

# Higher Accounting Course Support Notes



This document may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged. Additional copies of these *Course Support Notes* can be downloaded from SQA's website: [www.sqa.org.uk](http://www.sqa.org.uk).

Please refer to the note of changes at the end of this document for details of changes from previous version (where applicable).

# Contents

## **Course Support Notes**

Introduction	1
General guidance on the Course	2
Approaches to learning and teaching	6
Approaches to assessment	8
Equality and inclusion	11
Appendix 1: Reference documents	12
Administrative information	13

## **Unit Support Notes — Preparing Financial Accounting Information (Higher)14**

Introduction	14
General guidance on the Unit	15
Approaches to learning, teaching and assessment	16
Equality and inclusion	20
Appendix 1: Reference documents	21
Administrative information	22

## **Unit Support Notes — Preparing Management Accounting Information (Higher)**

Introduction	23
General guidance on the Unit	24
Approaches to learning, teaching and assessment	25
Appendix 1: Reference documents	29
Administrative information	30

## **Unit Support Notes — Analysing Accounting Information (Higher)**

Introduction	31
General guidance on the Unit	32
Approaches to learning, teaching and assessment	33
Equality and inclusion	36

Appendix 1: Reference documents	37
Appendix 2: Ratio formulae	38
Administrative information	39

# Introduction

These support notes are not mandatory. They provide advice and guidance on approaches to delivering and assessing the Higher Accounting Course. They are intended for teachers and lecturers who are delivering the Course and its Units. They should be read in conjunction with the *Course Specification*, the *Course Assessment Specification* and the Unit Specifications for the Units in the Course.

# General guidance on the Course

## Aims

The Higher Accounting Course aims to enable learners to:

- ◆ understand the significant function that accounting performs in industry and society
- ◆ develop accuracy in the preparation, presentation, interpretation and analysis of complex accounting information, and apply a systematic approach to the problem solving of complex financial issues
- ◆ apply relatively complex accounting techniques in the preparation of financial information
- ◆ develop an understanding of a range of sources of finance available to organisations, and of the circumstances in which these sources might be used
- ◆ apply the use of information technology in relatively complex accounting tasks

## Progression into this Course

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 the following or equivalent qualifications and/or experience:

- ◆ National 5 Accounting Course or relevant component Units
- ◆ National 5 Mathematics Course

## Skills, knowledge and understanding covered in this Course

This section provides further advice and guidance about skills, knowledge and understanding that could be included in the Course.

Teachers and lecturers should refer to the *Course Assessment Specification* for mandatory information about the skills, knowledge and understanding to be covered in this Course.

The Course will develop learners' ability to use accounting techniques which will help them understand the importance of finance in business and in their everyday lives.

The skills, knowledge and understanding that will be developed in the Higher Accounting Course are outlined below.

Mandatory skills, knowledge and understanding	Preparing Financial Accounting Information	Preparing Management Accounting Information	Analysing Accounting Information
using a variety of cost accounting techniques to facilitate decision-making in both manufacturing and service related organisations	✓	✓	✓
recording, presenting and interpreting complex accounting information to determine business profits and costs	✓	✓	✓
using ICT to produce and communicate accounting information in a range of contexts	✓	✓	✓
analysing and evaluating a range of accounting procedures which may be used within cost and management accounting		✓	✓
analysing complex financial and management accounting information, including drawing conclusions and suggesting solutions where appropriate	✓	✓	✓
calculating and interpreting an extensive range of accounting ratios			✓
knowledge and understanding of the accounting theory covering partnerships and public limited companies	✓		
applying and relating the knowledge and understanding of fundamental accounting concepts and theories to a range of accounting layouts	✓	✓	

<b>Other skills developed</b>	
Research	<ul style="list-style-type: none"> <li>◆ developing the ability to carry out research and interpreting and evaluating information which will assist with decision making</li> <li>◆ using financial pages/reports from business websites and relevant paper-based sources such as newspapers and accounting journals to find up-to-date financial and non-financial information</li> </ul>
Communication	<ul style="list-style-type: none"> <li>◆ developing communication skills will permeate the Course — learners will be able to demonstrate their communication clearly both orally and in writing to highlight any issues from accounting information so that tactical and strategic decisions can be made</li> <li>◆ using IT to present outcomes of learning</li> </ul>
Decision making	<ul style="list-style-type: none"> <li>◆ developing the ability to identify business financial issues or problems and devising tactical or strategic solutions to these issues/problems</li> </ul>
Analytical and evaluative	<ul style="list-style-type: none"> <li>◆ interpreting business ratios, graphs, charts and statistics to assess business financial performance and making evaluative comments on the results, eg in break-even, budgets and ratios</li> </ul>
IT skills	<ul style="list-style-type: none"> <li>◆ developing IT skills by preparing financial statements using spreadsheets, ensuring that appropriate formulae is inserted into the spreadsheet during the preparation process</li> <li>◆ commenting on the results of analysis using word processing</li> </ul>
Application of knowledge and understanding of underpinning theory	<ul style="list-style-type: none"> <li>◆ applying financial concepts and theories to the preparation of financial documents and statements when required</li> </ul>

## Progression from this Course

This Course or its components may provide progression to:

- ◆ Advanced Higher Accounting Course
- ◆ Units or qualifications in related accounting or business subjects
- ◆ further study, employment and/or training

## Hierarchies

**Hierarchy** is the term used to describe Courses and Units which form a structured sequence involving two or more SCQF levels.

