



SQA Advanced Diploma in Financial Services

GP0N 48

Course Tutor Guide (International)

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History of changes

It is anticipated that changes will take place during the life of the qualification and this section will record these changes. This document is the latest version and incorporates the changes summarised below. Centres are advised to check SQA's APS Navigator to confirm they are using the up-to-date qualification structure.

NOTE: Where a unit is revised by another unit:

- ◆ No new centres may be approved to offer the unit which has been revised.
- ◆ Centres should only enter students for the unit which has been revised where they are expected to complete the unit before its finish date.

Version number	Description	Date
08	Revision of Unit: Financial Services: Graded Unit 2 (J02L 48) will finish on 31/07/2026 and has been replaced by Financial Services: Graded Unit 2 (J8ME 48) which starts on 01/08/2024	04/12/24
07	Amendments made to sections 6.1.1 and 6.1.2, Suggested Delivery Schedule and section 8.1, Assessment Strategy and Plan, to reflect the revision of units Managing People and Organisations (J4DK 47) and Preparing Financial Forecasts (J5B0 48)	02/08/2022
06	Revision of units: HP72 48 Economics 2: The World Economy (finish date 31/7/2024) has been replaced by J5AY 48 Economics: The World Economy (start date 1/8/2021) HP70 48 Preparing Financial Forecasts (finish date 31/7/2024) has been replaced by J5B0 48 Preparing Financial Forecasts (start date 1/8/2021) HP6Y 47 Business Law: An Introduction (finish date 31/7/2024) has been replaced by J5AW 47 Business Law: An Introduction (start date 1/8/2021) Centres may continue to enter students on these units but all students must have completed and results submitted for the units by no later than 31/07/2024	13/6/2022
05	Core Skills updated for the unit J4DK 47 Managing People and Organisations	22/10/20
04	Revision of unit: HP71 47 Managing People and Organisations (finish date 31/7/2024) has been replaced by J4DK 47 Managing People and Organisations (start date 01/08/2020). Centres may continue to enter students on HP71 47 but all students must have completed and results submitted for the unit by no later than 31/07/2024	31/08/20

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Version number	Description	Date
03	Revision of unit: HP6T 47 Economic Issues: An Introduction (finish date 31/7/2024) has been replaced by J461 47 Economic Issues: An Introduction (start date 01/08/2020). Centres may continue to enter students on HP6T 47 but all students must have completed and results submitted for the unit by no later than 31/07/2024	02/06/20
02	Revision of unit: HR0Y 47 <i>Research Skills</i> (finish date 31/07/2022) has been replaced by J1NB 47 <i>Research Skills</i> (start date 01/08/2019). Centres may continue to enter students on HR0Y 47 but all students must have completed and results submitted for the unit by no later than 31/07/2022	15/03/19

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SQA acknowledges the valuable contribution that Scotland's colleges have made to the development of SQA Advanced Qualifications.

FURTHER INFORMATION: Call SQA's Customer Contact Centre on 0345 279 1000. Alternatively, complete our Centre Feedback Form.

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1 Introduction

1.1 Purpose of course Tutor Guide

This Guide is aimed at staff in SQA Approved Centres who are responsible for the SQA Advanced Diploma in Financial Services. It will assist you in the delivery, assessment and internal verification of the SQA Advanced Diploma by providing information on setting up a course, the course framework, centre support with course delivery, teaching plans and guidance on assessment of the units within the course. It also provides information about Core Skills, Graded Units, Quality Assurance and Verification.

2 Setting up the course

Centres will have been approved to offer this course and will have internal processes for liaising with appropriate parties. Liaison with SQA is normally via the centre's SQA Co-ordinator.

It is recommended that a Course Team is set-up by the Institution/Department appointed to oversee the delivery of the course. The Course Team should comprise of all tutors teaching on the course and one tutor should be nominated as Course Team leader.

The Course Team would have the responsibility for overseeing the quality of delivery on the course and to ensure that academic standards are maintained. The Course Team would also be responsible for monitoring student progress and determining the support required for individuals that are not progressing well.

The Course Team should meet to discuss matters relating to course delivery, assessment and internal verification on a regular basis (usually two/three times a year) to ensure that any action points are achieved and that the course is delivered efficiently and effectively. It is good practice to maintain a record of such meetings to ensure that any action points are noted and accomplished. This will benefit centres and their students by ensuring that all students achieve their full potential while maintaining the appropriate standards.

It is good practice for centres to maintain a library of master folders for each of the units within the course — these may be stored electronically as long as all relevant staff have access to them as and when required. Electronic files on a secure part of the centres network/intranet are particularly appropriate if the award is delivered across different campuses allowing all tutors to access the most up-to-date materials wherever they are located.

The master folders should contain unit specifications, teaching materials (including details of learning, teaching and assessment plans; and if appropriate, details of any integration across units of either teaching or assessment), assessment support packs (ASPs) and re-assessments. This enables new members of staff to access this valuable resource prior to, and during, delivery of the course.

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It is good practice for tutors to familiarise themselves with the units and specific requirements of the assessments prior to the start of the course. Unit specifications set out the statement of standards and evidence required for achieving each unit, along with guidance on content and assessment. Assessment support packs (ASPs) provide an instrument of assessment for each unit and suggested marking scheme. **The ASPs MUST be kept secure at all times.**

All tutors delivering this course have a collective responsibility to ensure that all students are supported in a manner that meets their individual needs as they progress through the course.

3 The SQA Advanced Diploma structure

3.1 General SQA Advanced Diploma Qualification Framework

To be awarded an SQA Advanced Diploma, the student is required to achieve **30 SQA Credits** with a mixture of SCQF level 7 and Level 8 units.

The SQA Advanced Diploma in Financial Services qualification is a mixture of SCQF level 7 and level 8 units. The additional units include one at SCQF level 6 and one at SCQF level 7.

Each unit is assigned a **SQA Credit** value of either 1 or 2. This credit value is based approximately on 80 hours of study per credit which consists of 40 hours of structured learning and a further 40 hours of student led study to consolidate and reinforce learning.

Each unit is also assigned a **Scottish Credit and Qualifications Framework (SCQF) level and credit point value**. (See below for further details regarding the SCQF).

Each unit is assigned an agreed number of SCQF credit points. One point represents a notional 10 hours of study by the learner at the identified level.

3.1.1 The Scottish Credit and Qualifications Framework (SCQF)

The SCQF has 12 levels ranging from SCQF level 1, up to Doctorate at level 12. The different levels indicate the level of difficulty of a particular qualification and the difference between levels is dependent on factors such as:

- ◆ the complexity and depth of knowledge and understanding
- ◆ links to associated academic, vocational or professional practice
- ◆ the degree of integration, independence and creativity required
- ◆ the range and sophistication of application/practice
- ◆ the role(s) taken in relation to other learners/workers in carrying out tasks

3.1.2 SCQF level Descriptors

The SCQF level Descriptors outline the general outcomes of learning at SCQF levels under five broad headings:

- ◆ Knowledge and understanding (mainly subject based)
- ◆ Practice (applied knowledge and understanding)
- ◆ Generic cognitive skills (eg evaluation, critical analysis)
- ◆ Communication, ICT and numeracy skills; and
- ◆ Autonomy, accountability and working with others

The Descriptors allow broad comparisons to be made between the outcomes of any learning and allow learners, employers and the public in general to understand the range of skills and learning that should be achieved at each level. SCQF levels are increasingly used in job advertisements to help employers articulate the skills they require for a particular role and to help potential employees to highlight their skills thus ensuring the right person gets the right job.

For SQA Advanced Diploma courses each unit is also assigned an SCQF level which will be 6, 7 or 8. These levels indicate the degree of difficulty of the work for that unit.

SCQF level 6 is approximately equivalent to sixth year of compulsory secondary education. SCQF level 7 is approximately equivalent to first year of degree level study and SCQF level 8 is approximately equivalent to second year of degree level study.

SCQF level 7 might be the level of an introductory unit in a subject area with SCQF level 8, the level of continuing unit.

Tutors involved in the delivery and assessment of units will find the SCQF level Descriptors helpful in determining the appropriate level of difficulty/complexity required. For example:

The unit *Economic Issues: An Introduction* (J461 47) has an **SQA Credit value of 1**. This represents 80 hours of teaching and learning.

These 80 hours will equal **8 SCQF points** (1 point = 10 hours of learning) at **SCQF level 7**.

The unit *Economics: World Economy* (J5AY 48) follows on from *Economic Issues: An Introduction* (J461 47) and has an **SQA Credit value of 1**. This represents 80 hours of teaching and learning.

These 80 hours will equal **8 SCQF points** at **SCQF level 8**.

This means that the unit progresses the student's learning to a higher level.

3.2 Core Skills

The Core Skills are a group of five skills that are key to learning and working in today's world. Employers have identified Core Skills as those that are most likely to be needed in any work environment. This does not mean that every job will need people who are proficient in all five Core Skills but it does mean that every job will require some level of ability in some or all of these skills.

The five Core Skills are: *Communication*, *Numeracy*, *Information and Communication Technology (ICT)*, *Problem Solving* and *Working with Others*. Each Core Skill is available at levels 2 to 6 of the Scottish Credit and Qualifications Framework (SCQF). A brief description of each Core Skill is detailed below.

3.2.1 Communication

Communication skills underpin almost all personal, social, learning, and working activity. They are essential in clarifying one's own thoughts, in interacting and conversing with others, in expressing thoughts and in conveying information, feeling and opinions.

The Core Skill in *Communication* has two components:

- ◆ Oral Communication
- ◆ Written Communication

3.2.2 Numeracy

Numeracy skills are necessary for coping with the demands of everyday life, including work and study. People need to be comfortable with numbers, and with graphs, symbols, diagrams and calculators.

The Core Skill in *Numeracy* has two components:

- ◆ Using Graphical Information
- ◆ Using Number

3.2.3 Information and Communication Technology (ICT)

Information and Communication Technology (ICT) focuses on the ability to use Information Technology (IT) to process information in ways which will be useful in work and in the home — it is not about developing IT specialists.

The Core Skill in *Information and Communication Technology (ICT)* has two components:

- ◆ Accessing Information
- ◆ Providing/Creating Information

3.2.4 Working with others

Working with Others develops the skills needed to co-operate with others in learning and working situations to identify and achieve shared goals.

The Core Skill in *Working with Others* has two components:

- ◆ Working Co-operatively with Others
- ◆ Reviewing Co-operative Contribution

3.2.5 Problem solving

Problem Solving develops the skills needed for tackling issues and problems in personal, social, vocational and occupational contexts.

The Core Skill in *Problem Solving* has three components:

- ◆ Critical Thinking
- ◆ Planning and Organising
- ◆ Reviewing and Evaluating

All qualifications offered by SQA are evaluated against the Core Skills framework and where opportunities exist to develop and/or achieve a Core Skill (embedded), these have been noted and a table is provided for each SQA Advanced Diploma showing where these skills are embedded and/or developed. (See Appendices 1a and 1b).

3.3 Graded Units

In the framework of every SQA Advanced Diploma there are 3 SQA Credits of Graded Unit. There are Graded Units built into the framework towards the latter part of Year 1 and Year 2. Depending on the SQA Advanced Diploma, there may be three individual Graded Units of 1 SQA Credit or there may be two Graded Units, a 1-credit and a 2-credit. The purposes of Graded Units are to:

- ◆ demonstrate that the student has achieved the principal aims of the Group Award
- ◆ demonstrate the student's ability to integrate the knowledge and understanding gained from other units making up the Group Award
- ◆ grade student performance

Graded Units are specific to the Group Award being delivered, and reflect the principal aims of that Group Award. This means that they will also clearly reflect the uniqueness of the title of the Group Award.

The allocation of grades awarded is as follows:

- ◆ Grade A — Student has achieved a mark of 70% or above
- ◆ Grade B — Student has achieved a mark of between 60% and 69%
- ◆ Grade C — Student has achieved a mark of between 50% and 59%
- ◆ F (Fail) — Student has failed to reach the required standard and achieved a mark less than 50%

4 SQA Advanced Diploma in Financial Services

4.1 Target audience

The SQA Advanced Diploma in Financial Services develops skills and knowledge in a range of vocational skills specific to the UK financial services industry in relation to product, service and legislative knowledge, together with an understanding of the roles and responsibilities of financial services providers.

The target audience includes those who are:

- ◆ preparing for employment for the first time and wish to take up a career in financial services
- ◆ returning to work or are considering a career change to an entry level role in financial services
- ◆ new entrants to the financial services industry
- ◆ wishing to progress to a degree programme using a vocational access route and who have an interest in financial services as a potential employer longer term

The SQA Advanced Diploma in Financial Services is designed for students who wish to pursue a career in financial services or a range of general business/management positions, and enables students to progress to further academic and professional qualifications before embarking on their career.

The SQA Advanced Diploma in Financial Services is designed to equip students with an understanding of financial services issues and practices within a changing business environment. Financial services professionals can work in a variety of roles and in organisations that specialise in a number of different Financial Services products and services.

Important aspects of financial services that are covered in the programme include Personal Financial Services, Business Accounting, Economics, Financial Services Regulatory Framework, Personal and Business Lending, Principles of Insurance, Pensions Provision and Financial Services: International Transactions.

4.2 Access to the course

As with all SQA qualifications, access will be at the discretion of the centre and the following recommendations are for guidance only. It should be noted that this qualification will be taught and assessed in English.

Some examples of appropriate formal entry qualifications are specified below. They are not exhaustive or mutually exclusive and may be offered in a variety of combinations:

- ◆ An appropriate level of skill in the English language.
- ◆ Experience in the use of IT applications software.
- ◆ Different combinations of relevant National Qualifications, Vocational Qualifications and equivalent qualifications from other awarding bodies may be

acceptable, as would suitable industry standard qualifications at an appropriate level.

Mature students with suitable work experience will be accepted for entry provided the enrolling centre believes they are likely to benefit from undertaking the award.

4.3 Aims of the course

The SQA Advanced Diploma in Financial Services award has a range of aims relating to academic and vocational progression.

