



Higher Accounting

Course code:	C800 76
Course assessment code:	X800 76
SCQF:	level 6 (24 SCQF credit points)
Valid from:	session 2018–19

This document provides detailed information about the course and course assessment to ensure consistent and transparent assessment year on year. It describes the structure of the course and the course assessment in terms of the skills, knowledge and understanding that are assessed.

This document is for teachers and lecturers and contains all the mandatory information you need to deliver the course.

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Contents

Course overview	1
Course rationale	2
Purpose and aims	2
Who is this course for?	2
Course content	3
Skills, knowledge and understanding	3
Skills for learning, skills for life and skills for work	6
Course assessment	7
Course assessment structure: question paper	7
Course assessment structure: assignment	8
Grading	11
Equality and inclusion	12
Further information	13
Appendix 1: course support notes	14
Introduction	14
Developing skills, knowledge and understanding	14
Approaches to learning and teaching	15
Preparing for course assessment	22
Developing skills for learning, skills for life and skills for work	22
Appendix 2: ratio formulae	24

Course overview

The course consists of 24 SCQF credit points which includes time for preparation for course assessment. The notional length of time for candidates to complete the course is 160 hours.

The course assessment has two components.

Component	Marks	Duration
Component 1: question paper	120	2 hours and 30 minutes
Component 2: assignment	60	2 hours and 30 minutes — see 'Course assessment' section

Recommended entry	Progression
<p>Entry to this course is at the discretion of the centre.</p> <p>Candidates should have achieved the National 5 Accounting course or equivalent qualifications and/or experience prior to starting this course.</p>	<ul style="list-style-type: none">◆ Advanced Higher Accounting course◆ other qualifications in accounting or related areas◆ further study, employment and/or training

Conditions of award

The grade awarded is based on the total marks achieved across all course assessment components.

Course rationale

National Courses reflect Curriculum for Excellence values, purposes and principles. They offer flexibility, provide time for learning, focus on skills and applying learning, and provide scope for personalisation and choice.

Every course provides opportunities for candidates to develop breadth, challenge and application. The focus and balance of assessment is tailored to each subject area.

Accounting is a key function in many organisations. Effective accounting procedures provide timely and relevant information to management, helping organisations perform successfully.

This course helps candidates develop skills in producing, interpreting and analysing financial information. They also develop skills in communicating essential financial information, in a variety of presentation formats, to various stakeholders and organisations.

The course combines both the practical and theoretical aspects of learning related to accounting, allowing candidates to use digital technology to complete tasks.

Purpose and aims

The course helps candidates understand and make use of financial information. They prepare accounting statements, and analyse, interpret and report on an organisation's financial performance. A main feature of the course is developing numeracy and thinking skills.

Candidates develop understanding of:

- ◆ the function that accounting performs in business and society
- ◆ the need for accuracy in the preparation, presentation, interpretation and analysis of complex accounting information
- ◆ how to apply a systematic approach to solving financial problems
- ◆ a range of sources of finance available to organisations, and the circumstances these sources might be used in
- ◆ how to use spreadsheet software for complex accounting tasks

Who is this course for?

The course is suitable for candidates who are interested in numeracy-based learning opportunities, who pay attention to detail, and who like to apply logical and analytical thinking.

Course content

The course consists of two areas of study:

Financial accounting

Candidates develop their understanding of how to prepare routine and complex financial accounting information. They learn about current financial accounting regulations and apply them to a range of business structures. Stakeholders use this information to assess an organisation's current financial position.

Management accounting

Candidates develop their understanding of internal accounting procedures. They learn how to prepare information using a range of routine and complex accounting techniques. Management use this information when making decisions about the planning, control and future direction of an organisation.