In Accounting the Courses and Units are offered from SCQF level 5 to SCQF level 7.

It is important that any content in a Course and/or Unit at one particular SCQF level is not repeated if a learner progresses to the next level of the hierarchy. The skills and knowledge should be able to be applied to new content and contexts to enrich the learning experience. This is for centres to manage.

This may be achieved through the planned use of appropriately differentiated activities and contexts within Units. The level of learner support and the sophistication of responses expected would also be a useful factor in ensuring progression rather than repetition.

Learners will be expected to demonstrate a greater degree of autonomy with less support offered by the teacher/lecturer the higher they progress through the hierarchy. This should increase the sense of ownership the learners have over their work and ensure that, even if they have previously completed the Course at a lower level, their interest in the subject is kept alive.

To the learners who might exceed the SCQF level they are working at, a hierarchical arrangement gives the opportunity to have their best achievements recognised. For those who might fall short in some areas, on the other hand, it provides a fallback. A hierarchical arrangement also enables learners to work at different levels in one class, and it is envisaged that this will happen in some centres.

# Approaches to learning and teaching

Centres are free to sequence the teaching of the Outcomes, Units and/or Course in any order they wish but are encouraged to adopt an integrated approach so that learners appreciate the integrative nature of accounting. *Analysing Accounting Information* may be taught as an extension to the *Financial* and *Management* Units instead of the three individual Units covered separately or in isolation. For example:

Delivery model one	
Preparing Financial Accounting Information	Each Unit can be delivered separately and in any order but it is recommended to deliver the 'Analysing' Unit last
Preparing Management Accounting Information	
Analysing Accounting Information	

Delivery model two	
Preparing Financial Accounting Information	↑ Analysing Accounting Information ↓
Preparing Management Accounting Information	

Due to the nature of the subject a partially integrated approach is recommended. This will enable learners to acquire skills, knowledge and understanding in a more meaningful way. Such an approach can help learners transfer newly developed skills to new contexts.

Examples of appropriate learning and teaching approaches could include the following:

- ◆ active and open-ended learning activities such as problem based scenarios
- ◆ active and open-ended learning activities such as research and presentation tasks
- ◆ use of real-life contexts and experiences familiar and relevant to young people, eg Young Enterprise, funding school trips, operating tuck shops
- ◆ a mix of collaborative, co-operative or independent tasks to develop team working and using initiative
- ◆ field trips, visits and input by external contributors
- ◆ case studies or making use of local businesses to contextualise learning
- ◆ online file sharing/virtual learning environments may be used to provide learners with opportunities to undertake work independently

Centres should remember that learning in the Course should be contextualised to **partnerships** and **public limited companies** as they are the business structures covered in this Course.

## Developing skills for learning, skills for life and skills for work

The generic skills for learning, skills for life and skills for work which this Course develops include aspects of numeracy, employability and thinking skills. It will be important for teachers/lecturers to offer learners ample opportunity to develop these skills as an integral part of their learning experience because this will highlight those skills' relevance.

The coverage of skills for learning, skills for life and skills for work is illustrated in the table below:

Skill	How it is developed
Numeracy	<ul style="list-style-type: none"> <li>◆ carrying out numerical calculations, eg when completing a cash budget, financial statements, management statements, financial records and calculating ratios</li> <li>◆ gathering financial information from a range of sources and presenting it in accounting statements, tables to aid interpretation or decision making</li> <li>◆ interpreting and extracting information from tables, charts, to help make informed decisions</li> </ul>
Employability, enterprise and citizenship	<ul style="list-style-type: none"> <li>◆ demonstrating an understanding of how commercial businesses work</li> <li>◆ encouraging autonomy/initiative through personal research</li> <li>◆ developing skills that allow learners to enter the world of work, such as exploring financial-based career opportunities</li> <li>◆ improving ICT skills for a technology-driven society</li> <li>◆ working with others</li> <li>◆ meeting deadlines, being proactive in roles and being part of a team</li> </ul>
Thinking skills	<ul style="list-style-type: none"> <li>◆ using accounting concepts, theories and vocabulary in the correct setting</li> <li>◆ using case studies/scenarios</li> <li>◆ setting concepts in real-life examples</li> <li>◆ sharing information and explaining its importance</li> <li>◆ using information to solve problems</li> <li>◆ planning, organising and completing tasks</li> <li>◆ producing financial information to assist management in making tactical and strategic decisions</li> <li>◆ evaluating solutions and providing advice based on their analysis</li> </ul>

# Approaches to assessment

There are different approaches to assessment, and teachers/lecturers should use their professional judgement, subject knowledge and experience, as well as understanding of their learners and their varying needs, to determine the most appropriate ones and, where necessary, to consider workable alternatives.