The specific aims of the SQA Advanced Diploma in Financial Services award are to:

- 1 Develop suitable competencies relevant to the financial services industry to enable students to enter a range of customer service and support positions in a financial services organisation.
- 2 Develop a broad range of generic vocational skills in relation to communication, customer service and the use of information technology.
- 3 Prepare students for progression to degree courses delivered by UK universities.
- 4 Develop skills for independent, life-long learning.
- 5 Develop transferable skills for employability and Core Skills.
- 6 Develop and enhance transferable skills in planning, organising, critical and evaluative thinking and enable the student to investigate customers' financial products and services requirements in depth.
- 7 Develop interpersonal skills relevant to a range of customer service and support roles in the financial services industry.
- 8 Develop communication and presentation skills.
- 9 Develop numeracy skills.
- 10 Develop problem solving skills within a range of time constraints.
- 11 Develop an understanding of the complex professional, regulatory and ethical issues relating to the financial services industry.
- 12 Develop knowledge to progress smoothly to complete qualifications with one of the financial services industry professional bodies.

Students will therefore develop a full range of competencies and skills that meet the requirements of the financial services industry and which will assist them in embarking on a career in financial services. The award provides the opportunity to develop and progress within the financial services industry in a variety of ways and in organisations of different types and sizes. Employment opportunities include working with Retail Financial Services, Investment Operations, Pension and Insurance providers.

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Within each area of the industry there are wide variations in the type of specialisations that students may aspire to. For example, within Retail Financial Services industry (banking) this may include:

- ◆ Frontline service operations (outlets and call centres)
- ◆ Personal or business lending
- ◆ Investment advice
- ◆ Product sales and service
- ◆ Regulatory compliance support

4.4 SQA Advanced Diploma in Financial Services Framework

The table below shows the whole framework of units for the SQA Advanced Diploma in Financial Services and includes their SQA Credit value and SCQF level.

Unit title	Unit code	Credit value	SCQF level
YEAR 1			
Business Accounting	HP7K 47	2	7
Business Law: An Introduction	J5AW 47*	1	7
Communication: Business Communication	HP75 47	1	7
Creating a Culture of Customer Care	HP73 47	1	7
Economic Issues: An Introduction	J461 47*	1	7
Financial Sector: An Introduction	J01W 47	1	7
Information Technology: Applications Software 1	HP6L 47	1	7
Information Technology: Applications Software 2	HP12 48	1	8
Managing People and Organisations	J4DK 47*	2	7
Marketing: An Introduction	HP6N 47	1	7
Personal Financial Services	HP17 47	2	7
Financial Services: Graded Unit 1	J02H 47	1	7
YEAR 2			
Economics: The World Economy	J5AY 48*	1	8
Financial Services: International Transactions	J01X 48	2	8
Financial Services Regulatory Framework	J01Y 48	1	8
Income Tax	HP15 48	1	8
Investment	HP1C 48	2	8
Pension Provision	HP1E 48	2	8
Personal and Business Lending	HP1G 48	2	8
Preparing Financial Forecasts	J5B0 48*	1	8
Principles of Insurance	HP1F 48	1	8
Financial Services: Graded Unit 2 or Financial Services: Graded Unit 2	J02L 48 J8ME 48*	2 2	8 8

* See History of Changes for further information

4.5 Core Skills

All of the revised units within this award have been assessed and validated against the Core Skills 2008 framework.¹

Successful students will exit from the SQA Advanced Diploma in Financial Services with the following Core Skills profile:

Core Skill	Certificated exit level
Communication	SCQF level 6
Numeracy	SCQF level 6 (Using Number component only)
Information and Communication Technology (ICT)	SCQF level 6
Problem Solving	SCQF level 6
Working with Others	—

A detailed analysis of the Core Skills profile is provided in Appendices 1a and 1b.

4.6 Graded Unit

Students will take a 1-credit Graded Unit at SCQF level 7 in the first year of the SQA Advanced Diploma Group Award, and a further 2-credit Graded Unit at SCQF level 8 in the second year of the SQA Advanced Diploma Group Award.

The Graded Units take the form of:

Financial Services: Graded Unit 1 (J02H 47): Examination at SCQF level 7 — 1 SQA Credit

Financial Services: Graded Unit 2: (J02L 48): Project (Investigation) at SCQF level 8 — 2 SQA Credits

or

Financial Services: Graded Unit 2: (J8ME 48): Project (Investigation) at SCQF level 8

Further details are provided in Section 8.3.

¹ Core Skills Framework: an introduction (SQA, Glasgow, 2008)

5 Course delivery of an SQA Advanced Diploma

5.1 How the course is delivered

All tutors/lecturers must ensure that they deliver this course using teaching methods that engage students in 'active learning' to encourage them to participate in the learning activities set. All SQA qualifications are designed to enable students to develop their knowledge and skills and then they are required to apply this new knowledge/skill to a new situation. Criterion-referenced assessments assume that all parties are fully informed of the criteria that students must achieve and the assessment conditions under which the students carry out the assessment activity.²

To ensure that students are fully prepared it is essential that tutors provide as many opportunities as possible for students to be actively engaged throughout the learning process. Students should:

- ◆ be fully informed of the criteria they must achieve
- ◆ be offered a range of learning activities to research, analyse and apply new knowledge/skills to new situations
- ◆ be offered opportunities to experience the type of activity that they will be required to carry out as part of the summative assessment
- ◆ be able to critically evaluate their personal contribution and to receive feedback from the tutor/lecturer on how to enhance their understanding

Tutors should develop a learning, teaching and assessment plan for each unit within the course and provide activities that students should undertake.

² For further information about different assessment activities – whether they be for formative or summative purposes, tutors may wish to complete the new online course: Produce SQA Advanced Qualification Assessments for successful prior verification OR read the SQA Guide to Assessment

The SQA Advanced Diploma in Financial Services contains material which will change regularly as new financial services products are introduced and financial services regulation is updated and amended. It is most important that students are prepared for this SQA Advanced Diploma using material relating to current products, services and legislation.

There are a number of sources of materials that can be used to update materials, specifically newspapers, professional body journals and websites. In particular the following websites may be of assistance in this regard:

<http://www.bankofengland.co.uk/>

<http://www.fca.org.uk/>

<http://www.financial-ombudsman.org.uk/>

<http://www.gov.uk> (UK Government portal inc. sections on Pension Provision, Financing International Trade, Income Tax, Data Protection, etc.)

<http://www.thepensionsregulator.gov.uk/>

In addition, reference should be made to websites of UK Financial Services institutions to keep abreast of products and services they offer. It is important this reference is made to the UK section of the sites aimed at customers and not the Global Corporate websites.

Each unit should have a master folder containing the unit specification, teaching materials, the teaching and assessment plan along with assessment support packs (ASPs/CASPs) and re-assessments. The teaching materials and teaching plan should provide details of activities that students should undertake. Typically they include activities such as small group/whole class discussion, group problem solving eg analysing a case study and offering solutions based on the new learning, group project work to find examples, to research new knowledge and to present their findings to their fellow students.

The following is a list of learning activities but it is not exhaustive:

- ◆ Lectures
- ◆ Tutorials
- ◆ Study packs
- ◆ Problem based scenarios
- ◆ Case studies
- ◆ Group/team work
- ◆ Online materials
- ◆ IT based teaching materials
- ◆ Projects
- ◆ Quizzes
- ◆ Research and presentation of findings to fellow students
- ◆ Role play
- ◆ Short response questions, multiple choice questions
- ◆ Create questions for other learners (with answers), etc

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Tutors should consider the nature of the assessment method as well as the assessment content when planning learning activities so that students are appropriately prepared.

It is the tutor's/lecturer's responsibility to explain to the students what is required of them and then to direct, encourage, co-ordinate and support them to complete the activity. It is also the tutor's responsibility to ensure the resources needed are available to students. Materials should be reviewed on a regular basis to ensure they are still relevant.

Some activities could require students to work in pairs or small groups to discuss issues or to solve a given problem. Other activities could require students to undertake some independent research out with the classroom and to bring their findings to the next lesson and present this to the class in a report or presentation format. Some units will require the student to undertake independent reading and students should be prepared to discuss key issues within the classroom as organised and led by the tutor.

In practical skills classes, students should be directed to use practice exercises to enable them to become proficient. Tutors may demonstrate the skill first and then coach students individually when unsure. In terms of developing independent learners, in the case of information technology, students should be encouraged to independently use the online Help facilities within applications. It should be noted that even in practical classes, students should be encouraged to work in small groups and to support one another as part of the learning process — by explaining to another, a student has to reformulate and communicate the learning point, thus deepening their learning.

When undertaking group work, students should be encouraged/directed to work with different groups each time they attempt a new task so that they get to know and work with a wide range of individuals. The groups should be given clear task activities. Tutors/lecturers should note the various roles assigned to the group members and they should set a time limit for the completion of the task.

At the end of each activity tutors should make time to receive feedback from each group so that they can assess knowledge and understanding and use the feedback session to repeat important key points and to clear up any misunderstandings. Tutors must also provide feedback to students on their performance in activities, etc.

Where centres have access to electronic resources such as Virtual Learning Environments (VLEs), Blogs, Wikis, etc — tutors/lecturers are encouraged to use these collaborative tools in the learning process.

As students work through each unit in the course, they will be expected to:

- ◆ listen to instructions given to them by their tutors
- ◆ listen to exposition and lessons given by their tutors
- ◆ read sections of the guides as directed by their tutors
- ◆ participate in a range of practical exercises and activities including case studies, extended response and short response questions, research and presentation

- ◆ carry out these tasks either individually, in pairs, small groups or whole class
- ◆ test their own knowledge and understanding by completing self-assessed questions where the answers are provided
- ◆ test their own knowledge and understanding by completing activities and submitting them to their tutors for feedback
- ◆ receive feedback from tutors on activities that have been reviewed
- ◆ reflect on their own learning and identify areas to develop

5.2 Support for students

All tutors delivering on a course have a collective responsibility to ensure that all students are supported in a manner that meets their individual needs as they progress through the course.

Each individual tutor has a role to monitor an individual student's understanding and progress at unit level and feed comments to the Course Team. At individual unit level, tutors may wish to use a range of mechanisms to support students and to establish if they are progressing well on the course.

6 SQA Advanced Diploma in Financial Services course delivery

6.1 Teaching plan

The units that make up this Group Award are listed in Section 6.2 — **Overview of units**.

This Section — **Teaching plan** — provides a **suggested** delivery schedule for the units and highlights the best way to sequence the units over two years. SQA strongly recommends that all centres follow one of the suggested delivery schedules as these have been designed to ensure that the appropriate subjects are delivered within the academic year and in a logical order.

When constructing this teaching plan consideration was given to the following points:

- ◆ Year 1 will contain units which are mainly at SCQF level 7.
- ◆ Year 2 will contain units which are mainly at SCQF level 8 and there should be a natural progression from some of the units delivered in Year 1 to those being delivered in Year 2.
- ◆ Some units are 2-credit and thought must be given as to whether the unit should be covered in one semester or across the whole year.
- ◆ The Graded Units completed at the end of Years 1 and 2 are based on some of the mandatory units. The units being assessed as part of the Graded Unit, must be delivered and assessed to ensure that sufficient learning will have taken place to provide the students with a fair opportunity to achieve the Graded Unit at an appropriate grade.

Students will study 15 credits worth of units in each year. The weighting of these Units will depend on the relationship of the relevant unit to others in terms of prior knowledge needed and/or complementary knowledge.

Rationale for the suggested delivery schedule

Two suggested delivery schedules have been given for Year 1 and Year 2 of the SQA Advanced Diploma in Financial Services — Option A and Option B.

The majority of the SCQF level 7 units have been included in Year 1, so that students are provided with introductory knowledge and understanding of the main business areas — accounting, economics, information technology and communication — along with financial services.

The majority of the units in Year 2 are SCQF level 8 units that will develop on the knowledge and understanding gained in Year 1. Students will be able to extend their financial services knowledge through the study of investment, insurance and pension provision.

6.1.1 Year 1: Suggested delivery schedule

YEAR 1 — OPTION A

Semester 1	Semester 2
Business Accounting (HP7K 47) — SCQF level 7, 2 SQA Credits	
Communication: Business Communication (HP75 47) — SCQF level 7, 1 SQA Credit	Business Law: An Introduction (J5AW 47) — SCQF level 7, 1 SQA Credit
Creating a Culture of Customer Care (HP73 47) — SCQF level 7, 1 SQA Credit	Economic Issues: An Introduction (J461 47) — SCQF level 7, 1 SQA Credit
Financial Sector: An Introduction (J01W 47) — SCQF level 7, 1 SQA Credit	Marketing: An Introduction (HP6N 47) — SCQF level 7, 1 SQA Credit
Information Technology: Applications Software 1 (HP6L 47) — SCQF level 7, 1 SQA Credit	Information Technology: Applications Software 2 (HP12 48) — SCQF level 8, 1 SQA Credit
Managing People and Organisations (J4DK 47) — SCQF level 7, 2 SQA Credits	
Personal Financial Services (HP17 47) — SCQF level 7, 2 SQA Credits	
	Financial Services: Graded Unit 1 (J02H 47) — SCQF level 7, 1 SQA Credit
7 units studied: 7 at SCQF level 7 (4 credits completed, three units partially completed).	8 units studied: 7 at SCQF level 7; one unit at SCQF level 8 (11 credits completed).

Rationale for Year 1 (Option A)

The benefits of this approach are that:

- ♦ the teaching of the 2-credit units is spread over two semesters which maximises the opportunity for the integration of material
- ♦ all learning relating to the use of *Information Technology: Applications Software* is completed in Year 1, which enables students to use and apply the learning from the outset in Year 2
- ♦ the content of the Year 2 Graded Unit is covered entirely in Year 2

To ensure a balance of assessment across the two semesters, it is suggested that *Business Accounting* (HP7K 47) Outcomes 1 and 2 are assessed in Semester 1 and Outcomes 3–5 are assessed in Semester 2.

Managing People and Organisations (J4DK 47) can be assessed outcome by outcome or in a single holistic assessment covering all three outcomes. Each of the assessment approaches requires a different sample of the evidence requirements and it is essential that centres refer to the unit specification for full details. Where the unit is assessed on an outcome-by-outcome basis it is suggested that the three assessments are completed evenly spread over the two semesters. Where the unit is assessed using the single holistic assessment, that assessment should be completed at an appropriate point in semester 2.

