

N5

National 5
Coursework
Assessment Task



National 5 Accounting Assignment Assessment task

This document provides information for teachers and lecturers about the coursework component of this course in terms of the skills, knowledge and understanding that are assessed. It **must** be read in conjunction with the course specification.

Valid for session 2018-19 only.

The information in this publication may be reproduced in support of SQA qualifications only on a non-commercial basis. If it is reproduced, SQA must be clearly acknowledged as the source. If it is to be reproduced for any other purpose, written permission must be obtained from permissions@sqa.org.uk.

Where this publication includes material for which SQA does not own the copyright, this material must only be reproduced on a non-commercial basis for the purposes of instruction in an educational establishment. If it is to be reproduced for any other purpose, it is the user's responsibility to obtain the necessary copyright clearance from the copyright owner. The acknowledgements page lists the owners of copyright items that are not owned by SQA.

This edition: February 2019 (version 1.0)

© Scottish Qualifications Authority 2019

Instructions for candidates

This assessment applies to the assignment for National 5 Accounting.

This assignment has 50 marks out of a total of 180 marks available for the course assessment.

It assesses the following skills, knowledge and understanding

- preparing and presenting a range of straightforward accounting statements
- selecting straightforward accounting information to determine business revenues, costs and profits
- using ICT to produce and communicate straightforward accounting information in a range of contexts
- preparing a range of accounting information
- using accounting techniques, in familiar contexts, to facilitate decision-making.

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

In this assessment, you have to work through a series of tasks

- which assess the skills, knowledge and understanding listed above
- in one 2-hour block (excluding printing time) – all printing must be completed on the same day as the assignment.

You will have access to

- a personal computer or laptop, with no access to the internet
- a spreadsheet file supplied by SQA to complete the assignment
- a formulae sheet.

You must not add or delete any rows or columns in the spreadsheet file.

You must ensure that the entire formula is visible in your printouts.

Make sure you display your name and task number clearly on each printout you submit.

Ratio formulae

Ratio	Formula
Profitability Ratios:	
Return on Equity Employed	$\frac{\text{Profit for the Year}}{\text{Opening Equity}} \times 100 = \%$
Gross Profit Ratio	$\frac{\text{Gross Profit} \times 100}{\text{Sales Revenue}} = \%$
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, for example 2·35:1
Acid Test Ratio	Current Assets – Closing Inventory: Current Liabilities Answer should be expressed as a ratio, for example 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	$\frac{\text{Average Trade Payables} \times 365 = \text{days (or } \times 52 = \text{weeks, or } \times 12 = \text{months)}}{\text{Credit Purchases}}$ NB – Where only one figure is given for trade payables, this will be taken as the average.
Trade Receivables Period	$\frac{\text{Average Trade Receivables} \times 365 = \text{days (or } \times 52 = \text{weeks, or } \times 12 = \text{months)}}{\text{Credit Sales}}$ 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, for example 0·75:1

Assessment task



For the past 3 years, you have been employed at Granite City Accountants based in Aberdeen.

You have been assigned to carry out some Financial and Management Accounting tasks for Eilish Cameron, the owner of Deveron Gift Hampers based in Huntly. Her business produces handcrafted wooden hampers, filled with a range of local produce, that are sold online to customers across the UK.

Complete each of the following tasks in the order shown, using the spreadsheet file **Hampers**. Ensure that you display your name and task number on each printout.

You should use the following table to make sure you have all the printouts required.

Task		Printouts	Marks available	Completed (✓)
1	Accounting ratios	Value view Formula view	14 4	
2	Ratio analysis	Worksheet (parts A, B and C)	6	
3	Statement of Financial Position	Value view Formula view	14 2	
4	Overhead analysis	Value view Formula view	7 3	
Total marks			50	

Task 1

Eilish has provided the following financial information from her accounting records, after the production of her Income Statement for the year ended 31 December Year 3. This financial information is also contained in the worksheet **Data**.

