

**N5**

National 5
Coursework
Assessment Task



2019 Accounting Assignment

National 5

Finalised Marking Instructions

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Marking instructions

General marking principles

This information is provided to help you understand the general principles you must apply when marking candidate responses in this assignment. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.

Candidates are awarded marks for showing workings and demonstrating accounting processes have been followed, even when incorrect figures are presented.

Printouts

Candidates are clearly directed, within the instructions, as to the printing requirements. If the formulae printout is missing, no formula marks can be awarded. If value view printout is missing, markers should award as many marks as possible based on the formulae view printout.

Absolute cell references are not required.

Named cells are acceptable.

Where a formula is truncated, no mark each time.

If formulae marks are grouped and the candidate has not made an attempt at some component part - still award the formulae mark providing the formulae that have been attempted are correct.

Formatting

Candidates may have changed formatting to different decimal places - Accept.

Extra Cells Added

Candidates may have inserted data in extra cells in order to help them construct formulae. This is acceptable providing the extra data is using cell references. If the extra data has not used cell references, then do not award formula marks each time. Markers should pay close attention as to how formulae are constructed if the candidate has inserted extra cells.

Consequential errors

Consequential errors are taken account of and candidates receive credit for following the correct accounting processes and spreadsheet formulae.

Specific marking instructions

Task 1 – Value view

				Marks	
Turnover/Net Sales	£140,000			1	
Profit for the Year Ratio	17.36 %	or	17.11 %	1	
Average Inventory	£5,000			1	
Cost of Sales	£69,200			1	
Rate of Inv Turnover	13.84	times		1	
Return on Equity Invested	30.38 %			1	
Purchases	£70,000			3	
Trade Payables Period	15.64	days		1	
Trade Receivables Period	34.76	days	or	34.27 days	2
(If not multiplied by 30%)	10.43	days	or	10.28 days	
	(1 mark)			(1 mark)	
Expenses Ratio	33.21 %	or	32.75 %	2	

Total marks 14

Task 1 - notes

- Rate of Inventory Turnover, Trade Payables Payment Period, Trade Receivables Collection Period and Expenses Ratio may be consequential.
Ratios involving Sales Revenue may be consequential if cell C8 used to reference
- For Purchases calculation, 1 mark is for having COS (can mix and match), 1 for treatment of Opening and 1 for treatment of Closing Inventory must be correct effect to be awarded marks.
Accept an alternative COS figure based on Sales-GP **ONLY** if cell C8 used. If C8 not used then Sales Returns of £2,000 must be factored in.
- Trade Receivables Collection Period marks are allocated as follows:
1 mark for using 30% on a Sales figure
1 mark for remainder of formula correct
- Expenses Ratio marks are allocated as follows:
1 mark for calculating expenses
1 mark for remainder of formula correct
- If formula is incorrect due to wrong use of brackets (but cell references ok) - DNA (don not award) mark in value view.

Task 1 – Formula view

			Marks
Turnover/Net Sales	<input type="text" value="=Data!B6-Data!B7"/>		F1
Profit for the Year Ratio	<input type="text" value="=Data!B11/Ratios!C8*100"/>	%	F1
Average Inventory	<input type="text" value="=(Data!B8+Data!B9)/2"/>		F1
Cost of Sales	<input type="text" value="=C8-Data!B10"/>		F2
Rate of Inventory Turnover	<input type="text" value="=C14/C12"/>	times	F2
Return on Equity Invested	<input type="text" value="=Data!B11/Data!B12*100"/>	%	F2
Purchases	<input type="text" value="=C14+Data!B9-Data!B8"/>		F3
Trade Payables Payment Period	<input type="text" value="=Data!B13/Ratios!C20*365"/>	days	F3
Trade Receivables Collection Period	<input type="text" value="=Data!B14/(Ratios!C8*30%)*365"/>	days	F4
Expenses Ratio	<input type="text" value="=(Data!B10-Data!B11)/Ratios!C8*100"/>	%	F4