YEAR 1 — OPTION B

Semester 1	Semester 2
Business Accounting (HP7K 47) — SCQF level 7, 2 SQA Credits	
Creating a Culture of Customer Care (HP73 47) — SCQF level 7, 1 SQA Credit	Business Law: An Introduction (J5AW 47) — SCQF level 7, 1 SQA Credit
Communication: Business Communication (HP75 47) — SCQF level 7, 1 SQA Credit	Economics: The World Economy (J5AY 48) — SCQF level 8, 1 SQA Credit
Economic Issues: An Introduction (J461 47) — SCQF level 7, 1 SQA Credit	Marketing: An Introduction (HP6N 47) — SCQF level 7, 1 SQA Credit
Financial Sector: An Introduction (J01W 47) — SCQF level 7, 1 SQA Credit	
Managing People and Organisations (J4DK 47) — SCQF level 7, 2 SQA Credits	
Personal Financial Services (HP17 47) — SCQF level 7, 2 SQA Credits	
Information Technology: Applications Software (HP6L 47) — SCQF level 7, 1 SQA Credit	Financial Services: Graded Unit 1 (J02H 47) — SCQF level 7, 1 SQA Credit
8 units studied: 8 at SCQF Level 7 (5 credits completed, three units partially completed).	7 units studied: 6 at SCQF level 7, 1 at SCQF level 8 (10 credits completed)

Rationale for Year 1 (Option B)

The benefits of this approach are that:

- ♦ the teaching of the 2-credit units is spread over two semesters which maximises the opportunity for the integration of material
- ♦ all learning relating to Economics is completed in Year 1, which enables students to use and apply the learning from the outset in Year 2
- ♦ the content of the Year 2 Graded Unit is covered entirely in Year 2

To ensure a balance of assessment across the two semesters, it is suggested that *Business Accounting* (HP7K 47) Outcomes 1 and 2 are assessed in Semester 1 and Outcomes 3–5 are assessed in Semester 2.

Managing People and Organisations (J4DK 47) can be assessed outcome by outcome or in a single holistic assessment covering all three outcomes. Each of the assessment approaches requires a different sample of the evidence requirements and it is essential that centres refer to the unit specification for full details. Where the unit is assessed on an outcome by outcome basis it is suggested that the three assessments are completed evenly spread over the two semesters. Where the unit is assessed using the single holistic assessment, that assessment should be completed at an appropriate point in semester 2.

6.1.2 Year 2: Suggested delivery schedule

YEAR 2 — OPTION A

Semester 1	Semester 2
Economics: The World Economy (J5AY 48) — SCQF level 8, 1 SQA Credit	Financial Services Regulatory Framework (J01Y 48) — SCQF level 8, 1 SQA Credit
Financial Services: International Transactions (J01X 48) — SCQF level 8, 2 SQA Credits	Income Tax (HP15 48) — SCQF level 8, 1 SQA Credit
Investment (HP1C 48) — SCQF level 8, 2 SQA Credits	Pension Provision (HP1E 48) — SCQF level 8, 2 SQA Credits
Personal and Business Lending (HP1G 48) — SCQF level 8, 2 SQA Credits	Principles of Insurance (HP1F 48) — SCQF level 8, 1 SQA Credit
Preparing Financial Forecasts (J5B0 48) — SCQF level 8, 1 SQA Credit	Financial Services: Graded Unit 2 (J02L 48) — SCQF level 8, 2 SQA Credits or Financial Services: Graded Unit 2 (J8ME 48) — SCQF Level 8, 2 SQA Credits
5 units studied: 5 at SCQF level 8 (8 credits completed).	5 units studied: 5 at SCQF Level 8 (7 credits completed).

Rationale for Year 2 (Option A)

The benefits of this approach are that:

- ♦ maximum use can be made of integration opportunities between *Economics: The World Economy* (J5AY 48) and *Financial Services: International Transactions* (J01X 48)

YEAR 2 — OPTION B

Semester 1	Semester 2
Financial Services: International Transactions (J01X 48) — SCQF level 8, 2 SQA Credits	Financial Services Regulatory Framework (J01Y 48) — SCQF level 8, 1 SQA Credit
Information Technology: Applications Software 2 (HP12 48) — SCQF level 8, 1 SQA Credit	Principles of Insurance (HP1F 48) — SCQF level 8, 1 SQA Credit
Investment (HP1C 48) — SCQF level 8, 2 SQA Credits	Income Tax (HP15 48) — SCQF level 8, 1 SQA Credit
Personal and Business Lending (HP1G 48) — SCQF level 8, 2 SQA Credits	Pension Provision (HP1E 48) — SCQF level 8, 2 SQA Credits
Preparing Financial Forecasts (J5B0 48) — SCQF level 8, 1 SQA Credit	Financial Services: Graded Unit 2 (J02L 48) — SCQF level 8, 2 SQA Credits or Financial Services: Graded Unit 2 (J8ME 48) — SCQF level 8, 2 SQA Credits
5 units studied: 5 at SCQF level 8, (8 credits completed).	5 units studied: 5 at SCQF level 8 (7 credits completed).

Rationale for Year 2 (Option B)

The benefits of this approach are that:

- ♦ students can develop advanced IT application software skills before they need to put them into practice when working on their Graded Unit

6.2 Overview of units

An overview of each unit delivered within Years 1 and 2 is given below. However, tutors should refer to the unit specification for full details of the Knowledge and/or Skills to be covered and Evidence Requirements. The Evidence Requirements clearly state the type of evidence required, the standard of evidence required and any conditions of assessment. The unit specification also contains guidance on the delivery and assessment of the unit.

YEAR 1 units

Business Accounting (HP7K 47)

This 2-credit unit enables students to develop their knowledge and understanding in the preparation and use of accounting information within a business organisation. Students will develop skills in preparing basic financial and management accounting reports and in interpreting and using financial information for decision making. There are five Outcomes in this unit. It is recommended that Outcomes 1 and 2 are assessed separately and that the assessment is integrated for Outcomes 3, 4 and 5.

In Outcome 1 students will prepare the financial statements for a limited company comprising an income statement, statement of financial position and statement of changes in equity incorporating year-end adjustments.

Outcome 2 focuses on the preparation of management accounting information and students will prepare a cash budget. Further, students will calculate the break-even point for making business decisions; for example considering the launch of a new product.

It is recommended that Outcomes 3, 4 and 5 are delivered and assessed following an integrated approach. These Outcomes cover: users of financial information and the purposes for which it is needed; sources of finance available to a business, both short term and long-term; and an analysis of the performance and financial position of a business by looking at statements of cash flows and use of accounting ratios. The assessment could take the form of a case study covering these three areas. Alternatively, each Outcome could be assessed separately.

Business Law: An Introduction (J5AW 47)

This 1-credit unit is designed to introduce students to law within a business environment. It is specifically focused on Scots Law but may take into account some aspects of English Law.

The unit examines sources of Scots Law and contractual relationships. There are three Outcomes:

Outcome 1 explains the main sources of Scots Law.

Outcome 2 explains the law of contract.

Outcome 3 distinguishes the legal characteristics of the various types of business relationships — sole trader, partnership, registered company, limited liability company.

The unit may be taught by using reported cases from current law journals and other relevant sources. Students should be encouraged to gather information from various sources eg the internet, journals and newspapers and use these in class discussions.

Assessment for all three Outcomes may take the form of open-book assessments based on a case study and/or restricted response questions. Students may compile their responses from their own research. Useful websites are **www.acas.org.uk** and **www.gov.uk**

Communication: Business Communication (HP75 47)

This 1-credit unit is designed to help students analyse, summarise, evaluate and produce complex written communication. It also develops students' skills in presenting and responding to complex oral business information. It is recommended this unit be taught and assessed within the subject area. The practical skills developed and assessed in this unit may be integrated with other units.

There are three Outcomes, which may be integrated with elements of the course requiring the analysis and production of complex written and/or oral communication.

Outcome 1 analyses and evaluates complex written business information and develops skills in reading and analysing complex text, summarising key information and evaluating the suitability of written text for its purpose.

Outcome 2 assists students in the production of complex written business documents. It covers selection of relevant information, sequencing for impact and effectiveness, appropriateness of language and style for formal business documents. Within the documents spelling, punctuation and grammar should be accurate. Students are also required to reference sources.

Outcome 3 requires students to present and respond to complex oral information in a business context. Students will plan and deliver an input to a formal business related event. The event may take the form of a meeting, event, webinar, etc.

It is possible to integrate Outcome 2 and Outcome 3, combining the report and meeting/event. Tutors should be advised setting up the meetings/events can be time consuming and it is recommended the report is marked at key stages and students given constructive feedback. For each Outcome, assessment is undertaken in open-book conditions. Centres should ensure the authenticity of students' work.

Creating a Culture of Customer Care (HP73 47)

This 1-credit unit enables students to recognise and evaluate effective customer care. The unit emphasises that customer care is a key area of importance and value to organisations and is, therefore, critical to the work of every employee.

There are two Outcomes and student evidence can be gathered in a variety of ways, eg presentations, case study analysis, structured questions, oral questioning, e-portfolio, etc.

Outcome 1 focuses on the analysis of the factors which contribute to a culture of customer care and the achievement of high standards of customer care.

Outcome 2 students apply these principles to an organisation and evaluate its customer care strategy.

There is scope to link assessment to other units eg *Communication: Business Communication* (HP75 47) where students could develop a report into an aspect of customer care which could be also be submitted as evidence of report writing skills.

Economic Issues: An Introduction (J461 47)

This Unit introduces learners to fundamental issues in economics with a particular emphasis on the business environment. Learners will consider the basic economic problem, how consumers and other economic agents address this problem, and how markets can be used to allocate resources. Learners are introduced to the operation of markets and actions that can be taken to help avoid market failure. The Unit introduces the theory of National Income and the circular flow of income model.

Learners are required to analyse complex information on national policies and their application.

In Outcome 1 learners are required to explain the allocation of resources within the economy. In this they will cover aspects such as the basic economic problem, opportunity cost, determinants of demand and supply, interaction of demand and supply, and price and income elasticity.

In Outcome 2 learners are required to explain the theory of National Income. In this they will cover areas such as circular flow of income, injections and withdrawals, multiplier, measures of national income, difficulties in measuring national income, comparison of national income between countries and national income growth measured in monetary and real terms.

In Outcome 3 learners are required to explain and evaluate the role of government policy in correcting market failures. In this they will cover the role of government in correcting market failures, current Government policy, Government policy instruments, and evaluation of Government policy.

Evidence for this Unit will be generated using a closed book examination with a standard completion time of 90 minutes completed under supervised conditions. The examination will contain questions that cover all three outcomes with an appropriate balance of marks allocated to the questions for each outcome. To achieve this Unit a learner must gain a minimum of 50% of the available 60 marks in the examination in order to pass the Unit. There are no gradings applied to the results and no remediation is permitted.

Where reassessment has to take place a different set of questions must be used on the second sitting.

The Evidence Requirements section of the Unit Specification sets out criteria which must be complied with when assessing this Unit.

Financial Sector: An Introduction (J01W 47)

This 1-credit unit introduces students to the UK financial services sector and provides them with an understanding of the roles of and interactions between financial institutions and markets operating within the sector and their customers. It will prepare students for employment in roles within the financial sector including banks, building societies, insurance companies and organisations providing financial advice to customers.

There are three Outcomes in this unit.

In Outcome 1 students will learn about the institutions which make up the financial services sector - the Bank of England, retail and wholesale banks, building societies, credit unions, investment and insurance companies. Students will learn about the role of each of these institutions with regard to their function and purpose.

In Outcome 2 students will learn about the financial markets which operate in the UK financial services sector. These include the London Stock Exchange, primary (new issues) market, secondary market, interbank market, intercompany market, sterling certificates deposit market and derivatives market.

In Outcome 3 students will learn about the relationships between the institutions, markets and customers in the UK financial services sector. In particular, how changes in interest rates affect the institutions and their customers – both individuals and companies – who will consider interest rates when making their decisions about saving, investing, lending and spending.

This unit may be assessed by two assessments. The first assessment covers Outcome 1 and the second assessment Outcomes 2 and 3. The assessments could take the form of a case study with questions based on the case study. It is recommended that the assessment for Outcome 1 be completed within a one hour

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working period and the assessment for Outcomes 2 and 3 within a 2 hour working period.

All assessment will be carried out under open-book supervised conditions.

Information Technology: Applications Software 1 (HP6L 47)

This 1-credit unit is designed to enable students to use Information Technology (IT) systems and applications independently to support a range of information processing activities and to develop a broad knowledge of the theoretical concepts of IT applications. There are two Outcomes:

Outcome 1 focuses on operating a range of IT equipment independently, giving attention to security and to other users.

In Outcome 2 students use a range of software application packages to meet complex information requirements.

Assessment is largely practical and lends itself to a single assessment containing a number of tasks in the form of a project or case study. An observation checklist should be used for Outcome 1. Outcome 2 requires students to use four or more software packages, and to integrate two or more different data types, eg text, number, graphics, audio or video. Examples of software applications which may be used include Word, Excel, PowerPoint, Publisher, Access, Outlook, and the Internet.

There is scope to link assessment to other units eg any which use Excel for spreadsheets.

Information Technology: Applications Software 2 (HP12 48)

This 1-credit unit develops the skills acquired in *Information Technology: Applications Software 1* (HP6L 47) taking them to an advanced level of proficiency. Students will develop the knowledge and skills to use the advanced features of applications software to integrate and interpret information which is vital to making a contribution to the 'knowledge economy'.

The unit very much encourages the idea that it is the ability to use, integrate and interpret information from a wide range of disparate sources that is important in today's 'knowledge economy'. Therefore, having the knowledge and skills to be able to use the advanced features of applications software to integrate and interpret information is vital to making a contribution to the 'knowledge economy'.

There are four Outcomes in this unit.

In Outcome 1 students will learn about the techniques they can apply with software applications to support the automation of activities such as the production and manipulation of data and the consolidation of data from multiple sources.

In Outcome 2 students will learn about the techniques they can apply with software applications to support the integration of information and data.

In Outcome 3 students learn the techniques they can use to share data securely with other users and publish products on line.

In Outcome 4 students will learn about the techniques they can use to develop presentations using software application presentation tools such as PowerPoint.

This unit has two assessment tasks that will assess students' abilities to integrate information using at least four different software application packages to produce a final product. For example, this could be a document, or a design, or a composition or a model, and a presentation of their final product. Students will produce a portfolio of evidence in the form of printouts, listings, screen dumps and/or disk copies of their final product and presentation.

