

**-SQA-SCOTTISH QUALIFICATIONS AUTHORITY**

**NATIONAL CERTIFICATE MODULE: UNIT SPECIFICATION**

**GENERAL INFORMATION**

**-Module Number-** 6130116

**-Session-1996-97**

**-Superclass-** AK

**-Title-** USING ACCOUNTING INFORMATION

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**-DESCRIPTION-**

**GENERAL COMPETENCE FOR UNIT:** Interpreting financial data to assess the financial condition of an enterprise.

**OUTCOMES**

1. provide information on cost and profit behaviour;
2. provide information for short term decision making;
3. assess the financial position and performance of an enterprise;
4. prepare reports on the control of working capital.

**CREDIT VALUE:** 1 NC Credit

**ACCESS STATEMENT:** Access is at the discretion of the presenting centre. However, it would be beneficial if the candidate is competent in identifying cost behaviour, the operation of cost systems within organisations and presenting financial information. This may be evidenced by possession of National Certificate modules 6130046 Maintaining Costing Systems and 6130022 Preparing Final Accounts or equivalent qualification or experience.

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For further information contact: Committee and Administration Unit, SQA, Hanover House, 24 Douglas Street, Glasgow G2 7NQ.

Additional copies of this unit may be purchased from SQA (Sales and Despatch section). At the time of publication, the cost is £1.50 (minimum order £5.00).

**NATIONAL CERTIFICATE MODULE: UNIT SPECIFICATION**

**STATEMENT OF STANDARDS**

**UNIT NUMBER:** 6130116

**UNIT TITLE:** USING ACCOUNTING INFORMATION

Acceptable performance in this unit will be the satisfactory achievement of the standards set out in this part of the specification. All sections of the statement of standards are mandatory and cannot be altered without reference to SQA.

**OUTCOME**

1. PROVIDE INFORMATION ON COST AND PROFIT BEHAVIOUR

**PERFORMANCE CRITERIA**

- (a) Calculation of cost, contribution and profit is accurate.
- (b) Calculation of break-even point is accurate.
- (c) Graphical presentation of cost behaviour is accurate.
- (d) Key features of graphical presentation are identified accurately.

**RANGE STATEMENT**

Costs: fixed; variable.

Graphical presentation: break-even; sales to contribution.

Key features: break-even; margin of safety; level of profit/loss at given levels of activity.

**EVIDENCE REQUIREMENTS**

Written evidence of the ability to provide information on costs and profit behaviour as specified in the performance criteria and covering the full range.

**OUTCOME**

- 2. PROVIDE INFORMATION FOR SHORT-TERM DECISION MAKING

**PERFORMANCE CRITERIA**

- (a) Identification of cost behaviour is accurate.
- (b) Identification of relevant costs is accurate.
- (c) Selection of information is appropriate to decision.
- (d) Application of limiting factor to decision is correct.

**RANGE STATEMENT**

Cost behaviour: fixed costs; variable costs.

Decision: make or buy; continue or abandon; product mix.

**EVIDENCE REQUIREMENTS**

Written evidence of the ability to provide information for short term decision making as specified in the performance criteria and range statement. The candidate must provide information for all types of decisions identified within the range.

**OUTCOME**

- 3. ASSESS THE FINANCIAL POSITION AND PERFORMANCE OF AN ENTERPRISE

**PERFORMANCE CRITERIA**

- (a) Performance ratios are calculated accurately.
- (b) Liquidity ratios are calculated accurately.
- (c) Conclusions drawn from ratios are consistent with assessment purpose.

**RANGE STATEMENT**

Performance ratios: return on capital employed; gross profit ratio; net profit ratio; fixed asset turnover.

Liquidity ratios: current ratio; quick ratio/acid test.

Assessment purpose: inter-firm comparison; intra-firm comparison; trend determination.

**EVIDENCE REQUIREMENTS**

Written evidence of the candidate assessing the financial position and performance of an enterprise as specified in the performance criteria for the three purposes in the range.

**OUTCOME**

4. PREPARE REPORTS ON THE CONTROL OF WORKING CAPITAL

**PERFORMANCE CRITERIA**

- (a) Elements of working capital are identified correctly.
- (b) Application of ratios to assess the management of working capital is accurate.
- (c) Reporting of conclusions is consistent with the purpose of assessment.

**RANGE STATEMENT**

Elements of working capital: stock of raw materials; work-in-progress; stock of finished goods; trade debtors; cash at bank and in hand; bank overdraft; trade creditors; other creditors.

