



# Advanced Higher Accounting

<b>Course code:</b>	C800 77
<b>Course assessment code:</b>	X800 77
<b>SCQF:</b>	level 7 (32 SCQF credit points)
<b>Valid from:</b>	session 2025–26

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

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

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# Course overview

This course consists of 32 SCQF credit points, which includes time for preparation for course assessment. The notional length of time for candidates to complete the course is 160 hours.

The course assessment has two components.

Component	Marks	Duration
Component 1: question paper	140	2 hours and 30 minutes
Component 2: project	60	see 'Course assessment' section

Recommended entry	Progression
<p>Entry to this course is at the discretion of the centre.</p> <p>Candidates should have achieved the Higher Accounting course or equivalent qualifications and/or experience prior to starting this course.</p>	<ul style="list-style-type: none"><li>♦ a range of accounting-related Higher National Certificates (HNCs) or Higher National Diplomas (HNDs)</li><li>♦ degrees in accounting and other related disciplines</li><li>♦ careers in accountancy within a wide range of industries in the private, public and third sectors</li><li>♦ further study, employment and/or training</li></ul>

## Conditions of award

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

## Course rationale

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

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

Accounting is a key function in all organisations. Good accounting practices provide information and reassurance to a range of external stakeholders on issues such as the long-term financial stability of organisations. Effective accounting procedures provide timely and relevant information to help management make decisions.

This course helps candidates establish an in-depth understanding about the role that accounting plays in the dynamic world of business and our ever-changing economy. Candidates become better informed and able to make a positive contribution to a company's financial efficiency.

## Purpose and aims

The course helps candidates understand and interpret complex financial information. They report on financial performance by preparing, producing, analysing, and evaluating complex financial information for external stakeholders and for management decision making.

The course aims to develop candidates' understanding of:

- ◆ the skills needed to report on the financial performance of a public limited company, with a high degree of accuracy and precision
- ◆ how to analyse and evaluate complex accounting information to aid planning, control and decision making in a business
- ◆ the principles that underpin a range of accounting techniques and processes
- ◆ the regulatory framework that underpins the production of accounting information for external use
- ◆ the importance of effectively managing finance, and how this contributes to successful companies and a thriving economy

## Who is this course for?

This course is suitable for candidates who are considering a career in accountancy or a related discipline. It is for candidates who pay attention to detail, and enjoy the challenge of logical and analytical thinking. It would be of interest to those who can apply numeracy skills to resolve financial issues.

Candidates should be able to work independently on financial research.

# Course content

The course has two areas of study.

## **Financial accounting**

Candidates enhance their skills, knowledge and understanding of how to prepare complex financial accounting information for public limited companies. They learn how to investigate, analyse and report on an organisation's current financial position and performance.

Candidates gain an in-depth understanding of the regulatory framework governing published financial statements. Candidates gain the accounting skills required to dissolve a partnership.

## **Management accounting**

Candidates enhance their skills, knowledge and understanding of the provision of internal accounting information, and the ability to use a range of complex accounting techniques.

Candidates gain an in-depth understanding of the significant impact that management accounting information has on planning, control and decision making within a business.

Candidates provide solutions that can assist in future business financial planning.

# Skills, knowledge and understanding

## **Skills, knowledge and understanding for the course**

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

- ◆ applying knowledge of the accounting regulatory framework
- ◆ applying knowledge of the accounting regulatory framework to produce and analyse Income Statements, Statements of Financial Position and Cash Flow Statements (with associated disclosure notes) for external publication
- ◆ preparing consolidated accounting information for multiple company entities
- ◆ demonstrating knowledge and understanding of the accountant's role in meeting organisational goals, including profit maximisation and social responsibility
- ◆ using management accounting information to produce a range of budgets to aid internal planning
- ◆ applying a wide range of complex cost accounting techniques to help control business performance
- ◆ preparing management accounting information to facilitate business decision making
- ◆ using digital literacy to produce and communicate accounting information in a range of familiar and unfamiliar contexts

