



## Higher National Graded Unit specification

### General information for centres

This Graded Unit has been validated as part of the HNC 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 1

**Graded Unit code:** F8KE 34

**Type of Graded Unit:** Examination

**Assessment Instrument:** Closed-book Examination

**Credit points and level:** 1 HN credit at SCQF level 7: 8 SCQF credit points at SCQF level 7\*)

*\*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 principal aims of the HNC Accounting:

- ◆ To prepare candidates for progression to further study in accounting or a related discipline.
- ◆ To develop and integrate a range of contemporary vocational skills (ie evaluating and interpreting financial data).
- ◆ To enable candidates to integrate financial, costing and management data.

**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:

- ◆ F7JV 34: *Recording Financial Information*
- ◆ F7JT 34: *Preparing Financial Statements*
- ◆ F7JP 34: *Using Financial Accounting Software*
- ◆ F7JS 34: *Management Accounting Using Information Technology*
- ◆ F7JR 34: *Cost Accounting*

**Core Skills:** There are no Core Skills embedded in this Graded Unit specification.

**Assessment:** This examination-based Graded Unit is a closed-book examination. It will consist of an examination of three hours.

An exemplar instrument of assessment and marking guidelines have been produced to show the national standard of achievement required at SCQF level 7

## Administrative Information

<b>Graded Unit code:</b>	F8KE 34
<b>Graded Unit title:</b>	Accounting: Graded Unit 1
<b>Original date of publication:</b>	August 2010
<b>Version:</b>	02 (December 2015)

Version	Description of change	Date
03	Additional paragraph inserted under 'Conditions of assessment' on page 3	17/12/15
02	Terminology and reference to financial statements revised to reflect requirements of FRS 102.	06/08/15

**Source**

**SQA**

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

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## **Higher National Graded Unit specification: instructions for designing the assessment task and assessing candidates**

**Graded Unit title:** Accounting: Graded Unit 1

### **Conditions of assessment**

The assessment is based on a closed-book examination lasting three hours.

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.

Centres are reminded that the examination should be unseen. As such, centres must ensure that candidates do not know any of the following details in advance of the examination:

- ◆ Whether the financial statements will be for a partnership or a limited company;
- ◆ Which three narrative questions (from the choice of five) will be given for both Sections A and B of Part 2
- ◆ The exact details of the narrative questions.

### **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 which this Graded Unit 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.

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Key topics	Level of demand	Percentage weighting for each topic
<b>Part 1</b> Computational (Note 1)		
Purchase of Materials (Note 2) Wages Analysis (Note 3)	Complete or check the accuracy of Inventory Record Card(s) Complete or check documentation relating to payroll calculations	10%
Ledger Accounts and Trial Balance	Incorporate material purchase, wages and other adjustments into ledger accounts Produce a Trial Balance based on now completed ledger accounts	25%
Preparation of Financial Statements	Produce the required Income Statement, Statement of Financial Position and Statement of Change in Equity (where appropriate)	25%
<b>Part 2</b> Narrative		
Candidates should select 2 questions from a choice of 3 in both Sections A and B (Note 4)	Describe, explain, illustrate and evaluate	40%

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

### Instructions for designing the assessment task (cont)

#### Part 1: Computational Section

- 1 This part of the examination relates to a manufacturing company.
- 2 One materials invoice showing delivery of material on the last day of the financial period along with a completed goods received note. Candidates should be given
  - a partially completed Inventory Record Card(s) to complete
  - OR**
  - a completed Inventory Record Card to check for accuracy and amend as required
- 3 Candidates should be given information relating to payroll calculations, eg clock cards, time sheets, wages analysis, etc. The information may be complete or incomplete. Candidates will be required to either
  - compute wage costs and identify direct and indirect costs
  - OR**
  - check the documentation and amend as required

#### Part 2: Narrative Section (divided into two sections)

##### Section A — Financial Accounting

The **three** questions given to candidates should cover **three** of the following topics:

- a Users of financial information and interpretation of financial statements
- b Preparation of financial statements and year end adjustments
- c Financial accounting software packages
- d Accounting control mechanisms
- e Distinction between financial and cost accounting

##### Section B — Management Accounting

The **three** questions given to candidates should cover **three** of the following topics:

- a The theory and practice of budgeting
- b Cost behaviour
- c Costing systems
- d The use of IT to assist in the provision of management information
- e Distinction between cost and financial accounting

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%

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

### Guidance on grading candidates

Candidates who meet the minimum Evidence Requirements will have their achievement graded as a C (competent), A (highly competent), or B (somewhere between A and C). The grade related criteria to be used to judge candidate performance for this Graded Unit is specified in the following table:

Grade A	Grade C
<p>Is an exam script which consistently:</p> <ul style="list-style-type: none"> <li>◆ interprets and understands the question in a way which demonstrates insight and clear understanding of issues and relationships</li> <li>◆ answers demonstrate a comprehensive analysis and evaluation of relevant information</li> <li>◆ responses are logically structured and coherently expressed demonstrating consistent use of correct terminology</li> <li>◆ is clear and well structured throughout with language and terminology used of a consistently high standard in terms of level, accuracy and technical content</li> <li>◆ consolidates and integrates required knowledge and skills linking concepts and ideas and relating answers explicitly to the question</li> <li>◆ convincingly argues and shows links between discussions and conclusions demonstrating comprehensive knowledge and understanding as well as analysing and evaluation skills</li> <li>◆ provides evidence of possible alternative approaches and arguments as well as understanding of different interpretations</li> </ul>	<p>Is an exam script which:</p> <ul style="list-style-type: none"> <li>◆ interprets and understands the question in a way which enables the candidate to meet the basic criteria required</li> <li>◆ answers demonstrate a limited analysis evaluation and explanation of the question and other relevant information</li> <li>◆ responses are uneven and convey limited understanding although some relevant points are made</li> <li>◆ is satisfactorily structured with language and terminology used adequate, although not always consistent, in terms of level, accuracy and technical content</li> <li>◆ consolidates and integrates required knowledge and skills but may lack continuity and consistency and fail to show clear links to concepts and ideas</li> <li>◆ argues and justifies conclusions in an acceptable way but these conclusions may lack reasoned understanding, may not link well to discussions and may show limited knowledge</li> <li>◆ is likely to show one approach and limited understanding of different interpretations</li> </ul>

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### **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.

This Unit is designed to assess the candidate's ability to integrate knowledge and understanding across the mandatory Units F7JV 34: *Recording Financial Information*, F7JT 34: *Preparing Financial Statements*, F7JP 34: *Using Financial Accounting Software*, F7JS 34: *Management Accounting Using Information Technology*, and F7JR 34: *Cost Accounting*.

### **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](http://www.sqa.org.uk/assessmentarrangements)**

## General information for candidates

This Graded Unit is a mandatory element of the HNC Accounting Group Award and is designed to assess your ability to integrate and apply knowledge across the mandatory Units — F7JV 34: *Recording Financial Information*, F7JT 34: *Preparing Financial Statements*, F7JP 34: *Using Financial Accounting Software*, F7JS 34: *Management Accounting Using Information Technology*, and F7JR 34: *Cost Accounting*.

This Graded Unit is assessed by a closed-book examination of three hours. The examination consists of two parts:

### Part 1: Computational (60%)

Purchase of materials  
Wages analysis  
Ledger accounts and trial balance  
Preparation of financial statements

### Part 2: Narrative (40%)

Financial accounting  
Management accounting

The Graded Unit is a mandatory element of the HNC Accounting Group Award.

Grades will be awarded on the following bases:

A = 70% — 100%  
B = 60% — 69%  
C = 50% — 59%