Assessments must be fit for purpose and should allow for consistent judgements to be made by all assessors. They should also be conducted in a supervised manner to ensure that the evidence provided is valid and reliable.

Assessments must ensure that the evidence generated demonstrates, at least, the minimum level of competence for each Unit. Assessors preparing assessment methods should be clear about what that evidence will look like for their centre or learner. Examples of suitable forms of evidence could include:

- ◆ multiple choice questions
- ◆ short written responses
- ◆ participation in group work and discussion (making use of log books, blogs, question and answer sessions to confirm individual learners have met the required standards)
- ◆ presenting information to other groups and/or recorded oral evidence
- ◆ interpretation of numerical data
- ◆ various forms of e-assessment, such as e-portfolios
- ◆ print-outs of the completed tasks
- ◆ written answers from completing a question paper

Evidence should include the use of appropriate accounting terminology and standardised layouts where appropriate.

Flexibility in the method of assessment provides opportunities for learners to demonstrate attainment in a variety of ways and so reduce barriers to attainment. The structure of an assessment used by a centre can take a variety of forms, for example:

- ◆ assessment of each individual Assessment Standard — individual pieces of work could be collected in a folio
- ◆ assessment of each complete Outcome
- ◆ assessment that combines Outcomes of one or more Units
- ◆ assessment that requires more than the minimum competence, which would allow learners to prepare for the Course assessment

Teachers/lecturers should note that learners' day-to-day work may produce evidence which satisfies assessment requirements of a Unit, or Units, either in full or partially. Such naturally occurring evidence generated during lessons, may be used as a contribution towards Unit assessment.

## Preparation for Course assessment

Each Course has an allocation of time which may be used at the discretion of the teacher/lecturer to enable learners to prepare for Course assessment. This time may be used throughout the Course for consolidation and support. It may also be used for preparation for Unit assessment or for further integration, revision and preparation for Course assessment.

Information given in the *Course Specification* and the *Course Assessment Specification* about the assessment of added value is mandatory.

Examples of activities to include within this notional time are described below.

- ◆ Preparing for the assignment — this time could be used by learners for; gathering information by carrying out any research needed which may include using books, the internet, interviews.
- ◆ Revising for the question paper — this may be done individually, in small groups or within the class or group as a whole, at the discretion of the teacher or lecturer, and could include the exemplification of accounting layouts and command words to assist learners in developing their solutions and responses.
- ◆ Revising and preparing for Unit assessment — this can support Course assessment as it may be done by written assessments which cover multiple Outcomes that could gauge learners' ability to demonstrate the breadth and depth of knowledge required for the question paper Component of the Course assessment.

## Combining assessment across Units

Centres are free to deliver and assess Units and Outcomes in any order they wish. This provides an opportunity for flexibility in sequencing the delivery of the Course and/or Units. In this situation, assessments could be combined across Units as other topics of the Course can offer the opportunity to be assessed synoptically.

Where possible, using a combined approach to assessment is recommended because it will:

- ◆ enrich the assessment process for both learners and teachers/lecturers by bringing together elements of different Units
- ◆ make more sense to learners and avoid duplication of assessment
- ◆ ensure greater rigour in assessment
- ◆ allow for evidence for all Units to be drawn from a range of activities, making it easier to cover aspects which may not occur in a one-off assessment
- ◆ use assessment opportunities efficiently and reduce over-assessment

Combined assessment will also minimise repetition, allow more time for learning and enable centres to manage the assessment process more efficiently.

The Unit *Analysing Accounting Information* lends itself to being delivered alongside the other two Units within the Course. For example, when assessing from the Unit *Preparing Financial Accounting Information*, Outcome 2 from *Analysing Accounting Information*, which focuses on ratio analysis, could also be included in the assessment task. Once this standard has been achieved it would not need to be assessed again. The assessment model below demonstrates how this can be achieved, resulting in the learner completing two Unit assessments rather than three.

<b>Assessment one</b>	<b>Assessment two</b>
Preparing Financial Accounting Information Analysing Accounting Information (Outcome 2)	Preparing Management Accounting Information Analysing Accounting Information (Outcome 1)

When assessment across the Units is combined, teachers/lecturers should take particular care to track the evidence for each Unit to ensure that learners who do not achieve the entire Course may still get the credit for the Unit or Units they have achieved.

# Equality and inclusion

It is recognised that centres have their own duties under equality and other legislation and policy initiatives. The guidance given in these *Course Support Notes* is designed to sit alongside these duties but is specific to the delivery and assessment of the Course.