## Skills, knowledge and understanding for the course assessment

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

Financial accounting	
Regulatory framework	<ul style="list-style-type: none"> <li>◆ role and scope of the International Accounting Standards Board (IASB)</li> <li>◆ knowledge of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS)</li> <li>◆ concepts underpinning the preparation and presentation of accounting information, current practices, and developments pertaining to IAS</li> </ul>
Annual reports of FTSE 100 companies	<ul style="list-style-type: none"> <li>◆ purpose of annual reports</li> <li>◆ content of annual reports</li> <li>◆ corporate social responsibility within annual reports</li> <li>◆ notes to the financial statements</li> <li>◆ stakeholders of annual reports</li> </ul>
Published financial statements	<ul style="list-style-type: none"> <li>◆ preparing an Income Statement and Statement of Retained Earnings for a public limited company, in accordance with the requirements of IAS 1: Presentation of Financial Statements</li> <li>◆ preparing a Statement of Financial Position in accordance with the requirements of IAS 1: Presentation of Financial Statements</li> <li>◆ preparing a Cash Flow Statement in accordance with the requirements of IAS 7: Statement of Cash Flows</li> </ul>
Basic Consolidated Statements of Financial Position	<ul style="list-style-type: none"> <li>◆ purpose of Consolidated Statements of Financial Position, in accordance with the requirements of IFRS 10: Consolidated Financial Statements</li> <li>◆ preparing Consolidated Statements of Financial Position, in accordance with the requirements of IFRS 10: Consolidated Financial Statements</li> </ul>
Partnership accounts	<ul style="list-style-type: none"> <li>◆ preparing ledger accounts necessary to record the dissolution of a partnership</li> </ul>

<b>Management accounting</b>	
Activity-based costing	<ul style="list-style-type: none"> <li>♦ preparing activity-based costing statements</li> <li>♦ advantages and disadvantages of using activity-based costing</li> </ul>
Contract costing	<ul style="list-style-type: none"> <li>♦ knowledge and understanding of the terminology relating to contract costing</li> <li>♦ preparing a Contract Costing Statement for single and multiple contracts</li> <li>♦ calculating contract payments</li> </ul>
Marginal and absorption costing	<ul style="list-style-type: none"> <li>♦ distinguishing between marginal and absorption costing techniques</li> </ul>
Investment appraisal — discounted cash flow	<ul style="list-style-type: none"> <li>♦ explaining Net Present Value and Internal Rate of Return</li> <li>♦ explaining the importance of utilising discounted cash flow in investment appraisal</li> <li>♦ evaluating the different methods of appraisal</li> <li>♦ preparing an investment appraisal of two mutually exclusive projects</li> </ul>
Flexible budgets	<ul style="list-style-type: none"> <li>♦ explaining the purpose of producing budgets covering a range of outputs</li> <li>♦ preparing a budget that covers a range of outputs</li> </ul>
Variance analysis	<ul style="list-style-type: none"> <li>♦ theory of standard costing</li> <li>♦ calculating variances based on standard costs for actual output using an issued variance analysis formulae sheet</li> <li>♦ analysing why variances can arise</li> <li>♦ standard costing Profit Reconciliation Statement</li> </ul>

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

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

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

## **2 Numeracy**

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

## **4 Employability, enterprise and citizenship**

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

## **5 Thinking skills**

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

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



# Course assessment

Course assessment is based on the information in this course specification.

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

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

This enables candidates to:

- ◆ integrate theoretical and practical aspects of the course
- ◆ display knowledge and understanding from across the course when preparing and analysing accounting information
- ◆ examine how companies follow accounting rules within the regulatory framework when preparing published financial statements
- ◆ present findings from a critical and analytical perspective

The course assessment has two components: a question paper and a project. The relationship between these two components is complementary; this ensures a balanced sample of the skills, knowledge and understanding of the course.

## Course assessment structure: question paper

### Question paper

**140 marks**

The question paper gives candidates the opportunity to:

- ◆ apply knowledge of the accounting regulatory framework to produce and analyse financial statements for external publication
- ◆ demonstrate knowledge and understanding of the accountant's role in meeting company goals, including profit maximisation and social responsibility
- ◆ use management accounting techniques to prepare a range of information which aids internal planning, control and decision making
- ◆ display skills, knowledge and understanding from across the course when preparing and analysing accounting information

The question paper has a total mark allocation of 140 marks. This is 70% of the overall marks for the course assessment.

