



National
Qualifications

Accounting Assignment Assessment task

This is the assessment task for the assignment Component of National 5 Accounting Course assessment.

It must be read in conjunction with the general assessment information for this Component of Course assessment.

Valid for session 2016/17 only

This assessment is given to centres in strictest confidence. You must keep it in a secure place until it is used.

This edition: January 2017 (version 1.0)

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Introduction

This is the assessment task for National 5 Accounting assignment.

This assignment is worth 50 marks out of the total of 150 marks for the Course assessment. The Course will be graded A-D.

Marks for all Course Components are added up to give a total Course assessment mark which is then used as the basis for grading decisions.

This is one of two Components of Course assessment. The other Component is a question paper.

This document gives Marking Instructions for assessors for the assignment Component of this Course and instructions for candidates.

It must be read in conjunction with the general assessment information for this Component of Course assessment.

The assessment instructions for candidates are provided in Appendix 1 and must be detached and given to the candidate.

The assessment task will be set and externally marked by SQA and conducted in centres under the conditions specified by SQA.

Equality and inclusion

This Course assessment has been designed to ensure that there are no unnecessary barriers to assessment. Assessments have been designed to promote equal opportunities while maintaining the integrity of the qualification.

For guidance on assessment arrangements for disabled candidates and/or those with additional support needs, please follow the link to the assessment arrangements web page: www.sqa.org.uk/sqa/14977.html



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Accounting Assignment

Faskally Garden Sheds

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Appendix 1: Instructions for candidates

This assessment applies to the assignment for National 5 Accounting.

This assignment is worth 50 marks out of the total of 150 marks for the Course assessment. The Course will be graded A-D.

It assesses the following skills, knowledge and understanding:

- ◆ making appropriate use of spreadsheets to complete the assignment
- ◆ entering data with accuracy
- ◆ selecting and using appropriate formulae, formatting and printing functions to present information
- ◆ accurately completing all accounting work related to the context of the assignment

Your assessor will let you know how the assessment will be carried out and any required conditions for doing it.

Appendix 2: Ratio formulae

Ratio	Formula
Profitability ratios:	
Return on equity employed	$\frac{\text{Profit for the year}}{\text{Opening equity}} \times 100 = \%$
Gross profit ratio	$\frac{\text{Gross profit}}{\text{Sales revenue}} \times 100 = \%$
Profit for the year ratio	$\frac{\text{Profit for the year}}{\text{Sales revenue}} \times 100 = \%$
Liquidity ratios:	
Current ratio	Current assets : current liabilities Answer should be expressed as a ratio, eg 2.35:1
Acid test ratio	Current assets - closing inventory : current liabilities Answer should be expressed as a ratio, eg 1.27:1
Efficiency ratios:	
Rate of inventory turnover	$\frac{\text{Cost of sales}}{\text{Average inventory}} = \text{times}$
Expenses ratio	$\frac{\text{Expenses}}{\text{Sales revenue}} \times 100 = \%$
Trade payables period	$\frac{\text{Average trade payables}}{\text{Credit purchases}} \times 365 = \text{days}$ NB - Where only one figure is given for trade payables, this will be taken as the average.
Trade receivables period	$\frac{\text{Average trade receivables}}{\text{Credit sales}} \times 365 = \text{days}$ NB - Where only one figure is given for trade receivables, this will be taken as the average.
Non-current asset turnover	$\frac{\text{Sales revenue}}{\text{Non-current assets at net book value}}$ Answers should be expressed as a ratio, eg 0.75:1

Assignment task

Faskally Garden Sheds



by Duncan Campbell

Working as a freelance accountant, you have been approached by Duncan Campbell to assist with a number of Financial and Management Accounting tasks related to his business, Faskally Garden Sheds.

Duncan started his business using his carpentry skills to produce garden sheds in his small workshop in Pitlochry. Duncan uses high quality materials sourced from suppliers in Perthshire and the Highlands.

Complete each task in the order shown using the spreadsheet file **Faskally**. Ensure your name appears on all work printed.

