
Preparing Management Accounting Information

SCQF: level 6 (6 SCQF credit points)

Unit code: J21M 76

Unit outline

The general aim of this Unit is to allow learners to develop the knowledge and understanding of internal accounting information and the ability to prepare such information using a range of routine and complex accounting techniques. Learners will carry out learning activities that extend their understanding of the significant impact that management accounting information has on making decisions about the future planning, control and success of the organisation.

Learners who complete this Unit will be able to:

- 1 Use knowledge and understanding of management accounting systems as a means of planning and control
- 2 Evaluate a range of management accounting statements

This Unit is available as a free-standing Unit. The Unit Specification should be read in conjunction with the *Unit Support Notes*, which provide advice and guidance on delivery, assessment approaches and development of skills for learning, skills for life and skills for work. Exemplification of the standards in this Unit is given in *Unit Assessment Support*.

Recommended entry

Entry to this Course is at the discretion of the centre. However, learners would normally be expected to have attained the skills, knowledge and understanding required by one or more of the following or equivalent qualifications and/or experience:

- ◆ National 5 Accounting Course
- ◆ National 5 Mathematics Course

Examples of other such relevant prior learning and experiences would include the development of logical and analytical thinking skills and the ability to use ICT, particularly spreadsheets.

Equality and inclusion

This Unit Specification has been designed to ensure that there are no unnecessary barriers to learning or assessment. The individual needs of learners should be taken into account when planning learning experiences, selecting assessment methods or considering alternative evidence. For further information, please refer to the *Unit Support Notes*.

Standards

Outcomes and assessment standards

Outcome 1

The learner will:

- 1 Use knowledge and understanding of management accounting systems as a means of planning and control by:**
 - 1.1 Describing the use of weighted average (AVCO) inventory (stock) valuation
 - 1.2 Detailing the use of management accounting systems as a means of planning and control

Outcome 2

The learner will:

- 2 Evaluate a range of management accounting statements by:**
 - 2.1 Preparing management accounting statements from a given range
 - 2.2 Making a business decision based on the results of each statement prepared

Evidence Requirements for the Unit

Assessors should use their professional judgement, subject knowledge and experience, and understanding of their learners, to determine the most appropriate ways to generate evidence and the conditions and contexts in which they are used.

Evidence for this Unit may be presented in a written response, as an ICT printout or by electronic means, and must use relevant accounting layouts and concepts.

Assessors should also use their professional judgement when giving learners credit for an appropriate degree of accuracy. This may mean giving credit for solutions which are numerically incorrect, but which show correct application of accounting concepts and methods.

Evidence may be presented for individual Outcomes or it may be gathered for the Unit as a whole through combining assessment in one single activity. If the latter approach is used, it must be clear how the evidence covers each Outcome.

In Outcome 1, the range of management accounting systems are budgeting, service costing and process costing.

In Outcome 2, the range of management accounting statements includes sales/production budgets, overhead analysis statement showing the reapportionment of service department costs, weighted average (AVCO) inventory (stock) valuation, service cost statement or process cost statement.

Exemplification of assessment is provided in *Unit Assessment Support*. Advice and guidance on possible approaches to assessment is provided in the *Unit Support Notes*.

Development of skills for learning, skills for life and skills for work

It is expected that learners will develop broad, generic skills through this Unit. The skills that learners will be expected to improve on and develop through the Unit are based on SQA's *Skills Framework: Skills for Learning, Skills for Life and Skills for Work* and drawn from the main skills areas listed below. These must be built into the Unit where there are appropriate opportunities.

2 Numeracy

- 2.1 Number process
- 2.2 Money, time and measurement
- 2.3 Information handling

4 Employability, enterprise and citizenship

- 4.1 Employability
- 4.2 Information and communications technology (ICT)

5 Thinking skills

- 5.3 Applying
- 5.4 Analysing and evaluating

Amplification of these is given in SQA's *Skills Framework: Skills for Learning, Skills for Life and Skills for Work*. The level of these skills should be at the same SCQF level of the Unit and be consistent with the SCQF level descriptor. Further information on building in skills for learning, skills for life and skills for work is given in the *Unit Support Notes*.

Appendix: Unit support notes

Introduction

These support notes are not mandatory. They provide advice and guidance on approaches to delivering and assessing this Unit. They are intended for teachers and lecturers who are delivering this Unit. They should be read in conjunction with:

- ◆ the *Unit Specification*
- ◆ the *Unit Assessment Support packs*

Developing skills, knowledge and understanding

Teachers and lecturers are free to select the skills, knowledge, understanding and contexts which are most appropriate for delivery in their centres.