It has two sections:

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

**Section 2** is worth 60 marks and contains two 30-mark questions.

All questions are mandatory and sample from the 'Skills, knowledge and understanding for the course assessment' section of this document. Both areas of study are sampled across the question paper; each question may assess more than one topic and may sample from both areas of study.

A formulae sheet will be provided if there is a question that includes variance analysis.

### **Setting, conducting and marking the question paper**

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

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

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

## **Course assessment structure: project**

### **Project**

**60 marks**

The project gives candidates the opportunity to:

- ◆ select an annual report of an FTSE 100 company
- ◆ apply knowledge of the accounting regulatory framework to analyse the annual report
- ◆ evaluate the extent to which the annual report complies with the requirements of any two identified IAS
- ◆ evaluate the extent to which the annual report meets the needs of any two identified stakeholders
- ◆ present findings in a coherent and structured manner, using the headings specified in the coursework assessment task

The project has a total mark allocation of 60 marks. This is 30% of the overall marks for the course assessment. Marks are awarded for:

- |                                                   |          |
|---------------------------------------------------|----------|
| ◆ annual reports: theory                          | 6 marks  |
| ◆ annual reports: application                     | 21 marks |
| ◆ International Accounting Standards: theory      | 16 marks |
| ◆ International Accounting Standards: application | 10 marks |
| ◆ conclusion                                      | 4 marks  |
| ◆ references                                      | 3 marks  |

## **Setting, conducting and marking the project**

The project is:

- ◆ set by SQA
- ◆ conducted under some supervision and control
- ◆ submitted to SQA for external marking, using the template provided

All marking is quality assured by SQA.

## **Assessment conditions**

### **Time**

Candidates complete the project over a period of time and should start it at an appropriate point in the course. They must produce the evidence for assessment in time to meet the submission date set by SQA.

### **Supervision, control and authentication**

The project is conducted under some supervision and control.

Candidates must carry out the project on an individual basis. They must analysis, evaluate and prepare their report independently.

Candidates can complete part of the work outwith the learning and teaching setting. Therefore, teachers and lecturers must put in place ways to authenticate evidence and/or research. For example:

- ◆ regular checkpoint or progress meetings with candidates
- ◆ short spot-check personal interviews
- ◆ checklists which record activity and progress

### **Resources**

The project is open-book. There are no restrictions on the resources that candidates may access while producing their project.

### **Reasonable assistance**

Candidates must complete their research, data collection, and analysis independently. However, they can receive reasonable assistance before the formal assessment process takes place.

Reasonable assistance may include discussing with candidates:

- ◆ to clarify the instructions and requirements of the project, and the likely availability and accessibility of resources for their chosen organisation
- ◆ the suitability of their choice of company, IAS, and stakeholders, and their approach to the project, before they start
- ◆ possible sources of information
- ◆ how to best structure their project

Reasonable assistance does not include:

- ◆ providing candidates with full example projects
- ◆ directing candidates to specific text within a source of information
- ◆ telling candidates what analysis they can draw from a research finding
- ◆ marking draft projects for candidates

Guidance on conditions of assessment can be found in the 'Further information' section of this document.

## **Evidence to be gathered**

Candidates produce the following evidence for submission to SQA:

- ◆ completed project, either written or word-processed, using the template provided

## **Volume**

The project must be between 3,000 and 4,000 words, excluding bibliography, appendices, references and footnotes.

Candidates must submit the word count with the project. If the word count exceeds the maximum by more than 10%, a penalty is applied.

## **Grading**

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

### **Grade description for C**

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

### **Grade description for A**

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

# Equality and inclusion

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

Guidance on assessment arrangements for disabled candidates and/or those with additional support needs is available on the assessment arrangements web page:

[www.sqa.org.uk/assessmentarrangements](http://www.sqa.org.uk/assessmentarrangements).