Managing People and Organisations (J4DK 47)

This 2-credit unit consists of three Outcomes and assessment is open-book, based on questions on a case study of a real or fictitious organisation. Students would normally be given 2-3 weeks to research and prepare their submissions. Tutors could use questioning to authenticate learning and ensure responses are the students' own work.

One case study can be used for assessment of all Outcomes but it would be recommended that students submit each Outcome separately. This approach helps students manage their assessment load, and enables them to benefit from tutor feedback and reflective learning.

In Outcome 1, students focus on the characteristics and purpose of the organisation and its environment. They will understand the importance of organisational goals, objectives and policy, the influence of key stakeholders and strategies of control.

In Outcome 2, students will analyse factors that contribute to workplace performance. They will consider theoretical models and relate to individual performance and motivation. Teamwork should be encouraged and students given the opportunity to reflect on factors contributing to their team's performance in tasks set. Team tasks could be set that encourage students to work together researching and presenting key theories. In addition to the use of structured questions, some form of group assessment could be used to add value to team work.

In Outcome 3, students will analyse factors that influence managerial performance. They will examine the roles and activities of managers, ways to measure managerial performance and theories of leadership. There is scope to integrate with Outcome 2 and use team tasks to assist with research activities and help students explore the effectiveness of different leadership styles. Structured questions could be supplemented by evidence from team work. Students should be encouraged to submit evidence of reflective learning on their team/leader's performance, eg what did they do well, what could they improve on, action plan for improvements.

Marketing: An Introduction (HP6N 47)

This 1-credit unit gives a broad introduction to marketing. There are two Outcomes which should be incorporated in an integrated project. Students are required to produce a report which explains the nature of marketing and the marketing decisions taken in relation to an organisation of their choice.

The report should include an introduction that provides some brief information about the organisation they have chosen and the key characteristics of the marketing concept. Students will be required to explain the organisation's micro and macro environment. Students will explain why market research is important for the organisation, and give two examples of how the organisation could collect and use market research. The examples must include one qualitative and one quantitative technique. The report will then cover an explanation of the importance and benefits of market segmentation and targeting to the organisation and the process that the organisation may use to segment and target the market. An explanation of marketing theory, supported by examples of the following, should also be included:

- ◆ Product mix decisions that the organisation has taken.
- ◆ Place — how the organisation makes the product or service available to the customer, eg channels of distribution.
- ◆ The Pricing methods used by the organisation.
- ◆ The organisation's Promotional mix.
- ◆ The importance to the organisation of the role of people, process and physical evidence in the marketing of products or services.

The report should also show how the organisation's marketing mix responds to changing market conditions.

The unit may be assessed using a separate assessment task for each Outcome. Both assessment tasks may take place under controlled conditions and be designed to encourage students to relate marketing theory to relevant examples. Alternatively, there is the opportunity to integrate assessment of Outcomes 1 and 2 into a single assessment task. This could be done under open-book conditions and based on a case study, project or other stimulus material.

Personal Financial Services (HP17 47)

This 2-credit unit develops students' understanding of the range of products and services that can be used by personal customers to meet their money transmission, savings and borrowing requirements. In addition, personal protection and investment products are reviewed and students develop knowledge of the regulatory environment within which the UK financial services industry operates and the protections available to the personal investor.

In Outcome 1 students will learn about the range of products and services that can be used by personal customers to meet their everyday expenditure requirements, provide savings opportunities and provide lending facilities. In Outcome 2 students will learn about the range of products that are available to protect the individual, their family and/or property.

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In Outcome 3 students will learn about the range of investment products that cater for long-term capital growth and income needs.

In Outcome 4 students will examine the regulatory environment within which the financial services industry operates and the protections available to the personal investor.

This unit will be assessed by one assessment covering all four Outcomes. The assessment may take the form of questions based on a case study. The case study may be issued 7–10 days in advance of the assessment and while students will not be advised of the questions in advance of the assessment, they will be allowed to bring two A4 pages of their own pre-prepared notes.

Financial Services: Graded Unit 1 (J02H 47)

This is one of two units which are graded, whereas all other units are assessed as pass or fail. This is an examination-based Graded Unit lasting 3 hours. The assessment will be conducted in controlled and invigilated conditions. The assessment will consist of a case study (which may be given to students up to 3 weeks before the examination) and questions relating to the case study. The questions will be given out at the assessment event. This unit will assess the student's ability to integrate knowledge across a range of mandatory units within the first year of the SQA Advanced Diploma.

YEAR 2 units

Economics: The World Economy (J5AY 48)

This 1-credit unit introduces the world economy, the main focus being the key features of the global economic environment. It advances economic concepts and allows students to develop their research and analytical skills. The core economic issues that are focused on in this unit are trade, international payments, exchange rates and economies undergoing change.

In Outcome 1 students will explain international trade and the role of trade organisations. Areas to be included are trade theory, barriers to international trade, protectionism, the World Trade Organisation and trading blocs.

In Outcome 2 students will analyse the operations of the international monetary system. Areas to be covered include the structure of the UK balance of payments accounts, and the significance of surpluses/deficits, foreign exchange markets, national exchange rate systems and international trade data.

In Outcome 3 students will evaluate the issues facing developing countries. Areas to be covered include classifications of countries and the characteristics of and issues facing economies in transition and developing countries.

In Outcome 4 students will assess the importance of multinational enterprises (MNEs) in the world economy. Areas covered will be the characteristics of such firms and an examination of their importance to the world economy.

Assessment could be undertaken by using one instrument of assessment which allows students to develop their research skills. An investigative approach could be taken by the student to enable them to gather evidence. This could be a portfolio.

Financial Services: International Transactions (J01X 48)

This 2-credit unit introduces students to the services and products that are available to support exporters and importers complete international trade transactions. It considers foreign exchange and support services provided by UK financial institutions. It prepares students for a career within the international financial services sector or within an organisation engaged in international trade.

In Outcome 1 students will learn to complete the key foreign exchange transactions that an adviser would need to calculate and explain to an exporter/importer.

Outcome 2 covers the methods that can be used to settle international trade transactions and the underpinning accounting processes used by financial institutions to settle international transactions made through one of their payment systems.

Outcome 3 covers the methods that an international trader can use to reduce the non-exchange rate risks of buying and selling overseas. Students will learn how the documents associated with trading transactions can be used to give some protection against the non-payment for goods exported or the non-delivery of goods imported.

Outcome 4 is about specialist schemes available to importers/exporters to obtain finance to help them to undertake international trade transactions. Students will look at schemes offered by financial services providers and the UK Government.

Outcome 5 is about the advisory services offered to importers and exporters by banks, UK Government agencies and trade/professional bodies.

The unit may be assessed by a variety of means including structured questions or by preparing reports/communication to give to an importing/exporting customer. The assessment may be based on a case study. Outcome 1 will be assessed under closed-book, supervised conditions. The assessment of Outcomes 2-5 will be assessed under open-book conditions.

Financial Services Regulatory Framework (J01Y 48)

This 1-credit unit introduces students to the structure of the framework within which financial services are regulated within the United Kingdom. They will learn about the importance of the regulatory body in the financial services industry and will develop skills to apply its rules and regulations.

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In Outcome 1 students will learn which organisations are involved in ensuring that the UK financial services industry is effectively regulated and what the roles and responsibilities of each organisation are regarding regulation.

In Outcome 2 students will learn how the various regulations, principles, standards and codes that are enforced by the regulatory bodies are applied.

In Outcome 3 students will learn about the application of legislation and codes that financial services providers have to comply with. They will also learn about the key industry schemes (compensation schemes and complaints procedures) that are in place to protect the customer should things go wrong.

Outcomes 1 and 3 may be assessed by a case study with students compiling responses from their own research. Evidence should be generated under open-book conditions. Outcome 2 may be assessed by restricted response questions – assessment will be carried out under open-book supervised conditions.

Income Tax (HP15 48)

This 1-credit unit introduces students to the basic concepts of Income Tax by exploring the final tax implications of income from different sources. It considers the general administration of the Income Tax system and more specifically the Pay As You Earn (PAYE) system of collecting taxes from those who are employed. It also addresses the tax implications of those who are in receipt of benefits in kind.

In Outcome 1 students develop an overview of the UK income tax system and its operation. Included in this is a review of the various timescales and deadlines that apply for the completion of Income Tax returns and the penalties that can be incurred by individuals who fail to meet these deadlines.

In Outcome 2 students learn in more detail about the administration of the Pay As You Earn (PAYE) system and the use of tax codes and various record collection forms.

In Outcome 3 students learn the stages involved in calculating the taxable income of an individual who is in employment and is also in receipt of benefits. Not all benefits are subject to Income Tax and students learn about the various types of benefits and the extent to which they have to be included in calculations of an individual's overall taxable income.

In Outcome 4 all the learning from this unit is brought together as students complete calculations to establish the Income Tax liabilities of individuals in a range of situations.

Assessment for this unit is by way of an open-book examination and a case study.

Investment (HP1C 48)

This 2-credit unit introduces students to a selection of complex issues relating to investment theory and practice. These theories underpin much of the work in the insurance and pensions markets.

In Outcome 1 students learn about the principles and theories relating to investment in bond markets. They will look at the uses made and types of bonds available, the procedures for buying and selling bonds and the methods used to calculate purchase costs and yields.

In Outcome 2 students learn about how shares are used as part of a company's capital structure and the types of shares that can be issued. They will look at the rights of shareholders, the primary and secondary markets for shares through the London Stock Exchange and the operation of bonus and rights issues including relevant calculations relating to bonuses and rights.

In Outcome 3 students learn the various techniques based on fundamental and technical analysis that can be used to track the performance of shares and the various sources of benchmark information such as Stock Exchange indices.

In Outcome 4 students learn about the additional options that are available to investors who do not wish to invest using bonds or shares. These options include managed investment funds, property, chattels, pensions and insurance based products.

All the Outcomes for this unit will be assessed in a single assessment based on a case study, a copy of which can be given to students in advance of the assessment. Students complete the assessment under closed-book supervised conditions. Students are **not** allowed to access to any notes or reference materials.

Pension Provision (HP1E 48)

This 2-credit unit introduces students to the range of pension products offered by the UK Government and financial services institutions. They will develop skills to identify the correct advice when responding to typical pensions advice questions asked of advisers in financial services institutions.

In Outcome 1 students are introduced to how State pensions are funded through the payment of National Insurance contributions, an understanding of who is eligible to receive the full basic State pension, how additional benefits may be gained and how to calculate the benefit entitlement. They also learn about the historic options of contracting out which remain relevant to those with preserved benefits.

In Outcome 2 students learn about employer defined benefit schemes (based on salary levels and years of service with an employer), the benefits payable on retirement and the way in which additional benefits can be secured. They also gain an understanding of public sector defined benefit pension schemes.

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In Outcome 3 students learn about employer defined contribution schemes (based on contribution levels and investment performance), the benefits payable on retirement and the way in which additional benefits can be secured. They also learn about the range of different employer defined contribution schemes available and the particular uses of each type of scheme.

In Outcome 4 students learn about personal pension schemes and the range of different plans available. They will focus on the options available at retirement and the relevant taxation levels for different situations.

This unit will be assessed by one assessment task which could consist of a number of questions based on a case study that covers all four Outcomes within the unit. The case study is issued to students 7–10 days in advance of the assessment and while students will not be advised of the questions in advance, they may bring two A4 pages of their own pre-prepared notes. Assessment will be carried out under controlled conditions.

Personal and Business Learning (HP1G 48)

This 2-credit unit introduces students to the principles and products that apply when lending to personal and small business customers. It will prepare them for practical lending situations that arise in the banking and financial services industries.

In Outcome 1 students are introduced to the key components of the lending process. They will learn about the different learning products available and information used during the lending assessment process. As lending is a regulated activity students will learn about the impact of the legal and regulatory frameworks on lending transactions.

In Outcome 2 students assess personal and business lending applications. They will look at the techniques for evaluating the viability of personal and business lending.

When working on this Outcome, there is an opportunity to integrate the learning with the unit *Business Accounting* (HP7K 47) where the concepts of ratio analysis are also covered.

In Outcome 3 students will learn about the role security plays in the lending process. They will learn to identify whether the lender would request security or not in given situations and provide explanations on how the decisions were reached.

In Outcome 4 students will look at the methods used to monitor lending and address any problems identified. They will look at the steps a banker has to take when borrowing is not being repaid as agreed or there is a risk that borrowing commitments will not be met in the future.

This unit will be assessed by one assessment covering all four Outcomes. This assessment could consist of a case study involving personal and business lending scenarios. The case study may be issued 7–10 days before the assessment but the assessment will be carried out under closed-book controlled conditions.

Preparing Financial Forecasts (J5B0 48)

This 1-credit accounting unit contains three Outcomes. It is recommended that the unit be delivered in the order of the outcomes as this is a logical sequence. This unit should be assessed by individual assessment tasks. Learners could be encouraged to use a spreadsheet package to produce the management accounting reports. Centres are reminded that prior verification of centre-devised assessments would help to ensure that the national standard is being met. Where learners experience a range of assessment methods, this helps them to develop different skills that should be transferable to work or further and higher education.

Outcome 1 covers the preparation of budgets within a manufacturing environment. Students will learn how to prepare a sales budget from given data, and how to then prepare a production budget to see if those sales levels can be met. Thereafter, they will prepare a cash budget which will require them to allow for timing differences in terms of sales revenue being received and operating expenses being paid to ensure that the business has enough cash at every given point during the period. The budgets will cover a minimum period of six months and students will be required to report their findings to management. Students will learn about ways in which the cash position of a business could be improved, including short-term sources of finance, to allow them to make suitable recommendations to management should that be appropriate.

Outcome 2 introduces students to marginal costing techniques and the concept of cost behaviour. They will learn the difference between fixed and variable costs, the effect that these have on short-term decision making and the impact of not understanding how these costs affect the profitability of a business. They will learn about break-even analysis, how to calculate the break-even point for a project and also the margin of safety — two very important components of marginal costing. Students will also be introduced to the concept of limiting factors, which is basically something that will prevent a business maximising their productivity in a particular period. This could be lack of materials, labour or production hours or even lack of funds. Finally, they will learn how to present their findings graphically using a spreadsheet package and make a recommendation to management on the best course of action based on their analysis

Outcome 3 looks at the application of investment appraisal techniques — both traditional and discounted cash flow — as an aid to decision-making. Students will also be introduced to relevant costing concepts which help identify what items should be included in the appraisal, and what are irrelevant, and should therefore be excluded. They will also consider the effects of taxation on a project but this will not be formally assessed in this unit. Students will then use the results of their analysis to make a recommendation to management as to whether a particular project is viable and therefore pursued, or not.