Skills, knowledge and understanding

Skills, knowledge and understanding for the course

The following provides a broad overview of the subject skills, knowledge and understanding developed in the course:

- ◆ recording, presenting and interpreting complex accounting information to determine business profits and costs
- ◆ applying and relating knowledge and understanding of fundamental accounting concepts and theories to a range of accounting layouts
- ◆ using a variety of cost accounting techniques to facilitate decision making in both manufacturing and service related organisations
- ◆ calculating and interpreting an extensive range of accounting ratios
- ◆ accounting theory covering partnerships and limited companies
- ◆ analysing complex financial and management accounting information, including drawing conclusions and suggesting solutions where appropriate
- ◆ using digital technology 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

Skills, knowledge and understanding for the course assessment

The following provides details of skills, knowledge and understanding sampled in the course assessment:

Financial accounting	
Role of financial accounting	<ul style="list-style-type: none"> ◆ users and uses of financial accounting information
Partnership	<ul style="list-style-type: none"> ◆ legal definition, sources of finance, appropriation of profit for the year, current and equity accounts, partnership changes, goodwill, and revaluation of assets
Public Limited Companies (PLCs)	<ul style="list-style-type: none"> ◆ legal definitions, sources of finance, and appropriation of profit for the year, including corporation tax
Manufacturing Accounts	<ul style="list-style-type: none"> ◆ preparing a Manufacturing Account for partnerships and limited companies
Period-end financial statements	<ul style="list-style-type: none"> ◆ preparing an Income Statement for partnerships and limited companies including: <ul style="list-style-type: none"> — adjustments at year start and year end for amounts payable and receivable — depreciation: using reducing balance and straight-line methods — creation of, and changes in provision for, doubtful debts ◆ preparing a Statement of Financial Position for partnerships and limited companies including: <ul style="list-style-type: none"> — revaluation of non-current assets — issue of shares: preference and ordinary — issue of shares: cash or bonus shares using the share premium
Business analysis	<ul style="list-style-type: none"> ◆ calculating and interpreting investment ratios with given formulae: <ul style="list-style-type: none"> — equity gearing — dividend yield — dividend cover — earnings per share — price/earnings ratio — interest cover ◆ yardsticks of comparison — intra-firm and inter-firm ◆ non-financial performance indicators — social accounting, environmental and ethical issues

Management accounting	
Role of management accounting	<ul style="list-style-type: none"> ◆ users and uses of management accounting information
Inventory valuation	<ul style="list-style-type: none"> ◆ material — weighted average cost (AVCO) using inventory record cards
Overhead analysis	<ul style="list-style-type: none"> ◆ preparing overhead analysis statements, including: <ul style="list-style-type: none"> — reapportionment of service department costs — calculation of overhead absorption rates — under and over absorption of fixed overheads — job cost statements
Service cost statements	<ul style="list-style-type: none"> ◆ preparing service cost statements
Process costing	<ul style="list-style-type: none"> ◆ preparing process cost accounts, including abnormal loss accounts
Budgeting	<ul style="list-style-type: none"> ◆ principles and benefits of budgeting ◆ preparing sales and production budgets (units) ◆ preparing cash budgets
Decision making	<ul style="list-style-type: none"> ◆ using marginal costing to determine: <ul style="list-style-type: none"> — the product mix for profit maximisation with limiting factors — whether to make or buy products and components — whether to retain or close a factory or branch — whether to accept or reject special orders
Investment appraisal	<ul style="list-style-type: none"> ◆ period payback ◆ accounting rate of return
Spreadsheets — assessed across both financial and management accounting	<ul style="list-style-type: none"> ◆ add, subtract, multiply and divide ◆ AutoSum function ◆ conditional formulae — IF statements only ◆ relative and absolute formulae, and named cells ◆ replicating formulae ◆ working with multiple worksheets ◆ printing out in value view and formulae view ◆ printing out with (or without) gridlines, row and column reference

Skills, knowledge and understanding included in the course are appropriate to the SCQF level of the course. The SCQF level descriptors give further information on characteristics and expected performance at each SCQF level, and can be found on the SCQF website.