The high degree of flexibility within this Course in terms of possible approaches to Unit assessment means that Course and Unit planners can consider and remove potential barriers to learning and assessment. Alternative assessment arrangements and reasonable adjustments can be made in order that this Course and its Units are accessible to all learners.

It is important that centres are aware of and understand SQA's assessment arrangements for disabled learners, and those with additional support needs, when making requests for adjustments to published assessment arrangements. Centres will find more guidance on this in the series of publications on Assessment Arrangements on SQA's website: [www.sqa.org.uk/sqa/14977.html](http://www.sqa.org.uk/sqa/14977.html).

# Appendix 1: Reference documents

The following reference documents will provide useful information and background.

- ◆ Assessment Arrangements (for disabled candidates and/or those with additional support needs) — various publications are available on SQA's website at: [www.sqa.org.uk/sqa//14977.html](http://www.sqa.org.uk/sqa//14977.html).
- ◆ [Building the Curriculum 4: Skills for learning, skills for life and skills for work](#)
- ◆ [Building the Curriculum 5: A framework for assessment](#)
- ◆ [Course Specification](#)
- ◆ [Design Principles for National Courses](#)
- ◆ [Guide to Assessment](#)
- ◆ Principles and practice papers for curriculum areas
- ◆ [SCQF Handbook: User Guide](#) and [SCQF level descriptors](#)
- ◆ [SQA Skills Framework: Skills for Learning, Skills for Life and Skills for Work](#)
- ◆ [Skills for Learning, Skills for Life and Skills for Work: Using the Curriculum Tool](#)

# Administrative information

---

**Published:** September 2015 (version 1.1)

---

## History of changes to Course Support Notes

Version	Description of change	Authorised by	Date
1.1	Updated to take account of International Accounting Standards terminology. Minor changes to the 'Skills, knowledge and understanding covered in this Course'.	Qualifications Manager	September 2015

This document may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged. Additional copies can be downloaded from SQA's website at [www.sqa.org.uk](http://www.sqa.org.uk).

Note: You are advised to check SQA's website ([www.sqa.org.uk](http://www.sqa.org.uk)) to ensure you are using the most up-to-date version.

© Scottish Qualifications Authority 2015

## Unit Support Notes — Preparing Financial Accounting Information (Higher)



This document may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged. Additional copies of these *Unit Support Notes* can be downloaded from SQA's website: [www.sqa.org.uk](http://www.sqa.org.uk).

Please refer to the note of changes at the end of this document for details of changes from previous version (where applicable).

# Introduction

These support notes are not mandatory. They provide advice and guidance on approaches to delivering and assessing the *Preparing Financial Accounting Information* (Higher) Unit. They are intended for teachers and lecturers who are delivering this Unit. They should be read in conjunction with:

- ◆ the *Unit Specification*
- ◆ the *Course Specification*
- ◆ the *Course Assessment Specification*
- ◆ the *Course Support Notes*
- ◆ appropriate assessment support materials

If the *Unit Support Notes* have been developed for a Unit which is not part of a Course, then it is only necessary to read them in conjunction with the *Unit Specification*.

# General guidance on the Unit

## Aims

The general aim of this Unit is to allow learners to develop skills, knowledge and understanding relating to the preparation of both routine and complex financial accounting information. Learners will explore a range of current business structures and gain understanding of the application of a range of current financial accounting regulations associated with these structures. This will provide learners with an understanding of accounting standards and practices. The information will be used to establish the historical and current financial position and performance of the organisation.

Learners who complete this Unit will be able to:

- ◆ use knowledge and understanding of financial regulations to explain factors affecting financial accounting procedures of public limited companies
- ◆ prepare extracts of period-end financial accounting statements

## Progression into this Unit

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

- ◆ National 5 Accounting Course or component Units
- ◆ National 5 Mathematics Course

## Skills, knowledge and understanding covered in this Unit

Information about skills, knowledge and understanding is given in the Higher Accounting *Course Support Notes*.

If this Unit is being delivered on a free-standing basis, teachers and lecturers are free to select the skills, knowledge, understanding and contexts which are most appropriate for delivery in their centres.

## Progression from this Unit

This Unit may provide progression to:

- ◆ Advanced Higher Accounting
- ◆ further study, employment and/or training

# Approaches to learning, teaching and assessment

Centres are reminded that **partnerships** and **limited companies** 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.