Total marks 4

Task 2

- Accept from Year 2's point of view (providing it is clear Year 2 is being referred to).
- For Part A - WATCH CONSEQUENTIALITY. Answers may be opposite based on answers from Task 1.
- The question only asked for one reason. If candidates have given a list of reasons, then accept first answer only.
- If candidate has not calculated a ratio in Task 1 that is in Task 2 Part A, accept any generic reason for the ratio going either up or down (to a maximum of 1)
- For Trade Payables and Trade Receivables periods, accept reference to Trade Discount providing the description is of a cash/prompt payment discount. Trade Discount without any description - 0 marks.
- Don't accept ways of improving a ratio in Part A & reasons for a difference in Part B.

PART A

Ratio	Possible reason for difference	Marks
Rate of inventory turnover Year 2 - 10 times Year 3 - 13.84 times	<ul style="list-style-type: none"> • more sales • offers <u>customer</u> discount (need underlined word) (accept discount on its own - don't accept Cash Discount) • less inventory being purchased each time • holding less inventory/better inventory control • sale/promotion used to sell goods • reduction in the selling price • COS has increased 	1 mark for correct reason
Profit for the year ratio Year 2 - 22% Year 3 - 17.36%	<ul style="list-style-type: none"> • reduction in the selling price • increase in expenses • increase in cost of sales/cost of purchases • more expensive supplier • higher waste/spoilage • lower Gross Profit/lower GP% <p>DON'T ACCEPT - lower PFY/lower sales/higher purchases</p>	1 mark for correct reason
Trade payables payment period Year 2 - 25 days Year 3 - 15.64 days	<ul style="list-style-type: none"> • paying suppliers more quickly • suppliers changing credit terms/giving less time to pay • taking advantage of prompt payment/cash discount from suppliers <p>DON'T ACCEPT - less trade payables</p>	1 mark for correct reason (must be clear it is from suppliers)

PART B

Ratio	Way of improving ratio	Marks
Trade receivables collection period	<ul style="list-style-type: none">• (offer) prompt payment discount• reduce credit terms offered	1 mark for correct suggestion
Return on equity invested	<ul style="list-style-type: none">• increase selling price/increase sales• reduce expenses• use a cheaper supplier <p>DON'T ACCEPT - higher profit for the year</p>	1 mark for correct suggestion

PART C

Possible reason	Marks
<ul style="list-style-type: none">• current assets higher/current liabilities lower (Need Current)• they've more cash in hand or in the bank• sold non-current assets• better credit control• take full advantage of credit terms offered by suppliers	1 mark for correct suggestion

Total marks 6

Task 3 - General marking instructions

Entries

For an entry to get a mark it must appear in the correct 'section', for example Wages Payable would not get a mark if it was in Current Assets.

If a section was to have all wrong entries for example Non-Current Assets heading had all Current Assets (and vice-versa), this would lose the Headings mark only. However, if there is one item that is under the correct heading then mark that section as per solution.

Extraneous Items

These are items which appear in the wrong statement for example Sales Revenue.

+/- Rule

If an entry appears twice, markers should annotate the +/- symbol at both entries and no mark should be awarded.

Headings/Layout Mark

For this mark to be awarded candidates need:

- The following headings: Non-Current Assets, Current Assets, Current Liabilities, Non-Current Liabilities and Equity (or some other relevant heading). If SOFP only partially complete then layout mark can still be awarded, providing what layout they have done is correct.
- An acceptable layout for example
 - Must have Working Equity figure (label not required)
 - Must have balancing figures
 - DNA for:
 - Current Assets before, Non-Current Assets, C. Liabs before C. Assets etc
 - Working Equity label (though not required) labelled as Profit, etc.

Subtotals/Arithmetic and No Extraneous Mark

This mark is awarded for correct application of totals/subtotals and having no extraneous items. For example, if Current Liabilities is added to Current Assets then DNA.

