

SQA Advanced Unit Specification

General information for centres

Unit title: International Trade and Payments

Unit code: HP5F 48

Unit purpose: This Unit allows the candidate to analyse terms of trade between the exporter and the overseas buyer.

On completion of the Unit the candidate should be able to:

1. Explain the basic principles of contract law in the context of international trade.
2. Analyse methods of payment in international trade and transfer of funds through the banking system.
3. Apply procedures to manage risk in exporting and foreign currency dealing.

Credit points and level: 1 SQA Credit at SCQF level 8: (8 SCQF credit points at SCQF level 8*)

**SCQF credit points are used to allocate credit to qualifications in the Scottish Credit and Qualifications Framework (SCQF). Each qualification in the Framework is allocated a number of SCQF credit points at an SCQF level. There are 12 SCQF levels, ranging from National 1 to Doctorates.*

Recommended prior knowledge and skills: Access to this Unit is at the discretion of the centre.

Core skills: There may be opportunities to gather evidence towards Core Skills in this Unit, although there is no automatic certification of Core Skills or Core Skills components.

Context for delivery: If this Unit is delivered as part of a Group Award, it is recommended that it should be taught and assessed within the subject area of the Group Award to which it contributes.

Assessment: Assessment will be integrated across all Outcomes by the production of report by the candidate.

Unit specification: statement of standards

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The sections of the Unit stating the Outcomes, knowledge and/or skills, and evidence requirements are mandatory.

Where evidence for Outcomes is assessed on a sample basis, the whole of the content listed in the knowledge and/or skills section must be taught and available for assessment. Candidates should not know in advance the items on which they will be assessed and different items should be sampled on each assessment occasion.

Outcome 1

Explain the basic principles of contract law in the context of international trade.

Knowledge and/or skills

- Contract formation in international trade.
- Contract documentation
- Remedies for breach of contract

Evidence requirements

Candidates will need to provide evidence to demonstrate their knowledge and/or skills by showing that they can:

- Accurately describe contract formation for a given situation in international trade which includes references to offer and acceptance; essential validity; contracts in writing; construction of contracts; choice of law; conflict of law; the Battle of the Forms.
- Accurately explain the relationship of different contract documents for a given situation.
- Accurately assess remedies for breach of contract for a given situation in international trade with references to the jurisdiction of courts; arbitration; mediation; specific implement; recession; damages; retention and lien.

Assessment guidelines

Outcomes 1 – 3 are assessed by a written report.

Outcome 2

Analyse methods of payment in international trade and transfer of funds through the banking system.

Knowledge and/or skills

- Methods of international trade settlement
- Choice of trade settlement methods
- Documentation used in trade settlements

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Evidence requirements

Candidates will need to provide evidence to demonstrate their knowledge and/or skills by showing that they can:

- Accurately evaluate the various methods of international trade settlement for given situations where the methods of settlement include payment in advance; open account trading; documentary letters of credit; collections; bills of exchange.
- Select an appropriate method of trade settlement for a given situation where transfers include cheque; draft; SWIFT; telegraphic transfer; mail transfer.
- Select appropriate documentation used in trade settlement for a given trading situation where documentation includes bill of lading; waybills; export invoice; drafts; insurance certificate; INCO terms.

Assessment guidelines

Outcomes 1 – 3 are assessed by a written report.

Outcome 3

Apply procedures to manage risk in exporting and foreign currency dealing.

Knowledge and/or skills

- Evaluation of exchange rate risk
- Calculation of forward contracts
- Factors influencing exchange rates
- Alternative methods of protection against foreign currency risks
- Methods of managing debt risk in exporting

Evidence requirements

Candidates will need to provide evidence to demonstrate their knowledge and/or skills by showing that they can:

- Accurately evaluate exchange rate risks from the exporter's point of view.
- Accurately calculate forward contracts for the exporting situation where forward contracts include spot and forward rates; fixed and option contracts; closing out.
- Accurately assess the main factors influencing exchange rates for a particular exporting situation.
- Correctly and clearly describe and evaluate alternative methods of protection against foreign currency risks for a given exporter where the currency options include invoicing in sterling foreign currency accounts; borrowing foreign currency; dealing in Euro.
- Clearly describe the main methods of managing debt risk in exporting from the exporter's point of view where risk management includes: factoring; Export Credit Guarantee Dept; Bank "Smaller Exporter" schemes.

Assessment guidelines

Outcomes 1 – 3 are assessed by a written report.

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Administrative information

Unit code:	HP5F 48
Unit title:	International Trade and Payments
Superclass category:	BB
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FURTHER INFORMATION: Call SQA's Customer Contact Centre on 44 (0) 141 500 5030 or 0345 279 1000. Alternatively, complete our [Centre Feedback Form](#).

Unit specification: support notes

Unit title: International Trade and Payments

This part of the Unit Specification is offered as guidance. The support notes are not mandatory.

While the exact time allocated to this Unit is at the discretion of the centre, the notional design length is 40 hours.

Guidance on the content and context for this Unit

The knowledge and skills statements in the Unit Specification, provides details of the knowledge and skills to be developed throughout the unit.

Guidance on the delivery and assessment of this Unit

For this Unit students should produce a report on a situation which involves the creation of a contract of sale in international trade so that analysis of the contract can be carried out in terms of the legal implications of the contract. Also, the report should require students to choose and describe an appropriate method of payment and transfer of funds which would suit a simulation covering the five methods in the range statements and explain why that choice was suitable. This should include the main advantages and disadvantages of each method and a description of the documentation used.

Opportunities for developing Core Skills

There are no opportunities to develop Core Skills in this Unit.

Open learning

This Unit may lend itself to open learning providing the material is current and up to date.

For information on normal open learning arrangements please refer to the SQA guide “Assessment and Quality Assurance of Open and Distance Learning” (SQA, 2000).

Equality and inclusion

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

Further advice can be found on our website www.sqa.org.uk/assessmentarrangements.

General information for candidates

Unit title: International Trade and Payments

This Unit allows you to analyse terms of trade between the exporter and the overseas buyer.

There are three Outcomes in this unit:

1. Explain the basic principles of contract law in the context of international trade.
2. Analyse methods of payment in international trade and transfer of funds through the banking system.
3. Apply procedures to manage risk in exporting and foreign currency dealing.

In Outcome 1 you will be expected to:

- Accurately describe contract formation for a given situation in international trade.
- Accurately explain the relationship of different contract documents for a given situation.
- Accurately assess remedies for breach of contract for a given situation in international trade.

In Outcome 2 you will be expected to:

- Accurately evaluate the various methods of international trade settlement for given situations.
- Select an appropriate method of trade settlement for a given situation.
- Select appropriate documentation used in trade settlement for a given trading situation.

In Outcome 3 you will be expected to:

- Accurately evaluate exchange rate risks from the exporter's point of view.
- Accurately calculate forward contracts for the exporting situation.
- Accurately assess the main factors influencing exchange rates for a particular exporting situation.
- Correctly and clearly describe and evaluate alternative methods of protection against foreign currency risks for a given exporter.
- Clearly describe the main methods of managing debt risk in exporting from the exporter's point of view.

All Outcomes in this Unit will be assessed by a written report which involves the creation of a contract of sale in international trade so that analysis of the contract can be carried out in terms of the legal implications of the contract.