<b>Topic</b>	<b>Skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
<b>Role of financial accounting</b>	Users/uses of financial accounting information, eg duties and responsibilities of the Financial Accountant, purpose and importance of financial accounting to aid an organisation, reporting and communicating procedures.	<ul style="list-style-type: none"> <li>◆ 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</li> </ul>
<b>Partnership</b>	<p>Legal definition, eg features of ownership, an awareness of the main principles of current partnership legislation (Partnership Agreement and Limited Partnership Legislation).</p> <p>Sources of finance, eg partners, bank loan, mortgages, government grants, leasing, appropriation of profit for the year (net profit).</p> <p>Partnership changes, eg introduction of new partner, partner leaving, change in partnership agreement, change in profit split.</p> <p>Revaluation of assets.</p> <p>Goodwill.</p>	<ul style="list-style-type: none"> <li>◆ defining and giving local examples of partnerships to set the scene of the Unit and the Course</li> <li>◆ using presentation software to illustrate business structures or sources of finance</li> <li>◆ allowing learners to draw up a partnership agreement, either for a new partnership or admitting a new partner or the death or retirement of an existing partner</li> </ul> <p><b>This topic should articulate with the ‘period-end financial statements’ topic.</b></p>

	<p>Current and equity (capital) accounts.</p> <p><b>NOTE:</b> dissolution of partnership and transfer to limited company will not be included</p>	
<b>Public Limited Company (PLC)</b>	<p>Legal definition (eg feature of ownership: registration and share capital, an awareness of the main principles of current PLC legislation (Memorandum of Association, Articles of Association).</p> <p>Sources of finance, internal and external (eg sales of assets, shares, venture capital, grants).</p> <p>Appropriation of profit for the year (net profit) including corporation tax.</p> <p>Financial Reporting Standards (FRS3, FRS10, FRS15).</p>	<ul style="list-style-type: none"> <li>◆ defining and giving examples of local/national PLCs to set the scene of the Unit and the Course</li> <li>◆ using presentation software to illustrate business structures or sources of finance</li> <li>◆ drawing up articles and memoranda of association</li> <li>◆ downloading annual reports of a PLC and working in groups discussing the contents to obtain an overview of what is included and why, and to whom it is aimed</li> </ul> <p><b>This topic should articulate with the ‘period-end financial statements’ topic.</b></p>
<b>Period-end financial statements</b>	<p>Preparation of income statement (trading, profit and loss account) including the appropriation of profits for partnerships and Public Limited Companies (PLCs).</p> <p>Preparation of manufacturing account for PLCs.</p> <p>Adjustments at year start and end for prepayments and accruals.</p> <p>Reducing balance and straight methodologies of depreciation and revaluation of property.</p> <p>Changes in provision for doubtful debts.</p> <p>Preparation of a statement of financial position (balance sheet) for partnerships and PLCs.</p>	<ul style="list-style-type: none"> <li>◆ completing partially prepared electronic templates to illustrate and emphasise the presentation layouts required</li> <li>◆ practising making year-end adjustments after teacher-led demonstrations of how to do them</li> <li>◆ dynamically linking sheets within a spreadsheet file to demonstrate the integrative nature of financial accounting</li> <li>◆ completing tasks to prepare financial statements</li> </ul>

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*.

## **Combining assessment within Units**

Assessment could be combined in the *Preparing Financial Accounting Information* (Higher) Unit by holistically assessing all of the Outcomes of the Unit in a single assessment.

When assessment within the Unit is holistic, teachers/lecturers should take particular care to track the evidence for each individual Outcome to ensure that learners who do not achieve all Outcomes may still get the recognition for the Outcome or Outcomes they have achieved.

## **Developing skills for learning, skills for life and skills for work**

Information about developing skills for learning, skills for life and skills for work in this Unit is given in the relevant *Course Support Notes*.

# Equality and inclusion

It is recognised that centres have their own duties under equality and other legislation and policy initiatives. The guidance given in these *Unit Support Notes* is designed to sit alongside these duties but is specific to the delivery and assessment of the Unit.

The high degree of flexibility within this Course in terms of possible approaches to Unit assessment means that Course and Unit planners can consider and remove potential barriers to learning and assessment. Alternative assessment arrangements and reasonable adjustments can be made in order that this Course and its Units are accessible to all learners. However, the centre must be satisfied that the integrity of the assessment is maintained and that any alternative approaches to assessment will, in fact, generate the necessary evidence of achievement.

# Appendix 1: Reference documents

The following reference documents will provide useful information and background.

- ◆ Assessment Arrangements (for disabled candidates and/or those with additional support needs) — various publications are available on SQA's website at: [www.sqa.org.uk/sqa//14977.html](http://www.sqa.org.uk/sqa//14977.html).
- ◆ [Building the Curriculum 4: Skills for learning, skills for life and skills for work](#)
- ◆ [Building the Curriculum 5: A framework for assessment](#)
- ◆ [Course Specification](#)
- ◆ [Design Principles for National Courses](#)
- ◆ [Guide to Assessment](#)
- ◆ Principles and practice papers for curriculum areas
- ◆ [SCQF Handbook: User Guide](#) and [SCQF level descriptors](#)
- ◆ [SQA Skills Framework: Skills for Learning, Skills for Life and Skills for Work](#)
- ◆ [Skills for Learning, Skills for Life and Skills for Work: Using the Curriculum Tool](#)
- ◆ [SQA Guidelines on e-assessment for Schools](#)
- ◆ [SQA Guidelines on Online Assessment for Further Education](#)
- ◆ [SQA e-assessment web page](#)

# Administrative information

---

**Published:** September 2015 (version 1.1)

---

## History of changes to Unit Support Notes

Version	Description of change	Authorised by	Date
1.1	Updated to take account of International Accounting Standards terminology. Amendments to 'Approaches to learning and teaching' section for clarification.	Qualifications Manager	September 2015

This document may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged. Additional copies can be downloaded from SQA's website at [www.sqa.org.uk](http://www.sqa.org.uk).