Marking Code

Markers should indicate at the bottom of the page where a generic mark has been given by using the following codes:

L = Layout/headings correct

S = Subtotals correct and no extraneous items

Markers should also indicate the point where a generic mark is lost by using these codes.

Nomenclature

To gain awards, figures must have nomenclature. If wrong missing - DNA mark (maximum 2). Accept any reasonable nomenclature (especially for wages payable and insurance receivable)

Non-Current Assets

- For Property and Equipment only an NBV is acceptable - no need to show cost and depreciation.
- For Machinery and Tools, 1 mark is given for a full line with a component part of depreciation:

£35,000	£7,000	£28,000	(1 mark)
£35,000	£3,500	£31,500	(1 mark)
£35,000 on its own			(0 marks)

Current Assets

- Provision for Bad Debts may be shown detached from Trade Receivables provided it is in the line directly underneath. Otherwise - DNA mark.
- Must be correct effect for Provision for Bad Debts to gain award.
- Accept Bad Debts as nomenclature.
- If Opening Inventory shown instead of Closing Inventory mark as wrong but not extraneous. However, if both shown mark Opening Inventory as extraneous.

Current Liabilities

- If Provision for Bad Debts is deducted from Trade Payables or Other Payables then still award 1 mark for Trade/Other Payables as candidate will have used correct payable in the calculation. (for example Trade Payables figure shows £2,600 - award 1 mark)
Check the formula printout.

Non-Current Liabilities

- If candidate Bank Loan puts in 'bottom half' - accept although it must be in a separate section to gain the award. If it is just included along with the other items in the Equity section - DNA mark.

Equity Section

- PFY and Drawings must be the correct effect to gain the award. (Note - wrong effects here do not count towards Subtotal mark).

Task 3 – Value view

Statement of Financial Position as at 31 December Year 3

	£	£	£	Marks
	COST	DEPR	NBV	
NON-CURRENT ASSETS ✓				
Property	60,000	0	60,000	} 1
Equipment	8,600	0	8,600	
Machinery and Tools	35,000	10,500	<u>24,500</u>	
			93,100	2
CURRENT ASSETS ✓				
Closing Inventory		5,400		} 1
Cash Equivalents		2,600		
Trade Receivables	4,000			1
Less Provision for Bad Debts	<u>400</u>	3,600		1
Insurance Receivable		<u>200</u>		1
		11,800		
Less CURRENT LIABILITIES ✓				
Trade Payables	3,000			} 1
VAT	600			
Wages Payable	<u>2,000</u>	5,600		1
WORKING EQUITY			<u>6,200</u>	
			99,300	
Less NON-CURRENT LIABILITIES ✓				
Bank Loan			<u>5,000</u>	1
			<u>94,300</u>	
EQUITY ✓				
Opening Balance		80,000		} 1
Add Profit for the Year		<u>24,300</u>		
		104,300		
Less Drawings		<u>10,000</u>		1
			<u>94,300</u>	

Layout and Headings (✓) - 1 mark

Subtotals/Arith and No Extraneous - 1 mark

Total marks 14

Task 3 (continued)

Marks/Comments	
Property and Equipment Cost/NBV	1
Tools & Machinery line with 1 depreciation component	1
Second depreciation component	1
Inventory and Cash Equivalents	1
Trade Receivables	1
PBD adjustment	1
Insurance Receivable	1
Trade Payables and VAT	1
Wages Payable	1
Bank Loan	1
Opening Equity & Profit for the Year (correct effect)	1
Drawings (correct effect)	1
The following headings are required: Non-Current Assets Current Assets Current Liabilities Non-Current Liabilities Equity/Financed By Acceptable Layout	1
Subtotals (not equity section) and no extraneous	1
Total	14

Task 3 – Formula view

Note - candidates will have different cell references based on their construction of SOFP