Principles of Insurance (HP1F 48)

This 1-credit unit develops students' understanding of the nature of insurance and how it relates to financial services. It introduces the typical content of insurance policies and methods of calculating premiums for general insurance and for life

insurance. The unit has three main areas, each of which is the subject of a separate Outcome.

In Outcome 1 students learn about insurance as a risk transfer mechanism and the various types of risk which can be covered by insurance. They will gain an understanding of the basic principles which underpin all insurance contracts, the main components of an insurance policy document and the purpose and scope of different classes of general insurance.

In Outcome 2 students learn how to analyse the general (non-life) insurance requirements of both personal and commercial clients, identifying the correct products to suit their needs and discuss the key features of the products they recommend to these clients.

In Outcome 3 students learn about the key features of the main life assurance contracts which offer protection cover only. They will also gain an understanding of the key features of life assurance contracts which also include an investment element, how a life assurance premium is calculated and how to assess a client's life assurance needs.

This unit will be assessed by one assessment and could consist of a number of questions based on a case study covering all four Outcomes. The case study will be issued to students 7–10 days in advance of the assessment and while students will not be advised of the questions in advance, they will be allowed to bring two A4 pages of their own pre-prepared notes. Assessment will be carried out under controlled conditions.

Financial Services: Graded Unit 2 (J02L 48) or Financial Services: Graded Unit 2 (J8ME 48)

This is one of two units which will be graded. All other units are a pass or fail. This is project-based Graded Unit taking the form of an investigation of a financial services issue. This unit will assess the student's ability to integrate knowledge and understanding based on the units contained within the second year of the SQA Advanced Diploma.

6.3 Opportunities for integration of units

It is envisaged that where possible centres will deliver these awards in an integrative manner to help the students appreciate the interconnections between the various subjects.

Integration means identifying opportunities to combine areas of learning or assessment. This could mean devising one lesson which includes teaching two related topics or devising one assessment task which assesses more than one Outcome. A single assessment task could assess more than one Outcome from a unit, or could bring Outcomes from different units together in one task. This approach can reduce the overall number of assessment tasks needed, which is beneficial for students and for tutors.

For example, in the unit *Communication: Business Communication* (HP75 47), Outcome 2 requires students to produce complex written business documents (which can be one or more documents) of approximately 1,500 words but which must conform to a range of standards. The content of the 'complex written business documents' is not stated and it would, therefore, be possible to select a topic from another theory based unit, for example *Creating a Culture of Customer Care* (HP73 47) to form the basis of a 'formal business report'. Hence two Outcomes are being assessed in a single assessment activity.

Based on the proposed delivery of Years 1 and 2 the following opportunities exist for integration of delivery and/or assessment:

YEAR 1

Unit code	Unit title and integration opportunity
J4DK 47	Managing People and Organisations <ol style="list-style-type: none"> The organisations reviewed could be financial services with students being introduced to materials relating to the structures and stakeholders of financial services organisations. This could tie in with introductory material delivered about the roles of financial services institutions in <i>Financial Sector: An Introduction</i> (J01W 47). The structural content relating to organisations can be linked to <i>Business Law: An Introduction</i> (J5AW 47) Outcome 3 where the legal characteristics of types of business organisations are covered. Outcome 2 regarding factors that influence workplace performance can be covered at the same time as <i>Creating a Culture of Customer Care</i> (HP73 47) regarding the contribution of employee empowerment to the creation of the customer care culture.
HP75 47	Communication: Business Communication <ol style="list-style-type: none"> The assessment of Outcome 2 (produce complex written business documents*) can be integrated with <i>Creating a Culture of Customer Care</i> (HP73 47) assessment Outcome 3. <i>alternatively</i> The assessment of Outcome 2 can be integrated with <i>Economic Issues: An Introduction</i> (J461 47) Outcome 3 (investigative report relating to the role of government policy in the UK financial markets*). <p>*This is where a report is used as evidence.</p>
HP73 47	Creating a Culture of Customer Care <ol style="list-style-type: none"> See comment made above in Point 1 of <i>Communication: Business Communication</i> (HP75 47).
J5AW 47	Business Law: An Introduction <ol style="list-style-type: none"> See comment made above in Point 2 of <i>Managing People and Organisations</i> (J4DK 47).
J461 47	Economic Issues: An Introduction <ol style="list-style-type: none"> See comment made above in Point 2 of <i>Communication: Business Communication</i> (HP75 47).

Unit code	Unit title and integration opportunity
HP17 47	Personal Financial Services 1 Reviewing the products offered by organisations (Outcomes 1–3) can be integrated with <i>Marketing: An Introduction</i> (HP6N 47) Outcome 2 in relation to the marketing mix. 2 The unit can be taught in conjunction with <i>Financial Services: Graded Unit 1</i> (J02H 47) in relation to savings and investment products
HP6N 47	Marketing: An Introduction 1 See comment made above in Point 1 of <i>Personal Financial Services</i> (HP17 47).

YEAR 2

Unit code	Unit title and integration opportunity
J5AY 48	Economics: The World Economy 1 Outcome 2 relating to exchange rates theory can be integrated with the practical application of exchange rates <i>Financial Services: International Transactions</i> (J01X 48) Outcome 1.
J01X 48	Financial Services: International Transactions 1 See comment made above in Point 1 of <i>Economics: The World Economy</i> (J5AY 48).
HP1C 48	Investment 1 Outcome 3 relating to the calculation of accounting ratios and analysis of company accounts can be integrated with <i>Personal and Business Lending</i> (HP1G 48) Outcome 2. 2 Outcome 4 relating to the tax implication of investment holdings can be integrated with <i>Income Tax</i> (HP15 48) Outcome 4 regarding the impact of sources of income on income tax liabilities. 3 Outcome 4 relating to pensions can be integrated with <i>Pension Provision</i> (HP1E 48) — all outcomes. In <i>Investment</i> , (HP1C 48) the focus should be on the investment decisions made in relation to pensions
HP1E 48	Pension Provision 1. See comment made above in Point 3 of <i>Investment</i>
HP1G 48	Personal Business Lending 1 See comment made above in Point 1 of <i>Investment</i> (HP1C 48).
HP15 48	Income Tax 1 See comment made above in Point 2 of <i>Investment</i> (HP1C 48).

7 Assessment in an SQA Advanced Diploma award

7.1 Assessment in learning and for certification

Assessment is the process of evaluating a student's learning.

Assessment takes place throughout the learning and teaching processes as well as the final assessment for certification. It can take many forms (for example: practical exercises, case studies, extended response questions) and can be used for different purposes — including identifying prior knowledge, identifying gaps in learning, providing feedback to students as well as measuring student attainment.

Assessment as part of the learning process is called **formative** assessment. It provides developmental feedback to a student and tutors so that they can adjust their plan for future learning. It is not recorded for external purposes. **Formative** assessment is often called 'Assessment for learning'.

Summative assessment is carried out for the purpose of certification. Through **summative** assessment, students provide evidence to demonstrate that they can achieve the Evidence Requirements detailed in the statement of standards of the relevant unit specification. It is generally undertaken at the end of a learning activity or programme of learning and is used to make a judgement on the student's overall attainment.

7.2 Assessment planning of an SQA Advanced Diploma

All SQA Advanced Diploma qualifications are **summatively assessed** using a mix of continuous unit assessment and Graded Unit assessments. It is helpful for students, the Course Team and the internal verifiers if the Course Team has an overview of when summative assessments are likely to occur. It is, therefore, common practice for a Course Team, prior to the start of course delivery to agree the overall learning, teaching and assessment plan for the course. Part of this process requires tutors to agree when each unit in the course will be **summatively assessed**.

In situations where units of a course are being delivered in parallel, it is important that Course Teams make sure that the assessment load placed on students is manageable, although it is recognised that by its very nature summative assessments will occur towards the end of learning.

7.3 Planning the unit summative assessment

For each unit, it is helpful for tutors/assessors to draw up a unit assessment plan which:

- ◆ describes what is to be assessed
- ◆ says what assessment methods will be used
- ◆ describes how the assessments are to be administered, eg practical, online, etc
- ◆ defines opportunities for integrating assessment

- ◆ provides a timetable for when the assessment will take place
- ◆ notes arrangements that need to be made to take account of additional support needs or prior learning
- ◆ describes the measures to be taken to ensure that the evidence produced is authentic and current
- ◆ describes how and when requirements for record-keeping and quality assurance processes will be met

7.4 Negotiating summative assessments with the students

Ultimately, it is up to the tutor to determine when a student is ready for summative assessment (within the agreed time constraints of the course timetable). A good way of gauging if a student is ready for assessment is to use a **practice assessment** (a final formative assessment which mirrors the summative assessment in terms of assessment method and an aspect of the Evidence Requirement where appropriate but it must not contain the same task detail as the summative assessment).

The tutor can use this assessment to identify the level of an individual student's competence and the outcome can help the tutor determine if the student is ready to attempt the summative assessment or if the student still has gaps in knowledge and understanding that need to be addressed through further work.

It is good practice to communicate assessment plans to students as early as possible in the course so that they know what to expect. A copy of the **proposed Course Assessment Plan** may be given to students at the start of the course, often during course induction. Thereafter, it is up to each tutor to make sure that students receive early warning of when assessment is likely to take place.

7.5 Summative assessment support packs

Assessment support packs (ASPs) are produced by SQA and are made available to centres for all units in this SQA Advanced Diploma. Assessment support packs are intended solely for the purpose of assessment of students against the standards given in the unit specifications. **They must not be released prior to the assessment or be distributed for any other purpose. It is the centre's responsibility to maintain the security of all assessment support packs.**

A unit assessment support pack (ASP) will contain:

- ◆ details of the conditions under which the assessment is to be carried out
- ◆ assessment tasks for each Outcome
- ◆ a marking scheme or model answer
- ◆ checklists (where appropriate)

It is vital that tutors:

- ◆ adhere to the conditions for the assessment, ie open-book, closed-book, controlled conditions
- ◆ mark assessments consistently in line with the marking scheme or model answer provided

- ◆ keep all ASPs secure so that they can be used for future student assessments

Once the student has completed the summative assessment, it is good practice for tutors to mark their students' work quickly and provide constructive feedback.

7.6 Accounting units — summative assessment support packs — Error Tolerance Guidance

Within the Accounting units, Financial Services: International Transactions and Investment an error tolerance is allowed within the assessments. The unit specification and/or ASP, for each unit, states the number of errors allowed for each Outcome. Errors are classified as either an 'arithmetic/computational error' or an 'error principle'. Appendix 3 contains further guidance in the form of '**Error Tolerance Guidance Notes**'.

8 SQA Advanced Diploma in Financial Services Assessment Strategy and Plan

8.1 SQA Advanced Diploma in Financial Services Assessment Strategy

A guide to the type and number of assessments in each unit of the SQA Advanced Diploma in Financial Services is shown below.

Unit	Assessment — Year 1				
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5
Business Accounting (HP7K 47)	Practical exercise Supervised with access to pro forma layout only (integrate Outcomes 1 and 2)		Open-book report generated under supervised conditions. Questions and report linked to case study. (integrate Outcomes 3, 4, 5)		
Business Law: An Introduction (J5AW 47)	Open-book	Open-book	Open-book		
Communication: Business Communication (HP75 47)	Open-book Analysis and evaluation of complex written business information	Open-book Production of complex business documents	Open-book Plan and deliver an input to a formal business related event		
Creating a Culture of Customer Care (HP73 47)	Open-book Written/oral evidence	Open-book Questions linked to case study			
Economic Issues: An Introduction (J461 47)	Closed-book examination covering all three outcomes				
Financial Sector: An Introduction (J01W 47)	Open-book supervised conditions Case study with given questions	Open-book supervised conditions Case study with given questions			
Information Technology: Applications Software 1 (HP6L 47)	Observation checklist	Practical tasks			
Information Technology: Applications Software 2 (HP12 48)	Folio of evidence of the completion of prescribed practical tasks			Presentation	

Unit	Assessment — Year 1 (continued)				
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5
Managing People and Organisations (J4DK 47)	Open-book Either Outcome by Outcome or all Outcomes together (holistic assessment)	Open-book Either Outcome by Outcome or all Outcomes together (holistic assessment)	Open-book Either Outcome by Outcome or all Outcomes together (holistic assessment)		
Marketing: An Introduction (HP6N 47)	Open-book Case study with written structured questions				
Personal Financial Services (HP17 47)	Case study with restricted response questions. Controlled conditions with defined amount of notes				
Financial Services: Graded Unit 1 (J02H 47)	Closed-book examination				

Unit	Assessment — Year 2				
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5
Economics: The World Economy (J5AY 48)	Open-book Either Outcome by Outcome or all Outcomes together (holistic assessment)				
Financial Services: International Transactions (J01X 48)	Closed-book supervised conditions Foreign exchange calculations	Open-book supervised conditions Case study with questions [Outcomes may be assessed separately]			
Financial Services Regulatory Framework (J01Y 48)	Open-book assessment	Open-book supervised assessment	Open-book assessment		
Income Tax (HP15 48)	Case study completed as an open-book assessment and open-book examination				
Investment (HP1C 48)	Case study with extended response questions. Closed-book supervised conditions.				
Pension Provision (HP1E 48)	Case study with extended response questions. Controlled conditions with defined amount of notes.				
Personal and Business Lending (HP1G 48)	Case study with extended response questions. Closed-book controlled conditions.				
Preparing Financial Forecasts (J5B0 48)	Open-book supervised				
Principles of Insurance (HP1F 48)	Case study with extended response questions. Controlled conditions with defined amount of notes				

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Unit	Assessment – Year 2				
	Outcome 1	Outcome 2	Outcome 3	Outcome 4	Outcome 5
Financial Services: Graded Unit 2 (J02L 48) or Financial Services: Graded Unit 2 (J8ME 48)	Investigative project				
	Investigative project				

8.2 SQA Advanced Diploma in Financial Services Course Assessment Plan

Suggested course assessment schedules for Year 1 and Year 2 are found in Appendices 2a and 2b.