Note: You are advised to check SQA's website ([www.sqa.org.uk](http://www.sqa.org.uk)) to ensure you are using the most up-to-date version.

© Scottish Qualifications Authority 2015

## Unit Support Notes — Preparing Management Accounting Information (Higher)



This document may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged. Additional copies of these *Unit Support Notes* can be downloaded from SQA's website: [www.sqa.org.uk](http://www.sqa.org.uk).

Please refer to the note of changes at the end of this document for details of changes from previous version (where applicable).

# Introduction

These support notes are not mandatory. They provide advice and guidance on approaches to delivering and assessing the *Preparing Management Accounting Information* (Higher) Unit. They are intended for teachers and lecturers who are delivering this Unit. They should be read in conjunction with:

- ◆ the *Unit Specification*
- ◆ the *Course Specification*
- ◆ the *Course Assessment Specification*
- ◆ the *Course Support Notes*
- ◆ appropriate assessment support materials

If the *Unit Support Notes* have been developed for a Unit which is not part of a Course, then it is only necessary to read them in conjunction with the *Unit Specification*.

# General guidance on the Unit

## Aims

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:

- ◆ use knowledge and understanding of management accounting systems as a means of planning and control
- ◆ evaluate a range of management accounting statements

## Progression into this Unit

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

- ◆ National 5 Accounting Course or component Units
- ◆ National 5 Mathematics Course

## Skills, knowledge and understanding covered in this Unit

Information about skills, knowledge and understanding is given in the *Higher Accounting Course Support Notes*.

If this Unit is being delivered on a free-standing basis, teachers and lecturers are free to select the skills, knowledge, understanding and contexts which are most appropriate for delivery in their centres.

## Progression from this Unit

This Unit may provide progression to:

- ◆ Advanced Higher Accounting
- ◆ further study, employment and/or training

# 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.

<b>Topic</b>	<b>Skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
<b>Role of management accounting</b>	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"> <li>◆ 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</li> </ul>
<b>Budgeting</b>	<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"> <li>◆ discussing personal and family budgets as an introduction to the topic</li> <li>◆ completing partially prepared electronic templates to illustrate and emphasise the presentation layouts required</li> <li>◆ using video clips to illustrate the budgeting process</li> <li>◆ completing budget tasks using the required layouts</li> </ul>

<p><b>Costing</b></p>	<p>Material — weighted average cost (AVCO) using inventory (stock) control cards.  Overheads — overhead analysis statements including re-apportionment of service department costs, calculation of overhead absorption rates, under/over-absorption of fixed overheads.  Calculation profits using:</p> <ul style="list-style-type: none"> <li>• job cost statements</li> <li>• service cost statements</li> <li>• process cost statements including abnormal losses</li> </ul>	<ul style="list-style-type: none"> <li>◆ 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</li> <li>◆ illustrating and discussing cost behaviour</li> <li>◆ using video clips to illustrate the production and cost tracking process</li> <li>◆ 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</li> <li>◆ adopting a scenario-based learning approach to illustrate the apportionment and allocation of overheads among cost centres</li> <li>◆ completing partially prepared electronic templates to illustrate and emphasise the presentation layouts required</li> <li>◆ completing partially prepared electronic templates to emphasise the presentation layouts required</li> <li>◆ completing tasks using the required layouts</li> </ul>
-----------------------	---	---

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*.

## **Combining assessment within Units**

Assessment could be combined in the *Preparing Management Accounting Information* (Higher) Unit by holistically assessing all of the Outcomes of the Unit in a single assessment.

When assessment within the Unit is holistic, teachers/lecturers should take particular care to track the evidence for each individual Outcome to ensure that learners who do not achieve all Outcomes may still get the recognition for the Outcome or Outcomes they have achieved.

## **Developing skills for learning, skills for life and skills for work**

Information about developing skills for learning, skills for life and skills for work in this Unit is given in the relevant *Course Support Notes*.

## Equality and inclusion

It is recognised that centres have their own duties under equality and other legislation and policy initiatives. The guidance given in these *Unit Support Notes* is designed to sit alongside these duties but is specific to the delivery and assessment of the Unit.

The high degree of flexibility within this Course in terms of possible approaches to Unit assessment means that Course and Unit planners can consider and remove potential barriers to learning and assessment. Alternative assessment arrangements and reasonable adjustments can be made in order that this Course and its Units are accessible to all learners. However, the centre must be satisfied that the integrity of the assessment is maintained and that any alternative approaches to assessment will, in fact, generate the necessary evidence of achievement.