Statement of Financial Position as at 31 December Year 3			
	£	£	£
NON-CURRENT ASSETS	COST	DEPR	NBV
Property	=Data!B15	0	=B7-C7
Equipment	=Data!B21	0	=B8-C8
Machinery and Tools	=Data!B17	=B9*10%+Data!B18	=B9-C9
			=SUM(D7:D9)
CURRENT ASSETS			
Inventory		=Data!B9	
Trade Receivables	=Data!B14		
Less Provision for Bad Debts	=Data!B23	=B13-B14	
Cash Equivalents		=Data!B16	
Insurance Receivable		200	
		=SUM(C12:C16)	
Less CURRENT LIABILITIES			
Trade Payables	=Data!B13		
VAT	=Data!B20		
Wages Payable	2,000	=SUM(B19:B21)	
WORKING EQUITY			
			=C17-C21
			=D10+D22
Less NON-CURRENT LIABILITIES			
Bank Loan			=Data!B22
			=D23-D25
EQUITY			
Opening Balance		=Data!B12	
Add Profit for the Year		=Data!B11	
		=SUM(C28:C29)	
Less Drawings		=Data!B19	
			=C30-C31

Marks

All correct (cell linkage and totals/subtotals) - 2 marks

Incorrect formula - DNA each time.

Note - the Insurance Receivable of £200 and Wages Payable of £2,000 are inserted figures so no marks are lost by inserting those figures. Any other figure inserted - DNA each time.

Task 4 – Value view (Rate Column Used)

Overhead Analysis Sheet

Overheads	Total	Rate	Basis of Apportionment	Cutting	Assembly	Packing	Human Resources
Heat and Light	£8,400	£6.00	Floor Area	£2,400	£1,800	£1,200	£3,000
Staff Supervision	£12,000	£375.00	No of Employees	£4,500	£3,000	£750	£3,750
Buildings Insurance	£2,800	£2.00	Floor Area	£800	£600	£400	£1,000
Depreciation of Machinery	£3,500	£0.10	Cost of Machinery	£2,000	£1,000	£0	£500
				£9,700	£6,400	£2,350	£8,250
Re-apportionment of Human Resources	£8,250	£375.00	Number of Employees	£4,500	£3,000	£750	
Total Production Overheads				£14,200	£9,400	£3,100	

Marks	
Heat and light figures - all correct	1
Staff supervision - all correct	1
Buildings insurance - all correct	1
Depreciation - all correct	1
Re-apportionment	
Cutting correct	1
Assembly and packing correct	1
Total cost centre overheads AND Total production overheads	1
Total	7

Comments

- Reapportionment is worth 2 marks. The second mark is consequential ONLY if either the wrong base has been used or the candidate has used 32 workers. If candidate has made any other kind of mistake, then the second mark is not consequential.
- If candidate has re-apportioned across 4 departments then accept final total line across all 4 departments as consequential.

However, if candidate has reapportioned over 3 departments but then inserted £8,250 again as a final total for Human Resources, DNA totals award.
- The figure in cell B19 does not need to be there to awarded full marks.

Task 4 – Formula view (Rate Column Used)

Overhead Analysis Sheet

Overheads	Total	Rate	Basis of Apportionment	Cutting	Assembly	Packing	Human Resources	
Heat and Light	8400	=B14/F6	Floor Area	=B6*\$C\$14	=C6*\$C\$14	=D6*\$C\$14	=E6*\$C\$14	F1
Staff Supervision	12000	=B15/F8	No of Employees	=B8*\$C\$15	=C8*\$C\$15	=D8*\$C\$15	=E8*\$C\$15	F1
Buildings Insurance	2800	=B16/F6 =B17/F7	Floor Area	=B6*\$C\$16	=C6*\$C\$16	=D6*\$C\$16	=E6*\$C\$16	F1
Depreciation of Machinery	3500		Cost of Machinery	=B7*\$C\$17	=C7*\$C\$17	=D7*\$C\$17	=E7*\$C\$17	F1
				=SUM(E14:E17)	=SUM(F14:F17)	=SUM(G14:G17)	=SUM(H14:H17)	F2
Re-apportionment of Human Resources	=H18 F3	=B19/SUM(B8:D8)	Number of Employees	=\$C\$19*B8	=\$C\$19*C8	=\$C\$19*D8		F3
Total Production Overheads				=SUM(E18:E19)	=SUM(F18:F19)	=SUM(G18:G19)		F2