# Further information

- ◆ [Assessment arrangements](#)
- ◆ [Building the Curriculum 3–5](#)
- ◆ [Guidance on conditions of assessment for coursework](#)
- ◆ [Guide to Assessment](#)
- ◆ [Recent SQA research](#)
- ◆ [Remote assessment](#)
- ◆ [SCQF Handbook](#)
- ◆ [Know Your SCQF Level - Scottish Credit and Qualifications Framework](#)
- ◆ [SQA's Skills Framework: Skills for Learning, Skills for Life and Skills for Work](#)

# **Appendix: course support notes**

## **Introduction**

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

## **Approaches to learning and teaching**

At Advanced Higher, a significant amount of learning is self-directed — in particular, when completing the project. Candidates should be able to demonstrate initiative and work on their own. Some candidates may find this challenging, so it is important that you have strategies in place to support them, for example planning time for regular feedback sessions and/or discussions on a one-to-one or group basis.

You should encourage candidates to use an analytical, critical, and problem-solving approach to their learning. They should practise and develop research and investigation skills, in addition to higher-order evaluation and analytical skills. Some of the approaches to learning and teaching suggested for other levels (in particular, Higher) may also apply at this level, but there is a stronger emphasis on independent learning.

Where possible, you should provide opportunities for candidates to personalise their own learning, and allow them to work independently. The flexibility in the Advanced Higher course lends itself to this.

You must ensure that you teach the most up-to-date information available, as terminology, names of regulatory bodies, and relevant legislation are subject to regular and on-going change.

You may have the opportunity to adapt your approaches to learning and teaching to Scottish contexts through mini-projects or case studies, for example by using extracts from a Scottish public limited company's annual report.

## Approaches to learning and teaching (continued)

**Public limited companies and multi-company entities** are the only business structures covered by this course. You should contextualise learning to these business structures. Suggested layouts are available on SQA's website.

### Financial accounting

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
Regulatory framework	<ul style="list-style-type: none"><li>◆ role and scope of the International Accounting Standards Board (IASB), including:<ul style="list-style-type: none"><li>— why the IASB was created</li><li>— the need for auditing</li><li>— recognition of supervisory and qualifying bodies</li><li>— corporate reporting</li><li>— corporate governance</li><li>— International Financial Reporting Standards (IFRS)</li><li>— links with other standard setters and regulatory bodies, for example the Financial Reporting Council (FRC)</li></ul></li><li>◆ knowledge of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), including:<ul style="list-style-type: none"><li>— the procedure for developing IAS</li><li>— knowledge of the scope of at least 2 IAS, and how companies should comply</li><li>— why these 2 IAS were developed</li></ul></li></ul>	<p>Web research, textbook research, and reviewing presentations</p> <p>Hosting guest speakers and visiting local companies</p>



Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> <li>◆ concepts underpinning the preparation and presentation of accounting information, current practices, and developments pertaining to IAS, including:               <ul style="list-style-type: none"> <li>— the IASB conceptual framework and FRC statement of principles</li> <li>— real events that have led to the need for, or creation of, international standards</li> </ul> </li> </ul>	
Annual reports of FTSE 100 companies	<ul style="list-style-type: none"> <li>◆ purpose of annual reports, for example:               <ul style="list-style-type: none"> <li>— legal and/or regulatory requirements</li> <li>— public relations and/or marketing</li> <li>— stating financial performance and goals</li> <li>— strengths and weaknesses of annual reports</li> </ul> </li> <li>◆ content of annual reports, for example:               <ul style="list-style-type: none"> <li>— Chairperson's Statement</li> <li>— Director's Report</li> <li>— Corporate Governance</li> <li>— Corporate Social Responsibility Report</li> <li>— Audit Report</li> <li>— Financial Statements</li> </ul> </li> <li>◆ corporate social responsibility within annual reports, for example:               <ul style="list-style-type: none"> <li>— definition</li> <li>— reasons companies report on their corporate and social responsibilities</li> </ul> </li> </ul>	<p>Reviewing examples of reports from FTSE 100 companies</p> <p>Downloading annual reports of various plcs in the same industry, or one plc over a number of years, and discussing the contents to obtain an overview of:</p> <ul style="list-style-type: none"> <li>◆ what is included and why</li> <li>◆ who the intended audience is</li> </ul> <p>Listening to presentations to illustrate key learning points</p> <p>Researching examples of corporate social responsibility policies of plcs to enhance understanding</p> <p>Downloading annual reports of FTSE 100 companies and discussing the contents of the 'notes to the financial statements'</p>