# Appendix 1: Reference documents

The following reference documents will provide useful information and background.

- ◆ Assessment Arrangements (for disabled candidates and/or those with additional support needs) — various publications are available on SQA's website at: [www.sqa.org.uk/sqa//14977.html](http://www.sqa.org.uk/sqa//14977.html).
- ◆ [Building the Curriculum 4: Skills for learning, skills for life and skills for work](#)
- ◆ [Building the Curriculum 5: A framework for assessment](#)
- ◆ [Course Specification](#)
- ◆ [Design Principles for National Courses](#)
- ◆ [Guide to Assessment](#)
- ◆ Principles and practice papers for curriculum areas
- ◆ [SCQF Handbook: User Guide](#) and [SCQF level descriptors](#)
- ◆ [SQA Skills Framework: Skills for Learning, Skills for Life and Skills for Work](#)
- ◆ [Skills for Learning, Skills for Life and Skills for Work: Using the Curriculum Tool](#)
- ◆ [SQA Guidelines on e-assessment for Schools](#)
- ◆ [SQA Guidelines on Online Assessment for Further Education](#)
- ◆ [SQA e-assessment web page](#)

# Administrative information

---

**Published:** September 2015 (version 1.1)

---

## History of changes to Unit Support Notes

Version	Description of change	Authorised by	Date
1.1	Updated to take account of International Accounting Standards terminology. Amendments to 'Approaches to learning and teaching' section for clarification.	Qualifications Manager	September 2015

This document may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged. Additional copies can be downloaded from SQA's website at [www.sqa.org.uk](http://www.sqa.org.uk).

Note: You are advised to check SQA's website ([www.sqa.org.uk](http://www.sqa.org.uk)) to ensure you are using the most up-to-date version.

© Scottish Qualifications Authority 2015

## Unit Support Notes — Analysing Accounting Information (Higher)



This document may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged. Additional copies of these *Unit Support Notes* can be downloaded from SQA's website: [www.sqa.org.uk](http://www.sqa.org.uk).

Please refer to the note of changes at the end of this document for details of changes from previous version (where applicable).

# Introduction

These support notes are not mandatory. They provide advice and guidance on approaches to delivering and assessing the *Analysing Accounting Information* (Higher) Unit. They are intended for teachers and lecturers who are delivering this Unit. They should be read in conjunction with:

- ◆ the *Unit Specification*
- ◆ the *Course Specification*
- ◆ the *Course Assessment Specification*
- ◆ the *Course Support Notes*
- ◆ appropriate assessment support materials

If the *Unit Support Notes* have been developed for a Unit which is not part of a Course, then it is only necessary to read them in conjunction with the *Unit Specification*.

# General guidance on the Unit

## Aims

The general aim of this Unit is to allow learners to develop the knowledge and understanding of the interpretation and analysis of accounting information and the ability to interpret and analyse such information using a range of routine and complex techniques. They will carry out learning activities that allow them to investigate, analyse and report on an organisation's current financial position and performance, and to offer financial solutions that can assist in future planning and decision making. This will provide learners with an understanding of financial analysis.

Learners who complete this Unit will be able to:

- ◆ describe analysis techniques applied in accounting statements
- ◆ evaluate business performance, based on accounting analysis, to make business recommendations

## Progression into this Unit

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

- ◆ National 5 Accounting Course or component Units
- ◆ National 5 Mathematics Course

## Skills, knowledge and understanding covered in this Unit

Information about skills, knowledge and understanding is given in the Higher Accounting *Course Support Notes*.

If this Unit is being delivered on a free-standing basis, teachers and lecturers are free to select the skills, knowledge, understanding and contexts which are most appropriate for delivery in their centres.

## Progression from this Unit

This Unit may provide progression to:

- ◆ Advanced Higher Accounting
- ◆ further study, employment and/or training

# Approaches to learning, teaching and assessment

Centres are advised that this Unit requires the prior completion of the *Preparing Financial Accounting Information* and *Preparing Management Accounting Information* Units.

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
<b>Decision making</b>	Decision making — where there are limiting factors. Profit maximisation within limiting factors. Make or buy, retain or close a factory or branch, accept or reject decisions. Investment appraisal — pay back, accounting rate of return methods. Costing: mark-ups/margins to set selling prices/profit levels.	<ul style="list-style-type: none"> <li>◆ linking this section to the appropriate sections of the Preparing Management Accounting Information Unit — this approach would support the learner’s understanding of these topics and the effects of changes in data</li> <li>◆ engaging in role play — management accountant and cost centre manager</li> <li>◆ estimated and actual data provided and variance from projected break-even calculated</li> <li>◆ using spreadsheet files containing formulae to illustrate the effects of changes in selling price and costs</li> <li>◆ downloading an annual report of a national PLC and discussing non-financial performance indicators</li> <li>◆ learners producing a report to facilitate decision making</li> <li>◆ practising manual calculations and creating costing statements</li> <li>◆ calculating changes required to maintain/improve existing profit levels and margins of safety through use of a case study</li> </ul> <p><b>This topic should articulate with <i>Preparing Management Accounting Information</i> Unit.</b></p>