National 5 Accounting 2017:

Faskally Garden Sheds

Task		Printouts	Marks Available	Completed (✓)
1	Accounting Ratios	<ul style="list-style-type: none">• Value view• Formula view	17 4	
2	Ratio Analysis: Report	<ul style="list-style-type: none">• Reasons for difference in ratios• Ways of improving ratios	3 3	
3	Break-even Analysis	<ul style="list-style-type: none">• Value view• Formula view	7 4	
4	Management Decision-making: Limiting Factors	<ul style="list-style-type: none">• Value view• Formula view	9 3	
Total marks			50	

Task 1

Duncan would like you to calculate some accounting ratios so that he can analyse the performance of his business in Year 2.

He has provided you with information taken from his ledger for the year ended 31 December Year 2. This information can be found in the worksheet **Ratios** contained in the spreadsheet file **Faskally**.

You are required to use appropriate spreadsheet formulae to calculate the following figures/accounting ratios.

- (i) Gross profit ratio
- (ii) Profit for the year ratio
- (iii) Average inventory
- (iv) Rate of inventory turnover
- (v) Current ratio
- (vi) Purchases
- (vii) Trade payables payment period (in days)
- (viii) Trade receivables collection period (in days)
- (ix) Return on equity invested

NOTES

1. 50% of goods were sold on credit.
2. All goods purchased were done so on credit.

Print **one** copy of the completed worksheet **Ratios** in value view and formula view.

Task 2

Duncan would like you to analyse the performance of his business over Years 1 and 2.

PART A

The following accounting ratio calculations relate to Year 1 of Duncan's business.

- Gross profit ratio - 32%
- Current ratio - 1.8:1
- Trade payables payment period - 35 days

You are required to complete the table in the worksheet **Analysis** by:

- (a) Inserting the relevant figures for Year 2;
- (b) Suggesting **one** possible reason for the difference in **each** of the ratios above. You should give a different reason for each ratio.

PART B

You are required to complete the table in the worksheet **Analysis** by suggesting **one** possible way in which Duncan could improve **each** of the following ratios. You should give a different suggestion for each ratio.

- Return on equity invested
- Trade receivables collection period
- Rate of inventory turnover

Print **one** copy of the completed worksheet **Analysis**.

Task 3

Duncan would like you to carry out a brief break-even analysis. He has provided all required accounting information in the worksheet **Break-even**.

- (a) You are required to complete the table using appropriate spreadsheet formulae to calculate the following at each level of production (no of garden sheds):
- Total variable costs;
 - Total fixed costs;
 - Total costs;
 - Sales revenue;
 - Amount of profit/loss.
- (b) Use a spreadsheet formula to calculate:
- (i) The number of garden sheds required to be produced and sold to break-even.
 - (ii) The margin of safety in sales value at 600 units.
 - (iii) Amount of profit/loss at 260 units.

Print **one** copy of the completed worksheet **Break-even** in value view and formula view.

Task 4

After working on designs for some new products and searching for highly-skilled production workers, Duncan has decided to manufacture a set of garden furniture to be sold alongside the garden shed.

The estimated selling price of each set of furniture will be £320 with a total variable cost of £220 per unit.

Hiring an additional craftsman will result in there being a total of 10,000 labour hours available for production in **Year 3 (next year)**.

Using the worksheet **Profit**, Duncan would like you to calculate the following for **Year 3**:

- Total variable cost for each garden shed;
- Labour hours required to meet maximum sales demand for each product;
- Contribution per unit and labour hour for each product;
- Labour hours to be used to maximise profits for each product;
- The number of units of each product that can be produced from the available labour hours;
- The contribution earned from each product and in total;
- The maximum profit.

Use appropriate spreadsheet formulae and the notes below to calculate the required figures.

Print **one** copy of the completed worksheet **Profit** in value view and formula view.

Variable costs for each garden shed are estimated to increase by £10 for Year 3.

Fixed costs are estimated to increase by 30% for Year 3.

End of Assignment

Appendix 3: Copyright acknowledgements

Administrative information

Published: January 201x (version 1.0)

History of changes

Version	Description of change	Authorised by	Date

Security and confidentiality

This document can be used by practitioners in SQA approved centres for the assessment of National Courses and not for any other purpose.

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