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> <li>— understanding information reported in different categories, such as environmental, sustainability, ethical, and social</li> <li>◆ notes to the financial statements, for example: <ul style="list-style-type: none"> <li>— disclosure of accounting policies</li> <li>— detailed explanations of any deviations from accounting standards, such as depreciation, and a note of any changes in these policies</li> <li>— sources of revenue from different geographical markets</li> <li>— details of non-current assets, investments, share capital, debentures and reserves</li> <li>— directors' emoluments, such as pensions, earnings and other benefits</li> </ul> </li> <li>◆ stakeholders of annual reports, including: <ul style="list-style-type: none"> <li>— how useful information contained in the annual report is for internal and external stakeholders</li> </ul> </li> </ul>	<p>Drawing up hypothetical 'notes to the financial statements'</p>
Published financial statements	<ul style="list-style-type: none"> <li>◆ preparing an Income Statement and Statement of Retained Earnings for a public limited company, in accordance with the requirements of IAS 1: Presentation of Financial Statements, showing: <ul style="list-style-type: none"> <li>— Sales Revenue</li> <li>— Cost of Sales</li> <li>— Gross Profit or Loss</li> <li>— Distribution and Administration Expenses</li> <li>— other Operating or Investment Income</li> </ul> </li> </ul>	<p>Calculating adjusted figures, following demonstrations</p> <p>Completing tasks to prepare financial statements in accordance with the requirements of IAS</p>

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> <li>— Interest or Financial Charges</li> <li>— Profit Before and After Tax</li> <li>— Corporation Tax</li> <li>— Paid Dividends</li> <li>— changes in Retained Earnings</li> <li>◆ preparing a Statement of Financial Position in accordance with the requirements of IAS 1: Presentation of Financial Statements, showing:               <ul style="list-style-type: none"> <li>— Non-current Assets (intangible, tangible, and investments)</li> <li>— Current Assets</li> <li>— Current Liabilities</li> <li>— Non-current Liabilities</li> <li>— Equity and Reserves</li> </ul> </li> <li>◆ preparing a Cash Flow Statement in accordance with the requirements of IAS 7: Statement of Cash Flows, showing:               <ul style="list-style-type: none"> <li>— reconciliation of Operating Profit to Net Cash Flow Statement</li> <li>— operating activities, investing activities and financing activities</li> </ul> </li> </ul>	
Basic Consolidated Statements of Financial Position	<ul style="list-style-type: none"> <li>◆ purpose of Consolidated Statements of Financial Position in accordance with the requirements of IFRS 10: Consolidated Financial Statements, including:               <ul style="list-style-type: none"> <li>— parent company and subsidiary company undertakings</li> </ul> </li> </ul>	<p>Calculating adjusted figures, following demonstrations</p> <p>Completing tasks to prepare Basic Consolidated Statements of Financial Position</p>

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> <li>— parent company, with a maximum of one subsidiary company</li> <li>◆ preparing Consolidated Statements of Financial Position in accordance with the requirements of IFRS 10: Consolidated Financial Statements, showing:               <ul style="list-style-type: none"> <li>— Goodwill</li> <li>— Non-controlling Interests</li> <li>— Inter-company Transactions</li> <li>— Post-acquisition Profits</li> <li>— Unrealised Profits</li> </ul> </li> </ul>	
Partnership accounts	<ul style="list-style-type: none"> <li>◆ preparing the ledger accounts necessary to record the dissolution of a partnership:               <ul style="list-style-type: none"> <li>— Realisation Accounts</li> <li>— Partner Equity Accounts</li> <li>— Bank, and Cash and Cash Equivalents Accounts</li> </ul> </li> </ul>	<p>Calculating adjusted figures, following demonstrations</p> <p>Completing tasks to prepare the ledger accounts necessary to record the dissolution of a partnership</p>

