Award:

HND Forestry

If you are already in employment in the forestry industry this Unit may provide an opportunity to extend your existing knowledge and skills and lays a sound grounding for further study in forest planning and management.