Skills for learning, skills for life and skills for work

This course helps candidates to develop broad, generic skills. These skills are based on [SQA's Skills Framework: Skills for Learning, Skills for Life and Skills for Work](#) and draw from the following main skills areas:

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

- 5.1 Remembering
- 5.2 Understanding
- 5.3 Applying
- 5.4 Analysing and evaluating

You must build these skills into the course at an appropriate level, where there are suitable opportunities.

Course assessment

Course assessment is based on the information provided in this document.

The course assessment meets the key purposes and aims of the course by addressing:

- ◆ breadth — drawing on knowledge and skills from across the course
- ◆ challenge — requiring greater depth or extension of knowledge and/or skills
- ◆ application — requiring application of knowledge and/or skills in practical or theoretical contexts as appropriate

This enables candidates to:

- ◆ demonstrate knowledge and understanding from across the course, when preparing accounting information
- ◆ integrate the theoretical and practical aspects of the course
- ◆ apply and integrate knowledge and understanding of financial and management accounting, using digital technology
- ◆ analyse and evaluate accounting information in a given accounting context
- ◆ make decisions and communicate recommendations for a given accounting context

Knowledge and understanding of theory is worth 5–10% of the total mark allocation for the course assessment.

Course assessment structure: question paper

Question paper

120 marks

The question paper gives candidates the opportunity to:

- ◆ select accounting information to determine business revenues, costs and profits in complex contexts
- ◆ prepare accounting statements using computational techniques and appropriate layouts
- ◆ prepare, interpret and analyse accounting information, some of which may be complex
- ◆ use accounting techniques to facilitate decision making
- ◆ apply knowledge and understanding of accounting concepts and theories in unfamiliar contexts
- ◆ evaluate business success on the basis of accounting information
- ◆ produce written responses to theory questions

The question paper has a total mark allocation of 120 marks. This is 67% of the overall marks for the course assessment.

It has two sections containing questions that sample from the ‘Skills, knowledge and understanding for the course assessment’ detailed in this document. Candidates must answer all the questions.

Section 1 is worth 80 marks and contains two 40-mark questions.

Section 2 is worth 40 marks and contains two 20-mark questions.

Setting, conducting and marking the question paper

The question paper is set and marked by SQA, and conducted in centres under conditions specified for external examinations by SQA.

Candidates have 2 hours and 30 minutes to complete the question paper.

Specimen question papers for Higher courses are published on SQA’s website. These illustrate the standard, structure and requirements of the question papers candidates sit. The specimen papers also include marking instructions.

Course assessment structure: assignment

Assignment

60 marks

The assignment gives candidates the opportunity to demonstrate their ability to:

- ◆ select appropriate data to prepare accounting statements using computational techniques and appropriate layouts
- ◆ compare, analyse and make decisions using a range of complex accounting information
- ◆ make appropriate use of spreadsheet software to complete the assignment
- ◆ prepare a report outlining reasons for the decisions taken

The assignment has a total mark allocation of 60 marks. This is 33% of the overall marks for the course assessment.

It samples from both the financial and management accounting areas of study and the use of digital technology attracts up to 20% of the total marks allocated.

Assignment overview

Candidates work through a series of integrated tasks to prepare accounting information and financial statements. They perform calculations, compare and analyse accounting information, make decisions based on their analysis and present findings in a report.

Candidates use a spreadsheet to complete one of the tasks within the assignment — SQA supplies an electronic file for this purpose. Candidates:

- ◆ enter data
- ◆ select and use appropriate formula, formatting and printing functions to present information
- ◆ accurately complete accounting work

SQA provides teachers and lecturers with advance notification of the main topics that the annual assignment covers, to help with planning and delivery of the course.

Where a topic appears in both the assignment and the question paper in the same year, different skills are assessed. For example, if a topic is assessed computationally in the assignment, it will be assessed as theory in the question paper.