## Management accounting

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
Activity-based costing	<ul style="list-style-type: none"> <li>◆ preparing activity-based costing statements, including: <ul style="list-style-type: none"> <li>— identifying cost pools and cost drivers</li> <li>— calculating absorption rates for each cost driver and product costs, using activity-based costing</li> </ul> </li> <li>◆ advantages and disadvantages of using activity-based costing, for example: <ul style="list-style-type: none"> <li>— analysing and justifying the difference in costs, and using different systems for assigning costs</li> </ul> </li> </ul>	<p>Web research, textbook research, and reviewing presentations</p> <p>Hosting guest speakers and visiting local companies operating in the manufacturing sector</p> <p>Producing statements with appropriate calculations, following demonstrations</p> <p>Completing tasks to prepare activity-based costing statements</p>
Contract costing	<ul style="list-style-type: none"> <li>◆ knowledge and understanding of the terminology relating to contract costing, for example: <ul style="list-style-type: none"> <li>— work certified</li> <li>— notional profit</li> <li>— establishment charges</li> <li>— sub-contracting costs</li> <li>— snagging</li> </ul> </li> <li>◆ preparing a Contract Costing Statement for single and multiple contracts, showing: <ul style="list-style-type: none"> <li>— Opening Balances in Contract Accounts</li> <li>— Direct Costs</li> <li>— allocation of Fixed Overheads</li> <li>— treatment of Establishment Expenses</li> <li>— calculating Notional Profit and Profit Recognised</li> <li>— treatment of Anticipated Losses</li> </ul> </li> </ul>	<p>Web research, textbook research, and reviewing presentations</p> <p>Producing statements with appropriate calculations, following demonstrations</p> <p>Completing tasks to prepare Contract Costing Statements</p>

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> <li>♦ calculating contract payments, for example: <ul style="list-style-type: none"> <li>— dealing with retention periods</li> </ul> </li> </ul>	
Marginal and absorption costing	<ul style="list-style-type: none"> <li>♦ distinguishing between marginal and absorption costing techniques, including: <ul style="list-style-type: none"> <li>— preparing Costing and Profit Statements, and valuing inventory in absorption costing by application of normal activity</li> <li>— calculating contribution</li> <li>— calculating Closing Inventory values using both methods</li> <li>— calculating over- or under-absorption of overheads</li> <li>— making appropriate adjustments to profit for over- or under-absorption</li> <li>— advantages and disadvantages of marginal and absorption costing</li> </ul> </li> </ul>	<p>Completing templates to illustrate and emphasise the techniques required for financial statements</p> <p>Textbook research</p>
Investment appraisal — discounted cash flow	<ul style="list-style-type: none"> <li>♦ explaining Net Present Value and Internal Rate of Return</li> <li>♦ explaining the importance of utilising discounted cash flow in investment appraisal</li> <li>♦ evaluating the different methods of appraisal, for example: <ul style="list-style-type: none"> <li>— the advantages and disadvantages of Net Present Value and Internal Rate of Return</li> </ul> </li> <li>♦ preparing an investment appraisal of two mutually exclusive projects, including:</li> </ul>	<p>Completing templates to illustrate and emphasise the techniques required for financial statements</p> <p>Calculating adjusted figures, following demonstrations</p> <p>Completing tasks to prepare investment appraisals</p> <p>Using digital literacy to produce reports on investment decisions, based on hypothetical scenarios</p>