They are based on two semesters of 17 weeks, where centres have different lengths of semester, they should amend their schedules accordingly.

If centres decide to deliver units in a different order, they should amend their schedules accordingly.

8.3 SQA Advanced Diploma in Financial Services Graded Unit assessments

Financial Services: Graded Unit 1 (J02H 47) Examination at SCQF level 7 — 1 SQA Credit

Financial Services: Graded Unit 2 (J02L 48) Project at SCQF level 8 — 2 SQA Credits or Financial Services: Graded Unit 2 (J8ME 48) Project at SCQF level 8 – 2 SQA credits

Graded Unit 1 will be assessed by a closed-book examination lasting three hours. Students will respond to questions based on a case study. This unit covers the integration of a range of knowledge and skills achieved through study of the mandatory units, but focusing on:

J01W 47 *Financial Sector: An Introduction*
HP17 47 *Personal Financial Services*
HP73 47 *Creating a Culture of Customer Care*
HP75 47 *Communication: Business Communication*

This assessment should take place towards the end of the first year of the programme to ensure that students have covered the topics which will be assessed within the Graded Unit.

Graded Unit 2 is project-based taking the form of an investigation. The project will be completed on an open-book basis over a period of time.

This unit covers the integration of a range of knowledge and skills achieved through study of the mandatory units, but focusing on:

J01Y 48	<i>Financial Services Regulatory Framework</i>
HP15 48	<i>Income Tax</i>
HP1C 48	<i>Investment</i>
HP1E 48	<i>Pension Provision</i>
HP1F 48	<i>Principles of Insurance</i>
HP1G 48	Personal and Business Lending
J01X 48	Financial Services: International Transactions

8.4 What happens if a student does not achieve an assessment?

If a student fails to demonstrate competence in a summative assessment, it is good practice to communicate this to them quickly. Tutors should take time to individually feed back to students where they went wrong. Having given feedback, tutors should then advise students on what they need to do to prepare for re-assessment.

The student then undertakes additional work as discussed with the tutor, this is called remediation. It is when the student revises class work or practices skills covered in class **BEFORE** they attempt the re-assessment. It is important that students do get time to consolidate their knowledge and understanding before being re-assessed.

Re-assessment may take a variety of forms.

- ♦ For some assessments, students may be allowed to provide additional information, eg if a student has submitted a report based on a piece of independent research, she/he would be allowed to add the missing evidence and resubmit the report. The new information should be highlighted in such a way to show that it had been added, eg underlined, coloured and dated in the margin.
- ♦ For practical tasks related to their use of information technology, students may be permitted to correct work and resubmit — the original submission and the re-submission should both be kept.
- ♦ For multiple choice, short response and Graded Units, students may be required to attempt a completely new assessment instrument.

Where specific action has to be taken for re-assessment details will be noted in the unit specification and tutors must be familiar with the unit specification requirements for re-assessment.

It is important to note that re-assessment does **NOT** always require that students complete a full new assessment. Re-assessment may (and often does) allow students to re-attempt the part of the Outcome that they have not completed to a standard which meets the unit specification.

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However, please note: for the following units in Financial Services, re-assessment requires students complete a full new assessment covering all Outcomes in the unit:

J01W 47	Financial Sector: An Introduction
HP17 47	Personal Financial Services
J02H 47	Financial Services: Graded Unit 1
J01X 48	Financial Services: International Transactions
J01Y 48	Financial Services Regulatory Framework
HP1C 48	Investment
HP1E 48	Pension Provision
HP1G 48	Personal and Business Lending
HP1F 48	Principles of Insurance
J02L 48	Financial Services: Graded Unit 2
or	
J8ME 48	Financial Services: Graded Unit 2

For units other than Graded Units, SQA provides only **ONE** summative assessment in the assessment support pack and it is extremely important that centres produce their own **alternative** assessments. These assessments can be used for re-assessment purposes.

Once a draft assessment has been prepared by the centre it should first be quality checked by centre staff (internally verified) and submitted to SQA for prior verification to ensure that it is fit for purpose.

If a student fails to reach the pass mark in the Graded Unit 1 — Examination then he/she should be allowed to sit an alternative Examination before the beginning of the next session to allow progression to Year 2. Students must complete all aspects of the new assessment instrument.

9 Quality Assurance

SQA is committed to providing qualifications and support to match the needs of individuals, society and the economy of Scotland and internationally. SQA believes that global interaction in education and training benefits our customers, clients, partners and SQA through the sharing of expertise and experience.

SQA has a balanced portfolio of qualifications that is inclusive, facilitates progression, reflects Scotland's educational, economic, social and cultural needs and changes, and supports education and training worldwide.

SQA works in partnership with our approved centres to achieve our shared goals of excellence and consistency. This ensures that SQA's qualifications continue to meet the requirements all users of our qualifications.

SQA's quality assurance models are designed to ensure that assessment decisions made to national standards are correct and consistent, and that national standards are maintained. We are committed to maintaining an assessment and quality system that is easy to understand, effectively administered, publicly accountable, and cost-effective to operate.

As well as working with centres to manage and enhance the quality of SQA qualifications, SQA routinely monitors its own performance. SQA establishes processes that need to be followed and submit these to regular auditing. This includes systematic evaluation and review of the effectiveness of our quality management processes. SQA also monitors standards across all our qualifications over time, to ensure consistency. Feedback from stakeholders is an integral part of SQA's review activities.

SQA is subject to external audit by a number of agencies, including the Scottish Government.

For assessed qualifications, SQA regularly monitors centres to ensure that they have the resources and expertise to assess students against the qualification criteria. (Assessment is where centres use assessment instruments to make decisions about students' work. External assessment is where SQA takes on these duties, usually in the form of examinations or externally assessed coursework. Only assessments are subject to quality assurance by verification.)

10 Verification

10.1 Introduction

SQA's quality assurance processes have been developed to ensure that national standards are applied to internally assessed units or course components.

To maintain the credibility of SQA qualifications, we rely on effective collaboration with centres to ensure national standards are maintained across all qualifications at all levels.

Verification is the procedure that SQA uses to make sure that centres' assessment decisions are valid and reliable and are in line with national standards.

10.2 Why do we need verification?

Verification is one of a range of Quality Assurance measures used by SQA to confirm that:

- ◆ centres' assessment decisions are sound (ie valid, reliable and practicable)
- ◆ national standards are being uniformly applied
- ◆ assessments are accurately and consistently applied across all students and levels

This ensures qualifications and certification are credible with all students being assessed to a common standard.

10.3 Internal verification

Centres are responsible for the internal verification of their assessments. This means that centres should have an internal verification system — a system of having quality checks in place — which can be operated throughout the centre. Each tutor who is responsible for the assessment of students and/or internal verification of student material should:

- ◆ be made aware of their centre's quality assurance procedures
- ◆ comply with these procedures

Centres will appoint staff members to be internal verifiers. Internal verifiers will ensure that assessors apply standards of assessment uniformly and consistently. They should keep records of internal verification activity for external verifiers to access. Examples of records include:

- ◆ evidence of planned verification for the semester which conforms to the centre's verification strategy
- ◆ minutes of meetings where assessment work is examined and where discussion about acceptable standards is noted and decisions recorded

- ◆ internal verification forms showing which students' work has been verified and the outcome. Note where an assessor carries out observations, internal verifiers should also observe the assessor
- ◆ evidence of discussion and support of assessors, particularly where student work has not been accepted by the internal verifier
- ◆ evidence of reporting back to the Course Team, any recommendations/actions required and evidence that these are acted upon

10.4 External verification

To ensure national consistency in assessment decisions, SQA appoints experienced teachers/lecturers who have good, recent experience in the delivery and assessment of their subject to carry out external verification in centres. SQA will notify the SQA Co-ordinator if your centre has been selected for verification.

SQA wants to encourage centres and staff to see verification in a positive light, as a valuable Quality Improvement tool.

Appendix 1a: Core Skills Year 1³

Unit code	Unit title	Communication		Numeracy		ICT		Problem solving			Working with others	
		Written	Oral	Using Graphical Information	Using Number	Accessing Information	Providing/Creating Information	Critical Thinking	Planning and Organising	Reviewing and Evaluating	Working Co-operatively With Others	Reviewing Co-operative Contribution
HP7K 47	Business Accounting	SCQF 5 S	SCQF 5 S		SCQF 6 E							
J5AW 47	Business Law: An Introduction	SCQF 6 S	SCQF 6 S			SCQF 5 S	SCQF 5 S	SCQF 6 E				
HP75 47	Communication: Business Communication	SCQF 6 E	SCQF 6 E									
HP73 47	Creating a Culture of Customer Care	SCQF 6 S	SCQF 6 S					SCQF 6 S		SCQF 6 S		
J461 47	Economic Issues: An Introduction	SCQF 6 S						SCQF 5 S				
J01W 47*	Financial Sector: An Introduction							SCQF 5 S	SCQF 5 S	SCQF 5 S		
HP6L 47	Information Technology: Applications Software 1					SCQF 6 E	SCQF 6 E					
HP12 48	Information Technology: Applications Software 2*											

³ S = signposted, E = embedded

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Unit code	Unit title	Communication		Numeracy		ICT		Problem solving			Working with others	
		Written	Oral	Using Graphical Information	Using Number	Accessing Information	Providing/Creating Information	Critical Thinking	Planning and Organising	Reviewing and Evaluating	Working Co-operatively With Others	Reviewing Co-operative Contribution
J4DK 47	Managing People and Organisations	SCQF 6 S						SCQF 5 E		SCQF 6 S		
HP6N 47	Marketing: An Introduction	SCQF 6 S	SCQF 6 S					SCQF 6 S	SCQF 6 S	SCQF 6 S		
HP17 47	Personal Financial Services							SCQF 5 S				
J02H 47*	Financial Services: Graded Unit 1											

* = although no Core Skills have been signposted or embedded in this unit there are opportunities to develop

Appendix 1b: Core Skills Year 2⁴

Unit code	Unit title	Communication		Numeracy		ICT		Problem solving			Working with others	
		Written	Oral	Using Graphical Information	Using Number	Accessing Information	Providing/Creating Information	Critical Thinking	Planning and Organising	Reviewing and Evaluating	Working Co-operatively With Others	Reviewing Co-operative Contribution
J5AY 48	Economics: The World Economy	SCQF 6 S				SCQF 6 S	SCQF 6 S	SCQF 6 E				
J01X 48	Financial Services: International Transactions*				SCQF 6 E			SCQF 6 E	SCQF 6 S	SCQF 6 S		
J01Y 48	Financial Services Regulatory Framework	SCQF 5 S										
HP15 48	Income Tax	SCQF 5 S		SCQF 5 S	SCQF 5 E							
HP1C 48	Investment*			SCQF 6 S	SCQF 6 E	SCQF 6 S	SCQF 6 S	SCQF 6 E	SCQF 6 S	SCQF 6 S		
HP1E 48	Pension Provision				SCQF 5 S			SCQF 5 S				
HP1G 48	Personal and Business Lending			SCQF 5 S	SCQF 5 S			SCQF 5 S	SCQF 5 S	SCQF 5 S		
J5B0 48	Preparing Financial Forecasts			SCQF 6 E	SCQF 6 E			SCQF 6 E				
HP1F 48	Principles of Insurance*				SCQF 5 S			SCQF 5 S				
J02L 48 or J8ME 48	Financial Services: Graded Unit 2 or Financial Services: Graded Unit 2							SCQF 6 S	SCQF 6 S	SCQF 6 S		

⁴ S = signposted, E = embedded

* = although no Core Skills have been signposted or embedded in this unit there are opportunities to develop

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Appendix 2a: Year 1, Semester 1 — Assessment Plan (Option A)

Unit title\Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Business Accounting (HP7K 47) (cont in Semester 2)										X							
Business Law: An Introduction (J5AW 47)					X					X					X		
Communication: Business Communication (HP75 47)																	
Creating a Culture of Customer Care (HP73 47)									X						X		
Economic Issues An Introduction (J461 47)																	
Financial Sector: An Introduction (J01W 47)							X								X* 2.3 ⁵		
Information Technology: Applications Software 1 (HP6L 47)	Completion of IT portfolio of assessments throughout the semester															X	
Information Technology Applications Software 2 (HP12 48)																	
Managing People and Organisations (J4DK 47) (cont in Semester 2)								X									X
Marketing: An Introduction (HP6N 47)																	
Personal Financial Services (HP17 47) (cont in Semester 2)																	
Financial Services: Graded Unit 1 (J02H 47)																	

Assessment submission date is shown by an X *It is recommended this is an integrated assessment

⁵ Outcomes 2 and 3 can be assessed separately.