Where period-end financial statements are assessed, Manufacturing Accounts, Income Statements and Statements of Financial Position are classed as separate topics.

Setting, conducting and marking the assignment

The assignment is:

- ◆ set by SQA on an annual basis
- ◆ conducted in centres under a high degree of supervision and control
- ◆ submitted to SQA for external marking

All marking is quality assured by SQA.

Candidates must not have access to the internet, or any previously used files. Candidates must only have access to the files issued by SQA for the relevant year's assignment.

The SQA co-ordinator must provide written confirmation to the invigilator that access to all external network facilities, or other digital storage, has been disabled on the equipment to be used by candidates.

A designated teacher/technician must be available for assistance during the assignment should any technical difficulties arise. The designated teacher/technician is not permitted to enter the assignment room unless any technical difficulties arise.

Assessment conditions

Time

The assignment must be carried out:

- ◆ in one 2 hour and 30 minute block (excluding printing time)
- ◆ in time to meet the submission date set by SQA

Supervision, control and authentication

Candidates complete the assessment under a high degree of supervision and control, which means that candidates must be in direct sight of the invigilator during the period of the assessment and must not communicate with each other.

Candidates must carry out the assignment:

- ◆ on an individual basis
- ◆ without any reference materials (ie closed-book assessment) — candidates should only have the assignment files when completing the assessment
- ◆ without any teacher or lecturer support

Resources

During the assessment, candidates must have access to the following resources:

- ◆ electronic files supplied by SQA
- ◆ a personal computer or laptop, with no access to the internet
- ◆ spreadsheet software

The assignment requires candidates to use a spreadsheet; access to digital technology is therefore mandatory.

Reasonable assistance

Teachers and lecturers must not assist candidates with the assignment.

Evidence to be gathered

Candidates produce the following evidence for submission to SQA:

- ◆ completed tasks, either handwritten or printouts of spreadsheets, as specified
- ◆ original printouts of the spreadsheet task, in both value and formula view clearly displaying candidate name and task number on each printout

Volume

There is no word count.

Grading

Candidates' overall grades are determined by their performance across the course assessment. The course assessment is graded A–D on the basis of the total mark for all course assessment components.

Grade description for C

For the award of grade C, candidates will typically have demonstrated successful performance in relation to the skills, knowledge and understanding for the course.

Grade description for A

For the award of grade A, candidates will typically have demonstrated a consistently high level of performance in relation to the skills, knowledge and understanding for the course.

Equality and inclusion

This course is designed to be as fair and as accessible as possible with no unnecessary barriers to learning or assessment.

For guidance on assessment arrangements for disabled candidates and/or those with additional support needs, please follow the link to the assessment arrangements web page: www.sqa.org.uk/assessmentarrangements.

Further information

The following reference documents provide useful information and background.

- ◆ [Higher Accounting subject page](#)
- ◆ [Assessment arrangements web page](#)
- ◆ [Building the Curriculum 3–5](#)
- ◆ [Guide to Assessment](#)
- ◆ [Guidance on conditions of assessment for coursework](#)
- ◆ [SQA Skills Framework: Skills for Learning, Skills for Life and Skills for Work](#)
- ◆ [Coursework Authenticity: A Guide for Teachers and Lecturers](#)
- ◆ [Educational Research Reports](#)
- ◆ [SQA Guidelines on e-assessment for Schools](#)
- ◆ [SQA e-assessment web page](#)

The SCQF framework, level descriptors and handbook are available on the SCQF website.

Appendix 1: course support notes

Introduction

These support notes are not mandatory. They provide advice and guidance to teachers and lecturers on approaches to delivering the course. You should read these in conjunction with this course specification and the specimen question paper and coursework.

Developing skills, knowledge and understanding

This section provides further advice and guidance about skills, knowledge and understanding that you could include in the course. You have considerable flexibility to select contexts that will stimulate and challenge candidates, offering both breadth and depth.

