

N5

National 5
Coursework
Assessment Task



National 5 Accounting Assignment Assessment task – Pitch Up

Valid for session 2023-24 only.

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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 should 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

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, SCN and task number clearly on each printout you submit.

National 5 Accounting formulae sheet

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 Payment Period	$\frac{\text{Average Trade Payables}}{\text{Credit Purchases}} \times 365 = \text{days}$ Note: where only one figure is given for trade payables, this will be taken as the average.
Trade Receivables Collection Period	$\frac{\text{Average Trade Receivables}}{\text{Credit Sales}} \times 365 = \text{days}$ Note: 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

Assessment task



You are employed as a Junior Accountant at Clarke and Bennett Accounting Services. One of your clients is Pitch Up, who manufacture tents for campers and festival-goers, based in Edinburgh.

Graham McEwan, the owner of Pitch Up, has asked for a number of accounting tasks to be carried out for his business. Complete each task in the order shown, using the spreadsheet file **Pitch**.

Make sure your name, SCN and task number appear on all printouts you submit.

Use the following table to make sure you have all the printouts required.

Task		Printouts	Marks available	Completed (✓)
1	Income Statement	<ul style="list-style-type: none"> ◆ Value view ◆ Formula view 	13 2	
2	Accounting Ratios	<ul style="list-style-type: none"> ◆ Value view ◆ Formula view 	14 4	
3	Ratio Analysis: Report	<ul style="list-style-type: none"> ◆ Reasons for difference in ratios ◆ Ways of improving ratios 	6	
4	Management Decision-making: Limiting Factors	<ul style="list-style-type: none"> ◆ Value view ◆ Formula view 	8 3	
Total marks			50	

Task 1

You have been provided with selected financial data taken from the ledger of Pitch Up, for the year ended 31 December Year 3. You can find this in the worksheet **Data**.

Using the worksheet **Income**, prepare the Income Statement of Pitch Up for the year ended 31 December Year 3. You should use appropriate spreadsheet formulae by making links to relevant figures in the worksheet **Data**. You should also take account of the additional notes below.

Print **one** copy of the completed worksheet **Income** in value view and **one** copy in formula view, ensuring that the entire formula is visible.

Additional Notes:

- 1. Advertising payable at 31 December Year 3 - £200.*
- 2. Electricity receivable at 31 December Year 3 - £350.*
- 3. Provide for depreciation on the factory machinery for Year 3 - 10% of cost.*
- 4. Create a provision for bad debts - 7.5% of Trade Receivables.*
- 5. Inventory at year end - £10,000.*

Task 2

Graham would like you to carry out an analysis of Pitch Up's financial performance in Year 3, by calculating some accounting ratios/figures, using the worksheet **Ratios**.

Use appropriate spreadsheet formulae, making links to the worksheet **Data** and the completed Income Statement from task 1 in the worksheet **Income**.

You should refer to the formulae sheet on page 3.

Notes:

- 1 40% of goods were sold on credit.
- 2 80% of 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.

Task 3

Graham would like you to analyse the performance of Pitch Up over Years 2 and 3.

PART A

The following accounting ratio calculations relate to Year 2 of Pitch Up.

- ◆ Current Ratio – 2:1
- ◆ Gross Profit Ratio – 40%
- ◆ Trade Receivables Collection Period – 30 days

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

- (a) **Inserting** the relevant figures for Year 3 from task 2.
- (b) Suggesting **one** possible reason for the difference in **each** of the ratios above. You should give a different reason for each of the ratios above.

PART B

Complete the table in the worksheet **Analysis** by suggesting **one** way in which the business could improve **each** of the ratios below. You should give a different suggestion for each of the ratios below.

- ◆ Rate of Inventory Turnover
- ◆ Acid Test Ratio
- ◆ Trade Payables Payment Period

Print **one** copy of the completed worksheet **Analysis** in value view.

Task 4

Pitch Up currently manufactures 3 different camping tents: Pod, Tunnel and Hike.

For Year 4, Graham expects to be able to increase production capacity to meet an expected increase in customer demand. However, the business will still be limited by the number of machine hours available for production.

Graham would like you to calculate the maximum profit for Year 4. Complete the worksheet **Profit** using appropriate spreadsheet formulae to calculate the following:

- ◆ Machine hours required to meet maximum demand
- ◆ Contribution per unit
- ◆ Contribution per machine hour
- ◆ Order of priority
- ◆ Machine hours to be used to maximise profits
- ◆ Units to be produced
- ◆ Total contribution for each product and in total
- ◆ Fixed costs (see note below)
- ◆ Maximum profit

Print **one** copy of the completed worksheet **Profit** in value view and **one** copy in formula view, ensuring that the entire formula is visible.

*Fixed costs for year 3 were
£121,300.*

*Fixed costs for year 4 are
expected to be 10% lower
than in Year 3.*

Copyright acknowledgements

Page 4: Tent in sunlight forest - Bing images

Administrative information

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History of changes

Version	Description of change	Date

Security and confidentiality

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