Ratios: rate of stock turn; debtors collection period; creditors payment period.

Purpose of assessment: trend analysis; establishing competitive advantage.

**EVIDENCE REQUIREMENTS**

Written evidence of the ability to prepare reports on the control of working capital as specified in the performance criteria and the range statements.

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**ASSESSMENT**

In order to achieve this unit, candidates are required to present sufficient evidence that they have met all the performance criteria for each outcome within the range specified. Details of these requirements are given for each outcome. The assessment instruments used should follow the general guidance offered by the SQA assessment model and an integrative approach to assessment is encouraged. (See references at the end of support notes).

Accurate records should be made of the assessment instruments used showing how evidence is generated for each outcome and giving marking schemes and/or checklists, etc. Records of candidates' achievements should be kept. These records will be available for external verification.

### **SPECIAL NEEDS**

In certain cases, modified outcomes and range statements can be proposed for certification. See references at end of support notes.

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**NATIONAL CERTIFICATE MODULE: UNIT SPECIFICATION****SUPPORT NOTES**

**UNIT NUMBER:** 6130116

**UNIT TITLE:** USING ACCOUNTING INFORMATION

**SUPPORT NOTES:** This part of the unit specification is offered as guidance. None of the sections of the support notes is mandatory.

**NOTIONAL DESIGN LENGTH:** SQA allocates a notional design length to a unit on the basis of time estimated for achievement of the stated standards by a candidate whose starting point is as described in the access statement. The notional design length for this unit is 40 hours. The use of notional design length for programme design and timetabling is advisory only.

**PURPOSE** SQA publishes summaries of NC units for easy reference, publicity purposes, centre handbooks, etc. The summary statement for this unit is as follows

This unit will allow you to develop competences which will allow you to present financial information and analysis for decision making purposes.

**CONTENT/CONTEXT** Corresponding to all Outcomes

The candidate should achieve a level of competence of someone who, in a working environment, would be expected to carry out, under supervision, a broad range of varied work activities in a variety of work contexts. The activities should not necessarily be of a routine nature. There should be an emphasis on the generation of working papers/work product that is clear and informative. They should be able to apply the underpinning knowledge and understanding to both large and small organisations within the private, public and voluntary sectors.

Corresponding to Outcomes:

1. To develop an understanding of the way costs behave within organisations and how that behaviour influences decision making.
2. To provide an understanding of how the cost structure of a firm relates to its profitability.
3. To provide the underpinning knowledge associated with the assessment of the performance of firms both in relation to time and others.

4. To provide the knowledge and understanding associated with the assessment of a firm's capacity to manage its working capital effectively.

**APPROACHES TO GENERATING EVIDENCE** The outcomes of this unit involve the candidate carrying out the application of practical skills from a developed knowledge and understanding. As such a student-centred approach utilising resources likely to be met within the workplace is expected.

The delivery and assessment of this unit within a simulated office environment allows candidates to demonstrate their competence in conditions similar to the workplace. Therefore, observation of candidates carrying out successfully a series of practical exercises demonstrating manual application and the use of computer application software will allow for the accumulation of evidence of satisfactory candidate performance.

**ASSESSMENT PROCEDURES** Competence in this area is underpinned by the need for timely production of neat and clear work product. The use of practical assignments allows for evaluation of the candidate's work product in the form of accounting working papers and work product records but also allows for evaluation of the processes used by the candidate to achieve the work product. It is, therefore, recommended that an observation checklist is incorporated into the candidate's portfolio of evidence thus supporting the level of competence expected of a candidate meeting the description contained in the context statement.

**PROGRESSION** This unit is one of a series of units at level III. The other units in this group are:

6130056 Preparing Financial Statements

6130066 Preparing Management Accounting Statements.

This unit is also part of the GSVQ in Business level III and as such provides progression to and underpins study within the HNC/HND Business Administration and other similar programmes of study.

**RECOGNITION** Many SQA NC units are recognised for entry/recruitment purposes. For up-to-date information see the SQA guide 'Recognised Groupings of National Certificate Modules'.

## REFERENCES

1. Guide to unit writing. (A018).
2. For a fuller discussion on assessment issues, please refer to SQA's Guide to Assessment. (B005).
3. Procedures for special needs statements are set out in SQA's guide 'Candidates with Special Needs'. (B006).
4. Information for centres on SQA's operating procedures is contained in SQA's Guide to Procedures. (F009).
5. For details of other SQA publications, please consult SQA's publications list. (X037).

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