The following tables provide suggested experiences and activities that teachers and lecturers could use to deliver the course.

Approaches to learning and teaching

Partnerships and **limited companies** are the only business structures covered by this course. You should try to contextualise learning to these business structures. Suggested layouts are available on the SQA website.

http://www.sqa.org.uk/sqa/files_ccc/SuggestedFinancialLayoutsAccountingCoursesN5newHigher.pdf

Financial accounting		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
Role of financial accounting	<ul style="list-style-type: none"> ◆ users and uses of financial accounting information, for example: <ul style="list-style-type: none"> — duties and responsibilities of the Financial Accountant — purpose and importance of financial accounting to aid an organisation — reporting and communicating procedures 	Using mind-mapping, flipcharts, web research, textbook research, visits to local organisations, guest speakers and group presentations.
Partnership	<ul style="list-style-type: none"> ◆ legal definition, for example: <ul style="list-style-type: none"> — features of ownership — an awareness of the main principles of current partnership legislation (Partnership Agreement and Limited Liability Partnership (LLP) legislation) ◆ sources of finance, for example: <ul style="list-style-type: none"> — partners' equity investment — bank loan — mortgages 	<p>Defining and giving local examples of partnerships to set the scene for the course.</p> <p>Using presentation software to illustrate business structures or sources of finance.</p> <p>Completing partially-prepared electronic templates to illustrate and emphasise the presentation layouts required.</p> <p>Note: this topic should articulate with the 'period-end financial statements' topic.</p>

Financial accounting		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> — government grants — leasing — profit for the year ◆ appropriation of profit for the year ◆ current and equity accounts ◆ partnership changes — introduction of new partner, including change in profit share ◆ goodwill ◆ revaluation of assets 	
Public Limited Companies (PLCs)	<ul style="list-style-type: none"> ◆ legal definition, for example: <ul style="list-style-type: none"> — features of ownership — an awareness of the main principles of current Public Limited Company legislation (Memorandum of Association and Articles of Association) ◆ sources of finance, internal and external, for example: <ul style="list-style-type: none"> — issue of shares — debentures — sale of assets — venture capital — grants 	<p>Defining and giving examples of limited companies to set the scene for the course.</p> <p>Using presentation software to illustrate business structures or sources of finance.</p> <p>Note: this topic should articulate with the 'period-end financial statements' topic.</p>

Financial accounting		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> ◆ appropriation of profit for the year, including corporation tax 	
Manufacturing Accounts	<p>Preparing a Manufacturing Account for partnerships and limited companies showing:</p> <ul style="list-style-type: none"> ◆ cost of raw materials consumed/used ◆ prime cost ◆ factory cost of production ◆ market value of production ◆ manufacturing profit/loss ◆ calculation of cost per unit of manufactured items 	<p>Completing tasks to prepare Manufacturing Accounts.</p> <p>Completing partially-prepared electronic templates to illustrate and emphasise the presentation layout required.</p>
Period-end financial statements	<ul style="list-style-type: none"> ◆ preparing an Income Statement for partnerships and limited companies including: <ul style="list-style-type: none"> — adjustments at year start and year end for amounts payable and receivable — depreciation: using the reducing balance and straight-line (at cost) methods — creation of, and changes in provision for, doubtful debts — appropriation of profits ◆ preparing a Statement of Financial Position for partnerships and limited companies including: <ul style="list-style-type: none"> — revaluation of non-current assets — issue of shares: preference and ordinary 	<p>Completing tasks to prepare financial statements.</p> <p>Practising year-end adjustments after teacher-led demonstrations.</p> <p>Completing partially-prepared electronic templates to illustrate and emphasise the presentation layouts required.</p> <p>Linking sheets within a spreadsheet file to demonstrate the integrative nature of financial accounting.</p>