Appendix 2a: Year 1, Semester 2 — Assessment Plan (Option A)

Unit title\Week	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34
Business Accounting (HP7K 47) (cont in Semester 2)		X									X* 3,4,5						
Business Law: An Introduction (J5AW 47)																	
Communication: Business Communication (HP75 47)					X					X					X		
Creating a Culture of Customer Care (HP73 47)																	
Economic Issues: An Introduction (J461 47)								X					X				
Financial Sector: An Introduction (J01W 47)																	
Information Technology: Applications Software 1 (HP6L 47)																	
Information Technology: Applications Software 2 (HP12 48)	Continuous development of folio of evidence										X				X		
Managing People and Organisations (J4DK 47) (cont from Semester 1)						X						X					
Marketing: An Introduction (HP6N 47)								X								X	
Personal Financial Services (HP17 47) (cont from Semester 1)														X			
Financial Services: Graded Unit 1 (J02H 47)															X		

Assessment submission date is shown by an X

X* indicates integrated assessment and Outcomes integrated

Appendix 2b: Year 2, Semester 1 — Assessment Plan (Option A)

Unit title\Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Economics: The World Economy (J5AY 48)													X				
Financial Services: International Transactions (J01X 48)						X		X ⁶			X			X ⁷			X
Financial Services Regulatory Framework (J01Y 48)							X				X					X	
Income Tax (HP15 48)																	
Investment (HP1C 48)															X		
Pension Provision (HP1E 48)																	
Personal and Business Lending (HP1G 48)																X	
Preparing Financial Forecasts (J5B0 48)									X							X	
Financial Services: Graded Unit 2 (J02L 48) or Financial Services: Graded Unit 2 (J8ME 48)																	

Assessment submission date is shown by an X

⁶ If Outcome 2 and 3 are assessed separately

⁷ If Outcome 4 and 5 are assessed separately

Appendix 2b: Year 2, Semester 2 — Assessment Plan (Option A)

Unit title\Week	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34
Economics: The World Economy (J5AY 48)																	
Financial Services: International Transactions (J01X 48)																	
Financial Services Regulatory Framework (J01Y 48)																	
Income Tax (HP15 48)															X	X	
Investment (HP1C 48)																	
Pension Provision (HP1E 48)														X			
Personal and Business Lending (HP1G 48)																	
Preparing Financial Forecasts (J5B0 48)																	
Principles of Insurance (HP1F 48)															X		
Financial Services: Graded Unit 2 (J02L 48) or Financial Services: Graded Unit 2 (J8ME 48)	Project - Investigation													X			

Assessment submission date is shown by an X

Appendix 3: Error Tolerance Guidance Notes

Background

There are a range of **SQA Advanced Accounting units** that are included in a number of the SQA Advanced Diploma fixed frameworks. These are:

- ◆ Recording Financial Transactions – HP6F 46
- ◆ Recording Financial Information – HP04 47
- ◆ Business Accounting – HP7K 47
- ◆ Financial Reporting and Analysis – HP08 48
- ◆ Management Accounting for Decision Making – HP05 48
- ◆ Preparing Financial Forecasts – J5B0 48
- ◆ Cost Accounting – HP5H 47
- ◆ Income Tax – HP15 48

In the past these units were designed with the need for students to achieve a percentage of available marks (usually 70%) for each Outcome within the unit specification. In line with SQA policy, a new approach to Accounting units was introduced in 2010. This new approach is called 'Error Tolerance'. An Error Tolerance statement is provided within each unit under the Evidence Requirements for each Outcome. This statement clearly indicates the acceptable number of errors (i.e. the threshold) a student may make within the evidence they produce.

Centres must note:

- ◆ The Error Tolerance approach is **only** applicable to the units listed above and where indicated within the unit specification.
- ◆ It is the centre's responsibility to ensure that they use most **current** unit specification at the time of assessment. Error Tolerances may be reviewed and amended from time to time.

Error Tolerance Guidance Notes

Following extensive consultation and feedback from stakeholders SQA has developed two types of error which fall within the guidance. These are:

- ◆ Errors of Principle, and
- ◆ Arithmetic or Computational Errors

To help assessors develop an understanding of the use of Error Tolerances, SQA has produced a list for each category. The information which follows is not an exhaustive list, but a guidance note to assist assessors in making assessment decisions. As with all SQA qualifications, the professional judgement of the assessor is paramount and remains at the centre of all assessment decisions.

In addition to the list provided, an example of marked scripts for two Outcomes of two units is also available to illustrate the marking of assessments under the Error Tolerance guidelines. This can be downloaded from SQA's secure website. This document **must** be retained in a secure manner in the same way that all SQA produced Assessment Exemplars and Assessment Support Packs (ASPs) must be treated.

Types of Errors

Commonly in the unit specifications, two types of errors will be mentioned — Arithmetic/Computational Errors and Errors of Principle.

Arithmetic/Computational Errors

Common types of errors which are likely to be classified as arithmetic are:

- ◆ Transposition errors
- ◆ Errors where students write 'add' but subtract the figure instead
- ◆ Incorrect processing of £000s where a Trial Balance, for example, is presented in £000 but the notes to the accounts provide the full figures and the student has included the full figure, including the £000
- ◆ Incorrect totals — the individual figures may be correct but the addition and subtraction has been incorrectly completed
- ◆ Running balances in ledger accounts not correctly identified as Debit or Credit
- ◆ Incorrect calculations of inventory in inventory valuation tasks
- ◆ Incorrect application of time multiplied by rate, for example in wages calculations
- ◆ Incorrect calculation of proportions in overhead analysis

Errors of Principle

Common types of errors which are likely to be classified as errors of principle are:

- ◆ Error of commission
- ◆ Error of omission
- ◆ Reversal of entries
- ◆ Incorrect classification of items in financial statements eg Trade Payables included in current assets
- ◆ Incorrect use of inventory valuation methods
- ◆ Inclusion of depreciation in a Cash Budget
- ◆ Wrong equations used in variances
- ◆ Wrong figures selected for ratios
- ◆ Gross figures entered in the general ledger
- ◆ VAT calculations not correct
- ◆ Inappropriate method of apportionment
- ◆ When preparing master budgets, incorrect figures included in final accounts eg figure for materials consumed included rather than materials purchased
- ◆ Depreciation calculations incorrectly carried out ie reducing balance rather than straight line
- ◆ Incorrect calculation of contribution
- ◆ Outputs and inputs reversed in VAT
- ◆ Process costs calculated not taking wastage into account
- ◆ Ledger balances posted to the Trial Balance incorrectly, ie credit balances on inventory accounts; sales in the DR column
- ◆ Capital allowances incorrectly identified
- ◆ Transposition of the rate of exchange to be used in a currency transaction
- ◆ Failure to apply a currency purchase as a debit/current delivery as a credit
- ◆ Incorrect formulae used to calculate an investment ratio
- ◆ Incorrect application of calculation of settlement days in a gilts transaction

Appendix 4: New Terminology to Comply with FRS 102 Requirements

Current UK Terminology	International Terminology
Accruals	Other payables
Balance sheet	Statement of financial position
Bank and cash	Cash and cash equivalents
Cash flow statement	Statement of cash flows
Cost of goods sold	Cost of sales
Creditors: amounts falling due within one year (heading)	Current liabilities
Equity or capital	Equity
Final accounts	Financial statements
Fixed assets	Non-current assets
Goodwill, etc	Intangible assets
Interest payable	Finance costs
Interest receivable	Investment revenues
Investments	Investment property
Land and buildings	Property
Loans repayable after one year	Bank loan (also other loans)
Loans repayable within one year	Bank overdrafts and loans
Long-term liabilities Creditors: amounts falling due after more than one year	Non-current liabilities
Net loss	Loss for the year
Net profit	Profit for the year
Prepayments	Other receivables
Profit and loss account	Income statement
Profit and loss appropriation account	There is no appropriation account – this is partly replaced by the statement of changes in equity
Proposed dividends	No proposed dividends as only dividends that have been approved are included
Sales	Revenue (where used in income statements)
Stocks of raw materials and finished goods	Inventory
Sundry expenses	Other operating expenses
Sundry income	Other operating income
Trade creditors	Trade payables
Trade debtors	Trade receivables
Trading and profit and loss account	Income statement

Appendix 5: Suggested Layouts for Financial Statements

These layouts are **suggestions** only and are not prescriptive.

Other suitable alternatives which conform to the general principles of FRS 102 will be acceptable.

SOLE TRADER

J Bloggs - Sole Trader		
Income Statement for the year ended 31 December		
	£	£
Revenue <i>[net of Discount Allowed]</i>		150,000
<u>Cost of goods sold</u>		
Opening inventory	12,000	
Add: Purchases <i>[net of Discount Received]</i>	68,000	
	80,000	
<u>Less: closing inventory</u>	14,000	
		66,000
Gross profit		84,000
<u>Less: Expenses</u>		
Rent and rates	1,400	
Heat and light	1,600	
Wages and salaries	8,800	
Loan interest	1,200	
Van expenses	900	
Depreciation	2,000	
Sundry expenses	3,000	
		18,900
		65,100
Other operating income: Commission Received		2,000
Profit for the year		67,100

J Bloggs - Sole Trader		
Statement of Financial Position at 31 December		
	£	£
<u>Non-current assets</u>		
Property, plant and equipment		60,000
<u>Current assets</u>		
Inventories	14,000	
Trade receivables	32,000	
Other receivables	8,000	
Bank and Cash	<u>4,000</u>	
		<u>58,000</u>
Total Assets		<u>118,000</u>
Capital		
Opening balance		36,000
Add: Profit for year		<u>67,100</u>
		103,100
Less: Drawings		<u>5,000</u>
		<u>98,100</u>
<u>Non-current liabilities</u>		
Loan		8,300
<u>Current liabilities</u>		
Trade payables	6,000	
Other payables	4,300	
Bank overdraft	<u>1,300</u>	
		<u>11,600</u>
Total Equity and Liabilities		<u>118,000</u>

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PARTNERSHIP

Blogg & Blagg - Partnership		
Income Statement and Appropriation Account for the year ended 31 December		
	£	£
Revenue <i>[net of Discount Allowed]</i>		150,000
<u>Cost of goods sold</u>		
Opening inventory	12,000	
Add: Purchases <i>[net of Discount Received]</i>	68,000	
	80,000	
Less: closing inventory	14,000	
		66,000
Gross profit		84,000
<u>Less: Expenses</u>		
Rent and rates	1,400	
Heat and light	1,600	
Wages and salaries	8,800	
Loan interest	1,200	
Van expenses	900	
Depreciation	2,000	
Sundry expenses	3,000	
		18,900
		65,100
Other operating income: Commission Received		2,000
Profit for the year		67,100
Interest on drawings		
Blogg	500	
Blagg	600	1,100
		68,200
Salary		
Blogg		12,200
Interest on Capital		
Blogg	5,000	
Blagg	4,000	9,000
		47,000
Profit share		
Blogg 60%	28,200	
Blagg 40%	18,800	
		47,000

Blogg & Blagg - Partnership		
Statement of Financial Position at 31 December		
	£	£
Non-current assets		
Property, plant and equipment		60,000
Current assets		
Inventories	14,000	
Trade receivables	32,000	
Other receivables	8,000	
Bank and Cash	4,000	
		58,000
Total Assets		118,000
Capital Accounts		
Blogg	22,000	
Blagg	20,000	
		42,000
Current Accounts		
Blogg <i>note⁸</i>	26,000	
Blagg <i>note</i>	30,100	
		56,100
Non-current liabilities		
Loan		8,300
Current liabilities		
Trade payables	6,000	
Other payables	4,300	
Bank overdraft	1,300	
		11,600
Total Equity and Liabilities		118,000

⁸ Working note required to calculate closing Current Account balances.

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MEDIUM-SIZED LIMITED COMPANY

Medium Ltd - Limited Company		
Income Statement for the year ended 31 December		
	£	£
Revenue <i>[net of Discount Allowed]</i>		150,000
<u>Less: Cost of Sales</u>		
Opening inventory	12,000	
Add: Purchases <i>[net of Discount Received]</i>	68,000	
	80,000	
Less: closing inventory	14,000	
		66,000
Gross profit		84,000
<u>Less: Expenses</u>		
Rent and rates	1,400	
Heat and light	1,600	
Wages and salaries	8,800	
Van expenses	900	
Depreciation	2,000	
Sundry expenses	3,000	
		17,700
		66,300
Other operating income		2,000
Profit/loss on disposal of operations		0
Operating profit <i>[profit before interest and tax]</i>		68,300
Finance income/investment income <i>[interest receivable and similar income]</i>		0
Finance costs <i>[interest payable and similar charges]</i>		-1,200
Profit on ordinary activities before taxation		67,100
Taxation		0
Profit on ordinary activities after taxation and profit for the financial year <i>[to SOCE]</i>		67,100
Other comprehensive income		
Actuarial losses on defined benefit pension plans	minus	0
Deferred tax movement relating to actuarial losses	plus	0
Total comprehensive income for the year		67,100

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Medium Ltd - Limited Company		
Statement of Financial Position at 31 December		
	£	£
<u>Non-current assets</u>		
Intangible assets		0
Property, plant and equipment		60,000
Investments		0
		<u>60,000</u>
<u>Current assets</u>		
Inventories	14,000	
Trade receivables	32,000	
Other receivables	8,000	
Bank and Cash	4,000	
	<u>4,000</u>	<u>58,000</u>
Total Assets		<u>118,000</u>
Capital and Reserves		
Ordinary Share Capital		16,000
Share premium		4,000
General reserve		6,100
Retained earnings		72,000
		<u>72,000</u>
Equity <i>see SOCE</i>		98,100
Non-current liabilities		
Loan		8,300
Current liabilities		
Trade payables	6,000	
Other payables	4,300	
Bank overdraft	1,300	
	<u>1,300</u>	<u>11,600</u>
Total Equity and Liabilities		<u>118,000</u>

Medium Ltd - Limited Company					
Statement of Changes in Equity					
	Share Capital	Share Premium	Retained Earnings	General Reserve	Total Equity
	£	£	£	£	£
Balance at 1 January.....	16,000	4,000	5,300	6,100	31,400
Changes in Equity for 2XXX					
Issue of share capital	0	0			0
Transfers				0	0
Profit for year			67,100		67,100
Dividends			-400		-400
Balance at 31 December.....	16,000	4,000	72,000	6,100	98,100

Worked Example of Question for a PLC conforming to FRS 102

(The Statement of Financial Position included in this example is slightly different from the others contained in this Appendix. Large PLCs usually have *much more going on* re the complexity and movements in their capital and especially reserves so tend to present it last. It is a question of relevance and style to the organisation involved.)

Public Limited Company

BOSS plc

The following Trial Balance has been extracted from the books as at 31 December 2014

	£000	£000
Trade receivables	1,200	
Trade payables		408
Inventory 1 January 2014	160	
Revenue		3,700
Purchases of goods for resale	1,820	
Retained earnings		300
Freehold land	980	
Property	600	
Depreciation: Property 1 January 2014		40
Plant and Machinery	900	
Depreciation: Plant and Machinery 1 January 2014		300
Distribution costs	120	
Deferred taxation		140
Corporation tax		30
Cash at bank and in hand	100	
Administration expenses	488	
Interim dividend paid on Ordinary Shares	80	
Non-current asset investments	280	
Dividends from investments		40
Ordinary Shares of £1		1,000
4% Preference Shares of £1 fully paid		600
8% Debentures		200
Preference dividend paid	24	
Other receivables	36	
Other payables		12
Allowance for doubtful debts		34
Loss on discontinued operations	16	
	<u>6,804</u>	<u>6,804</u>

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Required:

From the Trial Balance and additional information, together with your knowledge of UK Companies Act legislation and relevant accounting standards, you are required to complete a 'draft' set of financial statements for the year ended

Note that there is no requirement for comparative figures or a Statement of Cash Flows.