<p><b>Business analysis</b></p>	<p>Calculation and interpretation of investment ratios. Yardsticks of comparison — prior year, budget, competitors.</p> <p>See <a href="#">Appendix 2: Ratio Formulae</a></p> <p>Non-financial performance indicators — market share, staff turnover, absentee rates, customer satisfaction, health and safety record, net carbon footprint, number of customers, new shops opened, new products developed.</p>	<ul style="list-style-type: none"> <li>◆ linking this section to the period-end financial statements in the Preparing Financial Accounting Information Unit</li> <li>◆ calculating and interpreting ratios and assessing implications for the performance of the business entity through problem-solving tasks</li> <li>◆ using the formulae provided to ensure consistency</li> <li>◆ undertaking exploratory web and textbook research, eg Bloomberg, Financial Times, BBC News, Yahoo Finance</li> <li>◆ participating in business games of investment analysis eg stock market challenge</li> <li>◆ using spreadsheet formulae in the calculation of financial ratios to reinforce the effect of changes and comparisons of performance of the business entity</li> <li>◆ reviewing a company’s annual report to see the extent to which it make use of non-financial indicators to highlight performance</li> </ul> <p><b>This topic should articulate with <i>Preparing Financial Accounting Information</i>.</b></p>
---------------------------------	---	---

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*.

## **Combining assessment within Units**

Assessment could be combined in the *Analysing Accounting Information* (Higher) Unit by holistically assessing all of the Outcomes of the Unit in a single assessment.

When assessment within the Unit is holistic, teachers/lecturers should take particular care to track the evidence for each individual Outcome to ensure that learners who do not achieve all Outcomes may still get the recognition for the Outcome or Outcomes they have achieved.

## **Developing skills for learning, skills for life and skills for work**

Information about developing skills for learning, skills for life and skills for work in this Unit is given in the relevant *Course Support Notes*.

# Equality and inclusion

It is recognised that centres have their own duties under equality and other legislation and policy initiatives. The guidance given in these *Unit Support Notes* is designed to sit alongside these duties but is specific to the delivery and assessment of the Unit.

The high degree of flexibility within this Course in terms of possible approaches to Unit assessment means that Course and Unit planners can consider and remove potential barriers to learning and assessment. Alternative assessment arrangements and reasonable adjustments can be made in order that this Course and its Units are accessible to all learners. However, the centre must be satisfied that the integrity of the assessment is maintained and that any alternative approaches to assessment will, in fact, generate the necessary evidence of achievement.

# Appendix 1: Reference documents

The following reference documents will provide useful information and background.

- ◆ Assessment Arrangements (for disabled candidates and/or those with additional support needs) — various publications are available on SQA's website at: [www.sqa.org.uk/sqa//14977.html](http://www.sqa.org.uk/sqa//14977.html).
- ◆ [Building the Curriculum 4: Skills for learning, skills for life and skills for work](#)
- ◆ [Building the Curriculum 5: A framework for assessment](#)
- ◆ [Course Specification](#)
- ◆ [Design Principles for National Courses](#)
- ◆ [Guide to Assessment](#)
- ◆ Principles and practice papers for curriculum areas
- ◆ [SCQF Handbook: User Guide](#) and [SCQF level descriptors](#)
- ◆ [SQA Skills Framework: Skills for Learning, Skills for Life and Skills for Work](#)
- ◆ [Skills for Learning, Skills for Life and Skills for Work: Using the Curriculum Tool](#)
- ◆ [SQA Guidelines on e-assessment for Schools](#)
- ◆ [SQA Guidelines on Online Assessment for Further Education](#)
- ◆ [SQA e-assessment web page](#)

## Appendix 2: Ratio formulae

Capital gearing ratio	(Preference Shares + non-current (Long-term liabilities): Ordinary Shares  <b>NB</b> 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	$\frac{\text{Profit for the year (Net profit) before finance cost (interest) and tax}}{\text{Finance cost (Interest)}}$

# Administrative information

---

**Published:** September 2015 (version 1.1)

---

## History of changes to Unit Support Notes

Version	Description of change	Authorised by	Date
1.1	Updated to take account of International Accounting Standards terminology. Amendments to 'Approaches to learning and teaching' section for clarification.	Qualifications Manager	September 2015

This document may be reproduced in whole or in part for educational purposes provided that no profit is derived from reproduction and that, if reproduced in part, the source is acknowledged. Additional copies can be downloaded from SQA's website at [www.sqa.org.uk](http://www.sqa.org.uk).

Note: You are advised to check SQA's website ([www.sqa.org.uk](http://www.sqa.org.uk)) to ensure you are using the most up-to-date version.

© Scottish Qualifications Authority 2015