Financial accounting		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> — issue of shares: cash or bonus shares using the share premium, at premium or par value (not discount) 	
Business analysis	<ul style="list-style-type: none"> ◆ calculating and interpreting investment ratios with given formulae: <ul style="list-style-type: none"> — equity gearing — dividend yield — dividend cover — earnings per share — price/earnings ratio — interest cover ◆ yardsticks of comparison — intra-firm and inter-firm: <ul style="list-style-type: none"> — prior year — budget ◆ non-financial performance indicators — social accounting, environmental and ethical issues including: <ul style="list-style-type: none"> — employee relations — customer satisfaction — health and safety record — ethical and environmental policies — product development and innovation 	<p>Calculating and interpreting ratios and assessing implications for the performance of the business through problem-solving tasks.</p> <p>Using the ratio formulae provided to ensure consistency.</p> <p>Participating in business games of investment analysis, for example, stock market challenge.</p> <p>Using spreadsheet formulae in the calculation of financial ratios to reinforce the effect of changes and comparisons of performance of the business entity.</p> <p>Reviewing a company's annual report to see the extent to which it makes use of non-financial indicators to highlight performance.</p> <p>Completing partially-prepared electronic templates to illustrate and emphasise the presentation layouts required.</p> <p>Note: formulae are provided for assessment — see appendix 2: ratio formulae</p>

Management accounting		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
Role of management accounting	<ul style="list-style-type: none"> ◆ uses and users of management accounting information, for example: <ul style="list-style-type: none"> — duties and responsibilities of the Management Accountant — purpose and importance of management accounting to aid an organisation in its planning and control 	Using mind-mapping, flipcharts, web research, textbook research, visits to local organisations, guest speakers and group presentations.
Inventory valuation	<ul style="list-style-type: none"> ◆ material — weighted average cost (AVCO) using inventory record cards 	Completing partially-prepared electronic templates to illustrate and emphasise the presentation layout required.
Overhead analysis	<ul style="list-style-type: none"> ◆ preparing overhead analysis statements including: <ul style="list-style-type: none"> — reapportionment of service department costs — calculation of overhead absorption rates — under and over absorption of fixed overheads — job cost statements (including markups/margins to set selling prices/profit levels) 	<p>Adopting a scenario-based learning approach to illustrate the apportionment and allocation of overheads among cost centres.</p> <p>Completing partially-prepared electronic templates to illustrate and emphasise the presentation layout required.</p>
Service cost statements	<ul style="list-style-type: none"> ◆ preparing service cost statements including: <ul style="list-style-type: none"> — annual operating cost statements — calculation of cost per unit — markups/margins to set selling prices/profit levels 	<p>Identifying and calculating costs involved in service sector industries.</p> <p>Completing partially-prepared electronic templates to illustrate and emphasise the presentation layouts required.</p>
Process costing	<ul style="list-style-type: none"> ◆ preparing process costing accounts including abnormal loss accounts: 	Adopting a scenario-based learning approach to illustrate the three elements of cost involved in

Management accounting		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> — markups/margins to set selling prices/profit levels 	<p>calculating the total cost per unit, for example manufacturing T-shirts.</p> <p>Completing partially-prepared electronic templates to illustrate and emphasise the presentation layout required.</p>
Budgeting	<ul style="list-style-type: none"> ◆ principles and benefits of budgeting: <ul style="list-style-type: none"> — knowledge of multiple functions of a budget, for example, planning, co-ordinating, communicating, controlling, and evaluating ◆ preparing sales and production budgets, showing units only ◆ preparing cash budgets 	<p>Discussing personal and family budgets as an introduction to the topic.</p> <p>Completing partially-prepared electronic templates to illustrate and emphasise the presentation layouts required.</p> <p>Completing budget tasks using the required layouts.</p>
Decision making	<ul style="list-style-type: none"> ◆ using marginal costing to determine: <ul style="list-style-type: none"> — the product mix for profit maximisation with limiting factors — whether to make or buy products and components — whether to retain or close a factory or branch — whether to accept or reject special orders 	<p>Using spreadsheet files containing formulae to illustrate the effects of changes in selling price and costs.</p> <p>Producing a report to facilitate decision making.</p> <p>Practising manual calculations and creating costing statements.</p>
Investment appraisal	<p>Evaluating potential investment opportunities and projects and making recommendations using:</p> <ul style="list-style-type: none"> ◆ period payback 	<p>Giving local and national examples of projects using a scenario-based learning approach.</p>

