

National Unit Specification: general information

UNIT	Using Accounting Information (Higher)
NUMBER	D33D 12
COURSE	Accounting and Finance (Higher)

SUMMARY

This unit seeks to enable candidates to analyse financial performance, make decisions based on cost and revenue information, and use information technology.

OUTCOMES

- 1 Use break-even analysis.
- 2 Prepare a profit maximisation statement for short-term decision-making.
- 3 Analyse business performance and financial position.

RECOMMENDED ENTRY

While entry is at the discretion of the centre, candidates would normally be expected to have achieved one of the following:

- Standard Grade Accounting and Finance at Credit level
- Intermediate 2 Accounting and Finance
- the component units of *Intermediate 2 Accounting and Finance - Financial Accounting (Int 2)*, *Management Accounting (Int 2)* and *Using Accounting Information (Int 2)*

Administrative Information

Superclass:	AK
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National Unit Specification: general information (cont)

UNIT Using Accounting Information (Higher)

CREDIT VALUE

1 credit at Higher.

CORE SKILLS

This unit gives automatic certification of the following:

Complete core skills for the unit	None	
Core skills components for the unit	Critical Thinking	H

Additional information about core skills is published in *Automatic Certification of Core Skills in National Qualifications* (SQA, 1999).

National Unit Specification: statement of standards

UNIT Using Accounting Information (Higher)

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

OUTCOME 1

Use break-even analysis.

Performance criteria

- a) The formula selected is appropriate to purpose.
- b) Calculations are consistent with the information supplied.

Note on range for this outcome

Formulae: break-even point; margin of safety; profit/volume ratio.

Information supplied: total fixed costs; unit variable costs; selling price per unit; output levels.

Evidence requirements

Evidence is required in the form of practical exercises requiring the use of all break-even formulae for one or more firms. Evidence should include calculations of profit or loss for two different output levels.

OUTCOME 2

Prepare a profit maximisation statement for short-term decision-making.

Performance criteria

- a) Identification of contribution per unit is consistent with the information supplied.
- b) Identification of contribution per limiting factor is consistent with the information supplied.
- c) Identification of product ranking and output levels to maximise profits.
- d) Conclusions drawn from the application of limiting factor to decisions made are consistent and accurate.

Note on range for this outcome

Limiting factor: labour hours; machine hours; materials.

Evidence requirements

Evidence is required in the form of a profit statement which details the output level and total contribution of a maximum of four products under one limiting factor from the range. In addition, evidence should include the calculation of any change in profit resulting from given market restrictions, for example, where output levels for certain products are specified.

National Unit Specification: statement of standards (cont)

UNIT Using Accounting Information (Higher)

OUTCOME 3

Analyse business performance and financial position.

Performance criteria

- (a) The calculation of ratios is consistent with the data supplied.
- (b) Detailed conclusions drawn from comparison of performance are accurate.

Note on range for this outcome

Ratios: return on capital employed; gross profit percentage; mark-up ratio; net profit percentage; current ratio; acid test ratio; turnover to fixed assets; expenses ratio; debtor collection period; creditor payment period; rate of stock turnover.

Evidence requirements

Evidence is required in the form of an extended response involving the calculation of ratios covering the range and the drawing of appropriate conclusions. The assignment may take one of two approaches:

- the ratios could be used to analyse the results of one organisation for each of two consecutive years, or
- it could provide an analysis of the final accounts of two organisations in the same trade, which would require the preparation of ratios for each organisation

The analysis should include reasons for differences between ratios and possible remedies.

National Unit Specification: support notes

UNIT Using Accounting Information (Higher)

This part of the 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 CONTENT AND CONTEXT FOR THIS UNIT

This unit deals with break-even analysis, decision-making and analysing performance.

This unit relies on some of the knowledge from *Financial Accounting (H)* and from *Management Accounting (H)*. Where candidates take all units, delivery of them may be integrated. Where this is not the case, candidates will find it beneficial to have completed *Financial Accounting (H)* and *Management Accounting (H)* before embarking on *Using Accounting Information (H)*.

Candidates should be made aware of the differences between financial and management accounting and the benefits to be obtained from the adoption of a management accounting system.

Further details are supplied in the course specification.

GUIDANCE ON LEARNING AND TEACHING APPROACHES FOR THIS UNIT

The emphasis throughout this unit should be on a candidate-centred approach in which candidates undertake practical exercises and extended responses which enable them to progress at their own speed. It is important, however, especially for those candidates undertaking this unit as part of Higher Accounting and Finance, that knowledge and understanding are developed concurrently with computational skills.

There are opportunities within this unit for the use of information technology in the form of spreadsheets and accounting packages. However, where accounting packages are used, it is essential that candidates not only understand the underpinning principles and concepts but are also familiar with manual methods. It should be noted that accounting packages cannot be used for assessment purposes.

All outcomes are suitable for delivery by the use of spreadsheets. If spreadsheets are used candidates could be given the opportunity to provide assessment evidence in the form of a spreadsheet printout. If this method is used candidates would have to input data and formulae on to a pre-prepared spreadsheet which contains text only. Candidates should also be familiar with the procedures for copying both absolutely and relatively.

National Unit Specification: support notes (cont)

UNIT Using Accounting Information (Higher)

GUIDANCE ON APPROACHES TO ASSESSMENT FOR THIS UNIT

Practical exercises and extended responses will be the most suitable forms of assessment instrument. One method would be to assess an outcome immediately following its delivery, with time allowed for remediation prior to any reassessment. Alternatively, it would be possible to assess more than one outcome with one assessment instrument. The recommended approach to assessment is the use of practical exercises and extended responses delivered under controlled conditions. No time limit is specified for the completion of each assessment.

Please note that the ratio formulae contained in Appendix 1 may be made available to candidates during the assessment of Outcome 3.

Where an instrument assesses more than one outcome, success in one outcome and failure in another would require only the failed outcome to be reassessed.

For the purposes of assessment, an error refers to any errors involving the recording of accounting information, arithmetical errors or any errors relating to the application of accounting theory or principles.

It is expected that each assessment will require the application of a marking scheme articulating with specific criteria. Such criteria would include and allow for different types of errors - arithmetic, consequential, and lack of accounting knowledge. There is no specific upper limit for the allocation of marks over an assessment instrument, but ease of use, consistency and comprehensiveness should be evident.

SPECIAL NEEDS

This unit specification is intended to ensure that there are no artificial barriers to learning or assessment. Special needs of individual candidates should be taken into account when planning learning experiences, selecting assessment instruments or considering alternative outcomes for units. For information on these, please refer to the SQA document *Guidance on Special Assessment and Certification Arrangements for Candidates with Special Needs/Candidates whose First Language is not English* (SQA, 1998).