Eilish would like you to carry out an analysis of her financial performance in Year 3. The first step is to calculate some accounting ratios using the worksheet **Ratios**. Use appropriate spreadsheet formulae to calculate the required figures, making links to the figures in the worksheet **Data**.

Notes

- 30% of goods were sold on credit
- all goods were purchased on credit

Print **one** copy of the worksheet **Ratios** in value view and **one** copy in formula view (ensuring that the entire formula is visible).

Deveron Gift Hampers

Selected financial data at 31 December Year 3

	£	
Sales Revenue	142,000	
Sales Revenue Returns	2,000	
Opening Inventory	4,600	
Closing Inventory	5,400	
Gross Profit	70,800	
Profit for the Year	24,300	
Opening Equity	80,000	
Trade Payables	3,000	
Trade Receivables	4,000	
Property (at Cost)	60,000	
Cash and Cash Equivalents	2,600	(Dr)
Machinery and Tools (at Cost)	35,000	
Provision for Depreciation on Machinery and Tools (1 January Year 3)	7,000	
Drawings	10,000	
VAT	600	(Cr)
Equipment (at Cost)	8,600	
Bank Loan	5,000	
Provision for Doubtful Debts (1 January Year 3)	400	

Task 2

Eilish would like you to analyse the performance of Deveron Gift Hampers over Years 2 and 3.

Part A

The following accounting ratio calculations relate to Year 2 of Deveron Gift Hampers.

- Rate of Inventory Turnover – 10 times
- Profit for the Year Ratio – 22%
- Trade Payables Period – 25 days

Complete the table in the worksheet **Analysis** by

- (i) inserting the relevant information for Year 3
- (ii) suggesting **one** possible reason for the difference in **each** of the ratios above (you should give a different reason for each ratio)

Part B

Complete the table in the worksheet **Analysis** by suggesting one way in which Eilish could improve each of the following ratios (you should give a different suggestion for each ratio).

- Trade Receivables Period
- Return on Equity Employed

Part C

Figures for the business's liquidity for Years 2 and 3 have been provided below.

Complete the table in the worksheet **Analysis** by suggesting one possible reason for the change in liquidity during Year 3.

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

LIQUIDITY RATIOS

	Year 2	Year 3
Current Ratio	0.9:1	2:1

Task 3

Using the worksheet **SOFP**, prepare a Statement of Financial Position for Deveron Gift Hampers as at 31 December Year 3.

Select relevant figures from the worksheet **Data** and take account of the additional notes provided below. You should use appropriate spreadsheet formulae.

Print **one** copy of the completed worksheet **SOFP** in value view and **one** copy in formula view (ensuring that the entire formula is visible).

Additional notes

- 1. Wages payable at 31 December Year 3 — £2,000.*
- 2. Insurance receivable at 31 December Year 3 — £200.*
- 3. Eilish provided for additional depreciation on the machinery in Year 3 — 10% on cost.*
- 4. There was no change to the provision for doubtful debts in Year 3.*

Task 4

Deveron Gift Hampers has three production cost centres – Cutting, Assembly and Packing, and one service cost centre – Human Resources.

Below, Eilish has estimated the overheads for Year 4 of her business.

Using the worksheet **Overheads**, prepare an Overhead Analysis Sheet to show the estimated overheads apportioned to each cost centre. Use appropriate spreadsheet formulae to calculate the required figures.

The total overheads of the Human Resources cost centre should be re-apportioned to the other cost centres on the basis of number of employees.

Print **one** copy of the worksheet **Overheads** in value view and **one** copy in formula view (ensuring that the entire formula is visible).

Note: it is not compulsory to use the Rate column in the worksheet.

Overhead	Amount
Heat and Light	£8,400
Staff Supervision	£12,000
Buildings Insurance	£2,800
Depreciation of Machinery and Tools	£3,500

Acknowledgement of copyright
Page 3: Wooden hamper – images72/Shutterstock.com

Administrative information

Published: February 2019 (version 1.0)

History of changes

Version	Description of change	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.