Management accounting		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> ◆ accounting rate of return: <ul style="list-style-type: none"> — average profit to original investment 	
Spreadsheets — assessed across both financial and management accounting	<ul style="list-style-type: none"> ◆ add, subtract, multiply and divide ◆ AutoSum function ◆ conditional formulae — IF statements only ◆ relative and absolute formulae, and named cells ◆ replicating formulae ◆ working with multiple worksheets ◆ printing out in value view and formulae view ◆ printing out with (or without) gridlines, row and column reference 	

Preparing for course assessment

The course assessment focuses on breadth, challenge and application. Candidates should apply the skills they have learned during the course.

In preparation, you should give candidates the opportunity to practise activities similar to those expected in the course assessment. For example, you could develop tasks and questions similar to those exemplified in the specimen coursework and specimen question paper.

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

You should identify opportunities throughout the course for candidates to develop skills for learning, skills for life and skills for work.

Candidates should be aware of the skills they are developing and you can provide advice on opportunities to practise and improve them.

SQA does not formally assess skills for learning, skills for life and skills for work.

There may also be opportunities to develop additional skills depending on approaches being used to deliver the course in each centre. This is for individual teachers and lecturers to manage.

Skill	How it is developed
Numeracy	<ul style="list-style-type: none">◆ carrying out numerical calculations, for example, when completing a cash budget, financial statements, management statements, financial records and calculating ratios◆ gathering financial information from a range of sources and presenting it in accounting statements to aid interpretation or decision making◆ interpreting and extracting information from tables to help make informed decisions
Employability, enterprise and citizenship	<ul style="list-style-type: none">◆ demonstrating an understanding of how commercial businesses work◆ encouraging autonomy and initiative through personal research◆ developing skills that allow candidates to enter the world of work, such as exploring financial-based career opportunities◆ improving ICT skills for a technology-driven society◆ working with others◆ meeting deadlines, being proactive in roles and being part of a team

Skill	How it is developed
Thinking skills	<ul style="list-style-type: none"> ◆ using accounting concepts, theories and vocabulary in the correct setting ◆ using case studies and scenarios ◆ setting concepts using real examples ◆ sharing information and explaining its importance ◆ using information to solve problems ◆ planning, organising and completing tasks ◆ producing financial information to assist management in making tactical and strategic decisions ◆ evaluating solutions and providing advice based on the analysis

Appendix 2: ratio formulae

Equity Gearing Ratio

(Preference Share Equity + Long-term Liabilities): Ordinary Share Equity

Dividend Yield

$\frac{\text{Ordinary Dividend per share}}{\text{Market Price per share}} \times 100$

Dividend Cover

$\frac{[\text{Profit for the Year after Tax} - \text{Preference Share Dividend}]}{\text{Ordinary Share Dividend}}$

Earnings per Share

$\frac{[\text{Profit for the Year after Tax} - \text{Preference Share Dividend}]}{\text{Number of Ordinary Shares}}$

Price/Earnings Ratio

$\frac{\text{Market Price per share}}{\text{Earnings per share}}$

Interest Cover

$\frac{\text{Profit for the Year before Interest and Tax}}{\text{Interest}}$

Administrative information

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History of changes

Version	Description of change	Date
2.0	Course support notes added as appendix.	June 2018
3.0	Amendments made to p9 and p10 in the 'Course assessment structure: assignment' section.	August 2019

Note: you are advised to check SQA's website to ensure you are using the most up-to-date version of this document.

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