Approaches to learning, teaching and assessment

Centres are reminded that the **partnerships** or **limited company** are the only business structures covered by this Unit.

Learning and teaching approaches should be learner-centred, participative and practical in nature. Underpinning knowledge should be integrated with practical activities and placed in the context of those activities. There should be an appropriate balance between whole-class teaching and activity-based learning.

The table below suggests some activities which could support the delivery of this Unit and which may suit the needs of learners with different learning styles.

Topic	Skills, knowledge and understanding	Suggested experiences and activities
Role of management accounting	Uses/users of management accounting information, eg duties and responsibilities of the Management Accountant, purpose and importance of management accounting to aid an organisation in its planning and control.	<ul style="list-style-type: none"> ◆ the following techniques may be used to enhance the learning experience — mind-mapping, flipcharts, role play, web research, textbook research, visits to local organisations, visiting speakers, peer/group presentations
Budgeting	<p>Principles and benefits of budgeting (Multiple functions of a budget, i.e. planning, coordinating, communicating, controlling, evaluating).</p> <p>Preparation of sales, production and cash budgets.</p>	<ul style="list-style-type: none"> ◆ discussing personal and family budgets as an introduction to the topic ◆ completing partially prepared electronic templates to illustrate and emphasise the presentation layouts required ◆ using video clips to illustrate the budgeting process ◆ completing budget tasks using the required layouts

Topic	Skills, knowledge and understanding	Suggested experiences and activities
Costing	<p>Material — weighted average cost (AVCO) using inventory (stock) control cards.</p> <p>Overheads — overhead analysis statements including re-apportionment of service department costs, calculation of overhead absorption rates, under/over-absorption of fixed overheads.</p> <p>Calculation profits using:</p> <ul style="list-style-type: none"> • job cost statements • service cost statements • process cost statements including abnormal losses 	<ul style="list-style-type: none"> ◆ engaging in role play of the physical movement and recording of items of inventory (stock) — visiting storerooms and canteens may illustrate the working environment where these procedures may be witnessed ◆ illustrating and discussing cost behaviour ◆ using video clips to illustrate the production and cost tracking process ◆ adopting a scenario-based learning approach to illustrate the three elements of cost involved in the calculation of the total cost per unit, eg the manufacture of T-shirts ◆ adopting a scenario-based learning approach to illustrate the apportionment and allocation of overheads among cost centres ◆ completing partially prepared electronic templates to illustrate and emphasise the presentation layouts required ◆ completing partially prepared electronic templates to emphasise the presentation layouts required ◆ completing tasks using the required layouts

The table above gives examples of learning and teaching activities that may be used when delivering the Course. This would be classified as naturally occurring evidence which could be used to demonstrate that the learner has met the Assessment Standards within the Unit Specification.

There are a number of assessment strategies that could be used in this Unit, including:

completing computer- or paper-based accounting tasks that include short answer theory questions
a portfolio of tasks could be submitted by learners

Information about assessment approaches in this Unit is given in the Higher Accounting *Course Support Notes*.

Appendix 2: Ratio formulae

Capital gearing ratio	(Preference Shares + non-current (Long-term liabilities): Ordinary Shares) NB Answers to be expressed as a ratio to 1, eg 2.5:1 or 0.67:1
Investment	
Dividend yield	$\frac{\text{Ordinary dividend per share}}{\text{Market price per share}} \times 100$
Dividend cover	$\frac{(\text{Profit for year (net profit) after tax} - \text{preference dividends})}{\text{Ordinary share dividend}}$
Earnings per share	$\frac{(\text{Profit for the year (Net profit) after tax} - \text{preference dividends})}{\text{Number of ordinary shares}}$
Price/earnings ratio	$\frac{\text{Market price per share}}{\text{Earnings per share}}$
Interest cover	$\frac{\text{Profit for the year (Net profit) before finance cost (interest) and tax}}{\text{Finance cost (Interest)}}$

Combining assessment within Units

Assessment could be combined in this Unit by holistically assessing all the Outcomes of the Unit in a single assessment. When assessment within the Unit is holistic, teachers and lecturers should take particular care to track the evidence for each individual Outcome.

Administrative information

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Superclass: AK

History of changes to National Unit Specification

Version	Description of change	Authorised by	Date
1.1	Terminology changed to accommodate international accounting standards	Qualifications Development Manager	April 2014
2.0	Level changed from Higher to SCQF level 6. Unit support notes added.	Qualifications Manager	September 2018
3.0	Unit code updated	Qualifications Manager	July 2019

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