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> <li>— calculating Cash Inflows and Outflows</li> <li>— calculating Net Present Value</li> <li>— calculating Internal Rate of Return</li> <li>— recommending a project, where projects are mutually exclusive</li> </ul>	
Flexible budgets	<ul style="list-style-type: none"> <li>◆ explaining the purpose of producing budgets covering a range of outputs, including:               <ul style="list-style-type: none"> <li>— providing a clear understanding to aid management decision making</li> </ul> </li> <li>◆ preparing a budget that covers a range of outputs, including:               <ul style="list-style-type: none"> <li>— calculating revised costs based on output levels</li> </ul> </li> </ul>	Producing budgets, following demonstrations
Variance analysis	<ul style="list-style-type: none"> <li>◆ theory of standard costing, including:               <ul style="list-style-type: none"> <li>— an understanding of basic, ideal, and currently attainable standards</li> <li>— problems, advantages and disadvantages of standard costing</li> </ul> </li> <li>◆ calculating variances based on standard costs for actual output, using an issued variance analysis formulae sheet, including:               <ul style="list-style-type: none"> <li>— material: cost, price and usage</li> <li>— labour: cost, rate and efficiency</li> <li>— fixed and variable overhead variances: expenditure, volume, efficiency and cost</li> <li>— sales: revenue, price and volume</li> </ul> </li> <li>◆ analysing why variances can arise, for example:</li> </ul>	<p>Web research, textbook research, and reviewing presentations</p> <p>Hosting guest speakers and visiting local companies operating in the manufacturing sector</p> <p>Producing statements with appropriate calculations, following demonstrations</p> <p>Completing partially-prepared templates to illustrate and emphasise the techniques required for variance analysis</p> <p>Calculating the missing figures from variances</p> <p>Producing reports detailing reasons for variances and interdependence of ratios</p>

Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
	<ul style="list-style-type: none"> <li>— reasons for individual variances</li> <li>— the relationship between variances, and their interdependence</li> <li>♦ standard costing Profit Reconciliation Statement, for example: <ul style="list-style-type: none"> <li>— a statement showing the reconciliation between budgeted and actual figures</li> </ul> </li> </ul>	Viewing media clips that help to illustrate decisions made, when analysing variances



## Preparing for course assessment

The course assessment focuses on breadth, challenge and application. You should provide opportunities for candidates to practise activities similar to those expected in the course assessment.

Examples of activities include:

- ◆ preparing for the project:
  - selecting topics, gathering and researching information, evaluating and analysing findings, developing and justifying conclusions, and presenting the information
- ◆ preparing for the question paper:
  - practising accounting techniques, such as appropriate layouts and presentation
  - practising questions similar to those in the specimen and past papers

When preparing candidates for the project, you should explain the requirements, including the amount and nature of the support they can expect.

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

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

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

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

There may also be opportunities to develop additional skills depending on the approach centres use to deliver the course. This is for individual teachers and lecturers to manage.

Some examples of potential opportunities to practise or improve these skills are provided in the following table.

Skill	How it can be developed
Numeracy	<ul style="list-style-type: none"> <li>◆ carrying out numerical calculations, for example when completing flexible budgets, financial statements and costing statements</li> <li>◆ gathering accounting information from a range of sources, and presenting it in the most appropriate manner to aid interpretation and decision making</li> <li>◆ interpreting and extracting information from tables, charts, graphs or diagrams to help make informed decisions</li> </ul>
Employability, enterprise and citizenship	<ul style="list-style-type: none"> <li>◆ demonstrating an understanding of how commercial businesses manage finance</li> <li>◆ encouraging autonomy and initiative through personal research</li> <li>◆ developing skills to enter the world of work, such as exploring financial-based career opportunities</li> <li>◆ improving digital literacy skills for a technology-driven society</li> <li>◆ working with others</li> <li>◆ meeting deadlines by being proactive in task management</li> </ul>
Thinking skills	<ul style="list-style-type: none"> <li>◆ using accounting concepts, theories and vocabulary in real-life contexts</li> <li>◆ using case studies and scenarios</li> <li>◆ sharing information and explaining its importance</li> <li>◆ using information to solve problems</li> <li>◆ planning, organising and completing tasks</li> <li>◆ producing financial information to assist management in making tactical and strategic decisions</li> <li>◆ evaluating solutions and providing advice based on analysis</li> </ul>

# Administrative information

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**Published:** September 2025 (version 2.1)

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## History of changes

Version	Description of change	Date
2.0	Course support notes added as appendix.	June 2019
2.1	<p>The order of the project report section has been updated (page 8). The conclusion section has been moved to immediately before the reference section. There are no content changes.</p> <p>Changes made to the format and layout of the tables to improve accessibility.</p> <p>Further information section updated.</p> <p><b>What you need to do differently</b> You must update your project notes so that Conclusion is before References. There is no change to teaching and learning.</p>	September 2025

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

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