Marks	
F1	1
F2	1
F3	1
Total	3

Task 4 – Value view (No Rate Column)

Overhead Analysis Sheet

Overheads	Total	Basis of Apportionment	Cutting	Assembly	Packing	Human Resources
Heat and Light	£8,400	Floor Area	£2,400	£1,800	£1,200	£3,000
Staff Supervision	£12,000	No of Employees	£4,500	£3,000	£750	£3,750
Buildings Insurance	£2,800	Floor Area	£800	£600	£400	£1,000
Depreciation of Machinery	£3,500	Cost of Machinery	£2,000	£1,000	£0	£500
			£9,700	£6,400	£2,350	£8,250
Re-apportionment of Human Resources	£8,250	Number of Employees	£4,500	£3,000	£750	
Total Production Overheads			£14,200	£9,400	£3,100	

Marks	
Heat and light figures - all correct	1
Staff supervision - all correct	1
Buildings insurance - all correct	1
Depreciation - all correct	1
Re-apportionment	
Cutting correct	1
Assembly and packing correct	1
Total cost centre overheads AND Total production overheads	1
Total	7

Comments

- Reapportionment is worth 2 marks. The second mark is consequential ONLY if either the wrong base has been used or the candidate has used 32 workers. If candidate has made any other kind of mistake, then the second mark is not consequential.
- If candidate has re-apportioned across 4 departments then accept final total line across all 4 departments as consequential.

However, if candidate has reapportioned over 3 departments but then inserted £8,250 again as a final total for Human Resources, DNA totals award.
- The figure in cell B19 does not need to be there to awarded full marks.

Task 4 – Formula view (No Rate Column)

Overhead Analysis Sheet

Overheads	Total	Basis of Apportionment	Cutting	Assembly	Packing	Human Resources	
Heat and Light	8400	Floor Area	= $(B6/(\$F\$6))*\$B\14	= $(C6/(\$F\$6))*\$B\14	= $(D6/(\$F\$6))*\$B\14	= $(E6/(\$F\$6))*\$B\14	F1
Staff Supervision	12000	No of Employees	= $(B8/(\$F\$8))*\$B\15	= $(C8/(\$F\$8))*\$B\15	= $(D8/(\$F\$8))*\$B\15	= $(E8/(\$F\$8))*\$B\15	F1
Buildings Insurance	2800	Floor Area	= $(B6/(\$F\$6))*\$B\16	= $(C6/(\$F\$6))*\$B\16	= $(D6/(\$F\$6))*\$B\16	= $(E6/(\$F\$6))*\$B\16	F1
Depreciation of Machinery	3500	Cost of Machinery	= $(B7/(\$F\$7))*\$B\17	= $(C7/(\$F\$7))*\$B\17	= $(D7/(\$F\$7))*\$B\17	= $(E7/(\$F\$7))*\$B\17	F1
			=SUM(D14:D17)	=SUM(E14:E17)	=SUM(F14:F17)	=SUM(G14:G17)	F2
Re-apportionment of Human Resources	=G18 F3	Number of Employees	= $(B8/(\$F\$8- \$E\$8))*\$B\19	= $(C8/(\$F\$8- \$E\$8))*\$B\19	= $(D8/(\$F\$8- \$E\$8))*\$B\19		F3
Total Production Overheads			=SUM(D18:D19)	=SUM(E18:E19)	=SUM(F18:F19)		F2

Marks	
F1	1
F2	1
F3	1
Total	3

[END OF MARKING INSTRUCTIONS]