- | | | |
|----|---|-----------|
| 1 | Inventories at 31 December was estimated to be worth (valued at the lower of cost of NRV) | 180,000 |
| 2 | During the year Plant and Machinery was acquired for | 300,000 |
| 3 | Government grants are due to be received relating to the acquisition of the Plant and Machinery during the year. No record has yet been made of this in the accounts. | 60,000 |
| 4 | Depreciation is to be provided on the basis of:

Property – 50 years on a SLN basis. Depreciation to be apportioned: 70% to production; 20% to distribution; 10% to administration

Plant and Machinery – 20% on a RBM basis. Plant and machinery relates to production.

Note: A full year's depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal. | |
| 5 | The freehold land was purchased several years ago when the company moved premises. On 30 June 2013 the land was valued on an open market basis by qualified surveyors at

The directors wish to incorporate this into the accounts. | 1,400,000 |
| 6 | Corporation tax on profits on ordinary activities for the year ended 31 December is estimated at | 180,000 |
| 7 | Administration expenses include auditors' remuneration of | 34,000 |
| 8 | The debenture interest should be accrued | |
| 9 | The allowance for doubtful debts should be adjusted to 2% of net debtors. | |
| 10 | Deferred tax should be increased by | 48,000 |
| 11 | A legal claim for damages due to faulty products is pending. It is probable that the company may have to pay this claim of | 44,000 |

BOSS plc	
Statement of Comprehensive Income	
Continuing operations	£000
Revenue	3,700
Cost of Sales	-1,960
Gross profit	1,740
Operating expenses	-602
Profit from operations	1,138
Finance costs	-16
Fair value adjustment	0
Investment income	40
Profit before tax	1,162
Taxation	-198
Profit for year	964
Discontinued operations	
Loss from discontinued operations	-16
Total profit for the period	948
Other comprehensive income:	
Revaluation gain	420
Total comprehensive income	1,368

BOSS plc	
Statement of Financial Position	
Non-current assets	£000
Intangible assets	0
Property, plant and equipment	2,428
Investments	280
	2,708
Current assets	
Inventories	180
Trade and other receivables	1,272
Cash and cash equivalents	100
	1,552
Total assets	4,260
Current liabilities	
Trade and other payables	-420
Deferred income	-12
Financial liabilities	-16
Current tax liabilities	-180
	-628
Non-current liabilities	
Provisions	-44
Deferred income	-36
Financial liabilities	-200
Deferred tax liabilities	-188
Total liabilities	-1,096
Net Assets	3,164
Shareholders' equity	
Called up share capital	1,600
Share premium account	0
Revaluation reserve	420
Retained earnings	1,144
Equity shareholders' funds	3,164
Total equity	3,164

Statement of Changes in Equity for the year ended...

	Share Capital £000	Retained Earnings £000	Share Premium £000	Revaluation Reserve £000	Total £000
Balance as at 1 January 20xx	1,600	300	0	0	1,900
Gain on revaluation of land and buildings				420	420
Share issue	0		0		0
Profit/loss for the year		948			948
Dividends		-104			-104
Balance as at 31 December 20xx	1,600	1,144	0	420	3,164

Property, Plant and Equipment**Tangible Non-Current Assets**

1,000

Land Property P&M Total**Cost/Valuation**

As at 1 January 980 600 600 2,180

Additions 0 0 300 300

Revaluations 420 0 420

Disposals 0 0 0

As at 31 December 1,400 600 900 2,900**Depreciation**

As at 1 January 40 300 340

Charge for year 12 120 132

Relating to disposals 0

As at 31 December 0 52 420 472**Net Book Value****As at 31 December 1,400 548 480 2,428**

Workings

Cost of Sales				£000
<i>i</i>	Opening inventory			160
	Purchases of goods for resale			1,820
	Government grant receivable [60 * 20%]			-12
	Depreciation	Property	70%	8
		P&M		120
	Provision for Liability			44
				2,140
	Less: Closing inventory			-180
				1,960
Distribution costs				
<i>ii</i>	As per trial balance			120
	Depreciation	Property	20%	2
				122
Administration expenses				
<i>iii</i>	As per trial balance			488
	Depreciation	Property	10%	1
	Bad debt provision - decrease			-10
				479
Operating expenses				
<i>iv</i>	Distribution costs			122
	Administration expenses			479
				602
v Finance costs				
	Debenture Interest [200 * 8%]			16
vi Taxation				
	Tax for year			180
	Adjustment for over-provision			-30
	Transfer to deferred taxation			48
				198
vii Deferred tax				
	As per TB			140
	Increase in deferred taxation			48
				188

viii Provisions			
Deferred taxation as per TB			140
Deferred taxation - increase			48
Contingent liability			44
			<u>232</u>
ix Current liabilities			
Trade creditors			408
Other payables			12
			<u>420</u>
x Deferred income			
Government grant receivable	CL		12
Deferred income	NCL	[60 – 24]	36
			<u>48</u>
xi Current tax liabilities			
Tax for year			180
xii Trade and other receivables			
Trade receivables			1,200
BDP	[1,200 * 2% = 24]		<u>-24</u>
As per trial balance		34	1,176
		-10	
Prepayments and accrued income			36
Government grant			60
			<u>1,272</u>

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JOURNALS

			Dr	Cr
1	Inventory	SFP	180	
	Cost of Sales (Closing Inventory)	SCI		180
	<i>Being value of closing inventory at the year-end</i>			
2	Trade and other receivables	SFP	60	
	Cost of sales	SCI		12
	Deferred income CL	SFP		12
	NCL	SFP		36
	<i>Being government grant receivable</i>			
3	Cost of sales	SCI	128	
	Distribution costs	SCI	2	
	Administration expenses	SCI	1	
	Depreciation Property	SFP		12
	P&M	SFP		120
	<i>Being depreciation charges for the year</i>			
4	Freehold land	SFP	420	
	Revaluation reserve	SFP		420
	<i>Being revaluation of freehold land</i>			
5	Taxation	SCI	180	
	Current tax liabilities	SFP		180
	<i>Being corporation tax estimate for the year</i>			
6	Finance costs	SCI	16	
	Financial liabilities CL	SFP		16
	<i>Being accrued debenture interest</i>			
7	BDP	SFP	10	
	Administration expenses	SCI		10
	<i>Being adjustment to BDP</i>			
8	Taxation	SCI	48	
	Deferred tax	SFP		48
	<i>Being increase in deferred taxation</i>			
9	Cost of Sales	SCI	44	
	Provisions	SFP		44

Being claim for damages

Statement of Financial Position as at 31 December				
	Year 1		Year 2	
	£000	£000	£000	£000
Non-Current Assets				
Intangible non-current assets		260		700
Property, plant and equipment		710		1,800
Investments		1,400		1,400
		<u>2,370</u>		<u>3,900</u>
Current Assets				
Inventories	520		660	
Trade receivables	890		1,200	
Investments	240		240	
Other receivables	2		10	
Bank	60		80	
Cash	0		0	
	<u>1,712</u>		<u>2,190</u>	
Less: Current liabilities				
Trade payables	700		900	
Overdraft	11		152	
Corporation tax	120		200	
Debenture interest	10		10	
Income tax due	2		2	
Other payables	5		22	
Proposed dividends				
Ordinary	200		70	
Preference	10		10	
	<u>1,058</u>		<u>1,366</u>	
Net current assets		<u>654</u>		<u>824</u>
		3,024		4,724
Less: Non-Current Liabilities				
Debentures		<u>900</u>		<u>1,000</u>
Total net assets		<u><u>2,124</u></u>		<u><u>3,724</u></u>
Capital and Reserves				
Ordinary share capital	1,300		1,600	
Preference share capital	100		120	
		<u>1,400</u>		<u>1,720</u>
Share premium	0		50	
General reserve	200		448	
Retained profit	524		1,506	
		<u>724</u>		<u>2,004</u>
		<u><u>2,124</u></u>		<u><u>3,724</u></u>

Notes to the accounts:

1	Non-Current Asset disposal:	£000
	Net book value	160
	Sold for	210
2	Depreciation charge for year	120

Required: Prepare a Statement of Cash Flows for the year to Year 2.

STATEMENT OF CASH FLOWS

Statement of Cash Flows for year ended 31 December		
	Note	£000
Cash flows from operating activities		
Profit for the financial year		1,520
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment		120
Gain/Loss on disposal		-50
Interest paid		0
Interest received		0
Taxation		0
Decrease/(increase) in trade and other receivables		-310
Decrease/(increase) in prepayments		-8
Decrease/(increase) in inventories		-140
Increase/(decrease) in trade payables		200
Increase/(decrease) in trade accruals		17
Cash from operations		1,349
Interest paid		-10
Income taxes paid		-120
Net cash generated from operating activities		1,219
Cash flows from investing activities		
Proceeds from sale of equipment		210
Purchases of property, plant and equipment		-1,370
Purchases of intangible assets		-440
Interest received		0
Net cash from investing activities		-1,600
Cash flows from financing activities		
Issue of ordinary share capital		300
Issue of preference share capital		20
Increase in share premium		50
Issues/Repayment of borrowings		100
Dividends paid		-210
Net cash used in financing activities		260
Net increase/(decrease) in cash and cash equivalents		-121
Cash and cash equivalents at beginning of year		289
Cash and cash equivalents at end of year		168

Workings

Asset		NBV
NCA	s/y	710
	Less: Disposals	<u>160</u>
		550
	Less: Depreciation	<u>120</u>
		430
	Acquisitions	<u>1,370</u>
	e/y	<u><u>1,800</u></u>

Total Acquisitions	
Intangible	440
NCA	<u>1,370</u>
	1,810
Total Receipts	
NCA	<u>210</u>
	<u>210</u>
NCA	
Net book value	160
Receipt	<u>210</u>
Gain/loss on disposal	<u><u>-50</u></u>

Profit for financial year		£000
Retained profit	Year 2	1,506
Retained profit	Year 1	<u>-524</u>
		982
Add back:		
Proposed dividends		80
General reserve		248
Corporation tax		200
Debenture interest		<u>10</u>
		<u>1,520</u>

	Yr 2	Yr 1	Change
Bank	80	60	20
Cash	0	0	0
	-		
Overdraft	152	-11	-141
Investments	<u>240</u>	<u>240</u>	<u>0</u>
	<u>168</u>	<u>289</u>	<u>-121</u>

Appendix 6: Summary of Commonly Used Ratios within SQA Advanced Accounting units

For SQA Advanced Accounting units at SCQF levels 6, 7 and 8, these are the most commonly used ratios, but other alternatives are acceptable in line with current accounting practice.

Profitability Ratios

'Profit before interest' is profit before interest and tax where applicable.

$$\text{Gross Profit ratio} = \frac{\text{Gross Profit}}{\text{Net Sales (Revenue)}} \times 100$$

(also known as Gross Profit percentage)

$$\text{Mark up} = \frac{\text{Gross Profit}}{\text{Cost of Sales}} \times 100$$

$$\text{Operating Profit ratio} = \frac{\text{Profit Before Interest}}{\text{Net Sales (Revenue)}} \times 100$$

(also known as Operating Profit percentage)

$$\text{Return on Capital Employed (ROCE)} = \frac{\text{Profit Before Interest}}{\text{Capital Employed}} \times 100$$

$$\text{Return on Equity} = \frac{\text{Profit After Preference Dividends}}{\text{Ordinary Shares + Reserves}} \times 100$$

$$\text{Return on Total Assets} = \frac{\text{Profit Before Interest}}{\text{Non-current Assets + Current Assets}} \times 100$$

$$\text{Operating Expenses to Revenue ratio} = \frac{\text{Operating Expenses}}{\text{Net Sales (Revenue)}} \times 100$$

$$\text{Non-current Asset Turnover} = \frac{\text{Net Sales (Revenue)}}{\text{Total Net Book Value of Non-current Assets}}$$

Liquidity Ratios

$$\text{Current ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Acid Test (or Quick) ratio} = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

Efficiency Ratios

$$\begin{aligned} \text{Trade Receivables Turnover} &= \frac{\text{Trade Receivables}}{\text{Credit Sales}} \times 365 \text{ days} \\ &(\text{also known as Average Collection Period}) \end{aligned}$$

$$\begin{aligned} \text{Trade Payables Turnover} &= \frac{\text{Trade Payables}}{\text{Credit Purchases}} \times 365 \text{ days} \\ &(\text{also known as Average Payment Period}) \end{aligned}$$

$$\text{Inventory Turnover} = \frac{\text{Average Inventory} *}{\text{Cost of Goods Sold}} \times 365 \text{ days}$$

$$* \text{Average Inventory} = (\text{Opening Inventory} + \text{Closing Inventory}) / 2$$

OR

$$\text{Rate of Inventory Turnover (times per year)} = \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$$

$$\text{Working Capital Cycle} = \text{Trade Receivables Turnover} + \text{Inventory Turnover} - \text{Trade Payables Turnover}$$

$$\text{Working Asset Turnover} = \frac{\text{Net Working Assets} *}{\text{Net Sales (Revenue)}} \times 100$$

$$* \text{Net Working Assets} = \text{Inventories} + \text{Trade Receivables} - \text{Trade Payables}$$

Capital Structure Ratios

$$\text{Interest Cover (times)} = \frac{\text{Profit before Interest}}{\text{Finance Costs (Interest Payable)}}$$

$$\text{Gearing ratio} = \frac{\text{Fixed Cost Capital}}{\text{Total Capital}} \times 100$$

$$\text{OR} = \frac{\text{Non-current Liabilities} + \text{Preference Share Capital}}{\text{Issued Ordinary Share Capital} + \text{all Reserves} + \text{Non-current Liabilities} + \text{Preference Shares}} \times 100$$

Investment Ratios

$$\text{Earnings per Share} = \frac{\text{Profit after Tax} - \text{Preference Dividend}}{\text{No of Issued Ordinary Shares}}$$

$$\text{Price Earnings ratio} = \frac{\text{Market Price per Share}}{\text{Earnings per Share}}$$

$$\text{Dividend Yield} = \frac{\text{Ordinary Dividend}}{\text{Market Price per Ordinary Share}} \times 100$$

$$\text{Dividend Cover} = \frac{\text{Profit for the Year} - \text{Preference Dividend}}{\text{Ordinary Dividend}}$$

$$\text{Dividend per Share} = \frac{\text{Ordinary Dividend}}{\text{No of Issued Ordinary Shares}}$$